

**Village of Fowlerville  
Livingston County, Michigan**

**FINANCIAL STATEMENTS**

**June 30, 2009**

Village of Fowlerville  
Livingston County, Michigan

June 30, 2009

VILLAGE COUNCIL AND ADMINISTRATION

Wayne Copeland	President
David Kuehn	Council Member Pro-tem
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Mary Helfmann	Council Member
Carol Hill	Council Member
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Joseph Merucci	Village Manager
Sherry Prevo	Treasurer
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Village of Fowlerville

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INDEPENDENT AUDITOR'S REPORT

To the Honorable President and  
Members of the Village Council  
Village of Fowlerville, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Fowlerville, Michigan as of and for the year ended June 30, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Fowlerville, Michigan, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Fowlerville's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

November 30, 2009

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

The following is a discussion and analysis of the Village of Fowlerville's financial performance and position, providing an overview of the activities for the fiscal year ended June 30, 2009. This analysis should be read in conjunction with the *Independent Auditor's Report* and with the Village of Fowlerville's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

**Government-wide:**

- Total net assets or the amount assets exceeded liabilities were \$13,328,714 at the close of 2009 (excluding component units).
- Governmental activities net assets were \$4,737,824.
- Business-type activities net assets were \$8,590,890.
- Component unit net assets were \$387,162.

**Fund Level:**

- At the close of the fiscal year, the Village of Fowlerville's governmental funds reported a combined ending fund balance of \$1,270,527 with \$165,962 being reserved for specific purposes.
- The General Fund's fund balance decreased by \$347,275. This decrease in fund balance was due to increases in general government, public safety and community and economic development expenditures.

**Capital and Long-term Debt Activities:**

- The total long-term debt for the governmental activities of the primary government was \$2,400,000.
- The total long-term debt for the business-type activities of the primary government was \$3,815,000.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual financial report of the Village of Fowlerville consists of the following components: 1) *Independent Auditor's Report*; 2) *Management's Discussion and Analysis*; and 3) the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), *Required Supplementary Information*, such as budget to actual comparisons for the General Fund, and *Other Supplementary Information* including combining financial statements for all nonmajor governmental funds.

**Government-wide Financial Statements (Reporting the Village of Fowlerville as a Whole)**

The set of government-wide financial statements are made up of the Statement of Net Assets and the Statement of Activities, which report information about the Village of Fowlerville as a whole and about its activities. Their purpose is to assist in answering the question, is the Village of Fowlerville, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

The Statement of Net Assets (page 1) presents all of the Village of Fowlerville's assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the Village of Fowlerville's financial position is improving or deteriorating.

The Statement of Activities (page 2) presents information showing how the Village of Fowlerville's net assets changed during fiscal year 2009. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

Both statements report the following activities:

- **Governmental Activities** - Most of the Village of Fowlerville's basic services are reported under this category. Taxes, charges for services, and intergovernmental revenue primarily fund these services. Most of the Village of Fowlerville's general government departments such as the police department, the Village Council, public works, the Village's share of fire costs, and recreation programs are reported under these activities. This also includes activities such as the Major and Local street maintenance, the cemetery, and the various refuse services.
- **Business-type Activities** - These activities operate like private businesses. The Village of Fowlerville charges fees to recover the cost of the services provided. The Village of Fowlerville Water & Sewer System services are examples of such activities.
- **Discretely Presented Component Units** - Discretely Presented Component units are legally separate organizations for which the Village of Fowlerville's Council appoints a majority of the organization's policy board and there is a degree of financial accountability to the Village of Fowlerville. Organizations included as component units are the Downtown Development Authority and the Local Development Finance Authority.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 4 and 6 present reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental funds; however depreciation expense is reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the fund financial statements of the governmental funds.
- Internal service funds are reported as governmental activities on the government-wide statements, but are reported as proprietary funds on the fund financial statements.
- Long-term liabilities, such as reserves for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide statements; however they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Bond proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the fund financial statements.

**Fund Financial Statements (Reporting the Village of Fowlerville Major Funds)**

The fund financial statements, which begin on page 3, provide information on the Village of Fowlerville's significant (major) funds and aggregated nonmajor funds. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Village of Fowlerville uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as funds required by bond or grant agreements. Funds are also utilized to track specific operations; these include the internal services funds (e.g. Motor Pool) as well as enterprise funds such as the Water Fund.

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. GASB Statement No. 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues, or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds five (5) percent of those categories for governmental and enterprise funds combined. The major funds for the Village of Fowlerville include the General Fund, Municipal Street Fund, the Sewer Fund, and the Water Fund. All other funds are classified as nonmajor funds and are reported in aggregate. The Village of Fowlerville includes detailed information on its nonmajor funds in other supplementary sections of this report.

The Village of Fowlerville's funds are divided into two categories - governmental and proprietary, and use different accounting approaches:

- **Governmental Funds** - Most of the Village of Fowlerville's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the Village of Fowlerville's programs. The *General Fund* is a Governmental Fund.
- **Proprietary Funds** - Services for which the Village of Fowlerville charges customers a fee are generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public. *Internal Service funds* report activities that provide supplies or service to the Village of Fowlerville's other operations, such as the Motor Pool Fund. Internal Service funds are reported as governmental activities on the government-wide statements.

**Notes to the Financial Statements**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 13 of this report.

**Required Supplementary Information**

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes a budgetary comparison schedule for the General Fund.

**Other Supplementary Information**

Other Supplementary Information includes combining financial statements for nonmajor governmental funds. These funds are added together by fund type and are presented in aggregate single columns in the appropriate basic financial statements.

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

**FINANCIAL ANALYSIS OF THE VILLAGE OF FOWLerville AS A WHOLE**

As previously stated, the Village of Fowlerville's combined net assets were \$13,328,714 at the end of this fiscal year. The net assets of the governmental activities were \$4,737,824 and the business-type activities were \$8,590,890.

**Net Assets as of June 30, 2008 and 2009**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Current and Other Assets	\$ 2,617,881	\$ 1,576,349	\$ 2,672,062	\$ 2,699,510	\$ 5,289,943	\$ 4,275,859
Capital Assets	<u>4,439,824</u>	<u>5,790,921</u>	<u>9,888,092</u>	<u>9,740,473</u>	<u>14,327,916</u>	<u>15,531,394</u>
<b>Total Assets</b>	<b><u>\$ 7,057,705</u></b>	<b><u>\$ 7,367,270</u></b>	<b><u>\$12,560,154</u></b>	<b><u>\$12,439,983</u></b>	<b><u>\$19,617,859</u></b>	<b><u>\$19,807,253</u></b>
Current Liabilities	\$ 588,505	\$ 187,141	\$ 415,819	\$ 184,093	\$ 1,004,324	\$ 371,234
Noncurrent Liabilities	<u>2,459,285</u>	<u>2,442,305</u>	<u>3,815,000</u>	<u>3,665,000</u>	<u>6,274,285</u>	<u>6,107,305</u>
<b>Total Liabilities</b>	<b><u>\$ 3,047,790</u></b>	<b><u>\$ 2,629,446</u></b>	<b><u>\$ 4,230,819</u></b>	<b><u>\$ 3,849,093</u></b>	<b><u>\$ 7,278,609</u></b>	<b><u>\$ 6,478,539</u></b>
Net Assets						
Invested in Capital Assets (Net of related debt)	\$ 2,039,824	\$ 3,390,921	\$ 5,916,482	\$ 5,925,473	\$ 7,956,306	\$ 9,316,394
Restricted	462,376	595,568	-	-	462,376	595,568
Unrestricted	<u>1,507,715</u>	<u>751,335</u>	<u>2,412,853</u>	<u>2,665,417</u>	<u>3,920,568</u>	<u>3,416,752</u>
<b>Total Net Assets</b>	<b><u>\$ 4,009,915</u></b>	<b><u>\$ 4,737,824</u></b>	<b><u>\$ 8,329,335</u></b>	<b><u>\$ 8,590,890</u></b>	<b><u>\$12,339,250</u></b>	<b><u>\$13,328,714</u></b>

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the Village of Fowlerville's net assets changed during the fiscal year:

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 718,056	\$ 767,682	\$ 1,404,346	\$ 1,383,103	\$ 2,122,402	\$ 2,150,785
Operating Grants and Contributions	263,646	375,755	-	-	263,646	375,755
Capital Grants and Contributions	43,866	683,185	-	-	43,866	683,185
General Revenues						
Property Taxes	999,694	976,867	-	-	999,694	976,867
State Shared Rev.	288,053	276,129	-	-	288,053	276,129
Investment Earnings	79,667	24,188	101,456	54,164	181,123	78,352
Miscellaneous	<u>540</u>	<u>442</u>	<u>2,000</u>	<u>-</u>	<u>2,540</u>	<u>442</u>
<b>Total Revenues</b>	<b><u>2,393,522</u></b>	<b><u>3,104,248</u></b>	<b><u>1,507,802</u></b>	<b><u>1,437,267</u></b>	<b><u>3,901,324</u></b>	<b><u>4,541,515</u></b>



Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2009	2008	2009	2008	2009
<b>Expenses</b>						
General Gov't.	\$ 614,370	\$ 644,104	\$ -	\$ -	\$ 614,370	\$ 644,104
Public Safety	554,286	614,452	-	-	554,286	614,452
Public Works	640,753	439,099	-	-	640,753	439,099
Community and Economic Develop.	17,721	319,687	-	-	17,721	319,687
Recreation and Cultural	60,218	39,326	-	-	60,218	39,326
Interest on long-term debt	36,816	109,490	-	-	36,816	109,490
Sewer	-	-	792,297	839,514	792,297	839,514
Water	-	-	437,864	476,198	437,864	476,198
<b>Total Expenses</b>	<b><u>1,924,164</u></b>	<b><u>2,166,158</u></b>	<b><u>1,230,161</u></b>	<b><u>1,315,712</u></b>	<b><u>3,154,325</u></b>	<b><u>3,481,870</u></b>
<b>Increase in Net Assets Before Transfers</b>	<b>469,358</b>	<b>938,090</b>	<b>277,641</b>	<b>121,555</b>	<b>746,999</b>	<b>1,059,645</b>
<b>Transfers</b>	<b><u>-</u></b>	<b><u>( 140,000 )</u></b>	<b><u>-</u></b>	<b><u>140,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Increase in Net Assets</b>	<b>469,358</b>	<b>798,090</b>	<b>277,641</b>	<b>261,555</b>	<b>746,999</b>	<b>1,059,645</b>
Net Assets - Beginning	<u>3,540,557</u>	<u>3,939,734</u>	<u>8,051,694</u>	<u>8,329,335</u>	<u>11,592,251</u>	<u>12,269,069</u>
<b>Net Assets - Ending</b>	<b><u>\$ 4,009,915</u></b>	<b><u>\$ 4,737,824</u></b>	<b><u>\$ 8,329,335</u></b>	<b><u>\$ 8,590,890</u></b>	<b><u>\$12,339,250</u></b>	<b><u>\$13,328,714</u></b>

**Governmental Activities:**

The result of fiscal year 2009 governmental activity was an increase of \$798,090 in net assets to \$4,737,824. Of the total governmental activities' net assets, \$3,390,921 is invested in capital assets less related debt and \$595,568 is reported as restricted, meaning these assets are legally committed for a specific purpose through statute or by another authority outside the Village of Fowlerville's government. The balance of \$751,335 is listed as unrestricted, having no legal commitment.

**Revenues:**

The three largest revenue categories in governmental activities were property taxes at 33.7%; charges for services at 26.5%; and capital grants and contributions at 16.4%. The Village of Fowlerville levies a property tax millage for general government operations at 8.5048 mills, which is not assigned to any specific service or activity. The Village also levies .4698 mills of special voted millage for mosquito abatement, 2.0409 mills for refuse services, including weekly garbage pick-up, composting, chipping, and leaf pick-up. Lastly, the Village levies 3.4017 mills for street maintenance and construction and .6802 mills for cemetery maintenance.

**Expenses:**

General Government is the largest governmental activity, expending \$644,104 of the approximately \$2.2 million total expenses. This activity includes the annual costs for the operation of the Village's administrative offices, including the Village Manager, Clerk, Treasurer, Cemetery operations, and hall and grounds.

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

**Business-type Activities:**

Net assets in the business-type activities increased by \$261,555 during the fiscal year 2009. This was mainly due to higher charges for water and sewer services and an increase of connection fees.

Of the total \$8,590,890 of net assets in the business-type activities, \$2,665,417 is reported as unrestricted and \$5,925,473 is invested in capital assets (net of related debt).

**FINANCIAL ANALYSIS OF THE VILLAGE OF FOWLerville MAJOR AND NONMAJOR FUNDS**

As the Village of Fowlerville completed fiscal year 2009, its governmental funds reported *combined* fund balances of \$1,837,058. The net changes are summarized in the following chart:

	<b>General Fund</b>	<b>2008 Bond Construction Fund</b>	<b>Nonmajor Governmental Funds</b>
<b>Fund Balance 6/30/08</b>	\$ 854,475	\$ 282,160	\$ 630,242
<b>Fund Balance 6/30/09</b>	\$ 507,200	\$ 92,289	\$ 671,038
<b>Net Change</b>	\$( 347,275)	\$( 189,871)	\$ 40,796

**General Fund:**

The General Fund is the chief operating fund of the Village of Fowlerville. Unless otherwise required by statute, contractual agreement, or Board policy all Village of Fowlerville revenue and expenditures are recorded in the General Fund. As of June 30, 2009, the General Fund reported a fund balance of \$507,200. This amount is a decrease of \$347,275 from the restated fund balance of \$854,475 reported as of June 30, 2008.

The General Fund fiscal year 2009 expenditures exceeded revenues by \$254,860 and the net other financing sources and uses of the General Fund decreased the fund balance by \$92,415.

**General Fund Budgetary Highlights:**

The Village of Fowlerville's budget is a dynamic document. Although adopted in June (prior to the start of the fiscal year), the budget is amended during the course of the fiscal year to reflect changing operational demands.

General Fund revenues and other financing sources totaled \$1,879,239; \$16,371 below the final amended budget. The most significant variation was the charges for services revenue, which had a negative variation of \$13,308. This was caused by less people doing preplanning/purchasing of grave plots.

The Village of Fowlerville's expenditures and other financing uses totaled \$2,226,514; \$133,546 below the final amended budget. The most significant variation was in the area of recreation, which had a positive variation of \$23,377.

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

**Water & Sewer Funds:**

The Water Fund had an increase in its net assets of \$99,302. Operating revenues showed a decrease of \$6,681, while total operating expenses increased by \$14,895. In 2009 the Water Fund had total operating expenses of \$445,877 and total operating revenues of \$491,828 for an operating income of \$45,951. This increase was due to an increase in rates.

The Sewer Fund experienced an increase in net assets totaling \$162,253 in 2009. Operating revenues decreased by \$14,562 and operating expenses increased by \$26,974. This was due to a decrease in connection fees. In 2009, the Sewer Fund had total operating expenses of \$680,971 and total operating revenues of \$891,275 for operating income of \$210,304.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets - At the end of Fiscal Year 2009, the Village of Fowlerville had invested \$5,790,921 and \$9,740,473 (net of accumulated depreciation) for governmental and business-type capital assets (including construction in progress), respectively. Additions to the governmental activities include additions to infrastructure in the amount of \$235,273 for construction on Frank, East, Hibbard, Collins, and South Streets. Significant additions to the business-type capital assets include improvements to the sewer system and water system in the Sewer Fund and Water Fund. Accumulated depreciation was \$1,969,206 for the governmental activities and \$3,482,238 for the business-type activities. Depreciation charges for the fiscal year totaled \$267,342 for the governmental activities and \$379,863 for the business-type activities. For more detailed information related to capital assets, refer to pages 22-23 of the financial statements.

	<b><u>Governmental Activities</u></b>	<b><u>Business- Type Activities</u></b>	<b><u>Total</u></b>
Land	\$ 1,368,811	\$ 422,764	\$ 1,791,575
Land Improvements, net	43,315	-	43,315
Construction in progress	2,165,133	87,780	2,252,913
Buildings, net	609,414	3,316,944	3,926,358
Vehicles, net	186,372	16,280	202,652
Furniture/Other, net	93,093	26,801	119,894
Infrastructure, net	1,324,783	-	1,324,783
Water System, net	-	2,323,101	2,323,101
Sewer System, net	-	3,546,803	3,546,803
<b>Capital assets, net</b>	<b><u>\$ 5,790,921</u></b>	<b><u>\$ 9,740,473</u></b>	<b><u>\$ 15,531,394</u></b>

Long-term Debt - As of June 30, 2009, the Village of Fowlerville had \$2,467,617 in bonds and accumulated vacation and sick time outstanding for the governmental activities. Of this amount, \$2,400,000 is bonds and \$67,617 is compensated absences. This level of net obligation is \$3,111 higher than the obligation recorded as of June 30, 2008.

The business-type activities showed total outstanding of \$3,815,000 as of June 30, 2009. The debt is comprised of capital improvement bonds. This level of net obligation is \$156,610 lower than the obligation recorded as of June 30, 2008.

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

**Outstanding Debt as of June 30, 2009:**

<b>Primary Government</b>	<b><u>July 1, 2008</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>June 30, 2009</u></b>
<b>Governmental Activities</b>				
Bonds	\$ 2,400,000	\$ -	\$ -	\$ 2,400,000
Compensated absences	<u>64,506</u>	<u>14,440</u>	<u>11,329</u>	<u>67,617</u>
<b>Total Governmental Activities</b>	2,464,506	14,440	11,329	2,467,617
<b>Business Type Activities</b>				
Water and Sewer Bonds	3,960,000	-	145,000	3,815,000
Land Contract Payable	<u>11,610</u>	<u>-</u>	<u>11,610</u>	<u>-</u>
<b>Total Business Type Activities</b>	<u>3,971,610</u>	<u>-</u>	<u>156,610</u>	<u>3,815,000</u>
<b>Total Primary Government</b>	<b><u>\$ 6,436,116</u></b>	<b><u>\$ 14,440</u></b>	<b><u>\$ 167,939</u></b>	<b><u>\$ 6,282,617</u></b>

**Limitations on Debt:**

State statute limits the Village of Fowlerville's debt obligations to ten (10) percent of the current state equalized value (SEV). The Village of Fowlerville's SEV, as of June 30, 2009, was \$106,561,710; therefore the Village of Fowlerville's debt limitation was \$10,656,171. The Village of Fowlerville remains well below its legal debt limit.

**CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS & EFFECTS**

The State of Michigan continues to have difficulty in balancing their budget. Any shortfalls in projected revenues could affect our revenue sharing funds that we receive. Our budgets have already been cut more than once and any further cuts would affect the services that we provide to the citizens of Fowlerville.

The Village is entering the fifth year of adjusting the water and sewer rates to bring the rates in line with the costs relating the operations of the water system and the waste water treatment plant.

The Village continues its aggressive road preservation project throughout the Village. Significant amounts of the street and general funds will be required to complete this project.

**CONTACTING THE VILLAGE OF FOWLERVILLE**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Village of Fowlerville's finances and to demonstrate the Village of Fowlerville's accountability for the money it receives. If there are questions about this report or a need for additional information contact the Village Manager's Office at (517) 223-3771.

## **BASIC FINANCIAL STATEMENTS**

Village of Fowlerville

STATEMENT OF NET ASSETS

June 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 752,037	\$ 264,445	\$ 1,016,482	\$ 1,010,071
Cash - restricted	-	124,916	124,916	-
Investments	527,148	1,819,362	2,346,510	-
Receivables	93,447	488,382	581,829	3,236
Due from other governmental units	160,433	-	160,433	-
Inventory	-	27,394	27,394	-
Prepays	18,295	-	18,295	-
Internal balances	24,989	(24,989)	-0-	-
Total current assets	1,576,349	2,699,510	4,275,859	1,013,307
Noncurrent assets				
Noncurrent portion of contracts receivable	-	-	-0-	10,859
Capital assets not being depreciated	3,533,944	510,544	4,044,488	-
Capital assets, net of accumulated depreciation	2,256,977	9,229,929	11,486,906	2,478,704
Total noncurrent assets	5,790,921	9,740,473	15,531,394	2,489,563
<b>TOTAL ASSETS</b>	<b>7,367,270</b>	<b>12,439,983</b>	<b>19,807,253</b>	<b>3,502,870</b>
<b>LIABILITIES</b>				
Accounts payable	39,368	9,894	49,262	10,430
Accrued wages	35,600	-	35,600	-
Other accrued liabilities	37,988	2,909	40,897	-
Due to other governmental units	31,656	-	31,656	45,975
Accrued interest payable	17,217	21,290	38,507	29,724
Current portion of compensated absences	5,312	-	5,312	-
Current portion of long-term debt	20,000	150,000	170,000	374,111
Total current liabilities	187,141	184,093	371,234	460,240
Noncurrent liabilities				
Noncurrent portion of compensated absences	62,305	-	62,305	-
Noncurrent portion of long-term debt	2,380,000	3,665,000	6,045,000	2,681,353
Total noncurrent liabilities	2,442,305	3,665,000	6,107,305	2,681,353
<b>TOTAL LIABILITIES</b>	<b>2,629,446</b>	<b>3,849,093</b>	<b>6,478,539</b>	<b>3,141,593</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	3,390,921	5,925,473	9,316,394	598,704
Restricted for streets	595,568	-	595,568	-
Unrestricted	751,335	2,665,417	3,416,752	(211,542)
<b>TOTAL NET ASSETS</b>	<b>\$ 4,737,824</b>	<b>\$ 8,590,890</b>	<b>\$ 13,328,714</b>	<b>\$ 387,162</b>

See accompanying notes to financial statements.

Village of Fowlerville  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities								
General government	\$ 644,104	\$ 452,713	\$ 124,096	\$ -	\$ (67,295)	\$ -	\$ (67,295)	\$ -
Public safety	614,452	905	49,371	-	(564,176)	-	(564,176)	-
Public works	439,099	314,064	192,325	78,154	145,444	-	145,444	-
Health and welfare	-	-	1,510	-	1,510	-	1,510	-
Recreation and cultural	39,326	-	8,453	-	(30,873)	-	(30,873)	-
Community and economic development	319,687	-	-	605,031	285,344	-	285,344	-
Interest on long-term debt	109,490	-	-	-	(109,490)	-	(109,490)	-
Total governmental activities	2,166,158	767,682	375,755	683,185	(339,536)	-0-	(339,536)	-0-
Business-type activities								
Sewer	839,514	891,275	-	-	-	51,761	51,761	-
Water	476,198	491,828	-	-	-	15,630	15,630	-
Total business-type activities	1,315,712	1,383,103	-0-	-0-	-0-	67,391	67,391	-0-
Total primary government	\$ 3,481,870	\$ 2,150,785	\$ 375,755	\$ 683,185	(339,536)	67,391	(272,145)	-0-
Component units:								
Downtown Development Authority	\$ 1,373,138	\$ -	\$ -	\$ 290,000	-	-	-0-	(1,083,138)
Local Development Finance Authority	622,397	-	-	-	-	-	-0-	(622,397)
Total component units	\$ 1,995,535	\$ -0-	\$ -0-	\$ 290,000	-0-	-0-	-0-	(1,705,535)
General revenues:								
Property taxes					976,867	-	976,867	1,308,847
State shared revenue					276,129	-	276,129	-
Investment earnings					24,188	54,164	78,352	47,471
Miscellaneous					442	-	442	24,461
Transfers					(140,000)	140,000	-0-	-
Total general revenues and transfers					1,137,626	194,164	1,331,790	1,380,779
Change in net assets					798,090	261,555	1,059,645	(324,756)
Net assets, beginning of the year as restated					3,939,734	8,329,335	12,269,069	711,918
Net assets, end of the year					\$ 4,737,824	\$ 8,590,890	\$ 13,328,714	\$ 387,162

See accompanying notes to financial statements.

Village of Fowlerville

GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2009

	General	2008 Bond Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 132,871	\$ 88,050	\$ 485,511	\$ 706,432
Investments	125,716	-	200,954	326,670
Accounts receivable	75,435	6,399	11,613	93,447
Prepays	18,295	-	-	18,295
Due from other governmental units	129,766	-	30,345	160,111
Due from other funds	147,525	-	-	147,525
<b>TOTAL ASSETS</b>	<b>\$ 629,608</b>	<b>\$ 94,449</b>	<b>\$ 728,423</b>	<b>\$ 1,452,480</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Account payable	\$ 35,240	\$ 2,025	\$ 1,444	\$ 38,709
Accrued wages	34,386	-	1,214	35,600
Other accrued liabilities	36,964	-	534	37,498
Due to other funds	11,810	135	26,466	38,411
Due to other governmental units	3,929	-	27,727	31,656
Deferred revenue	79	-	-	79
<b>TOTAL LIABILITIES</b>	<b>122,408</b>	<b>2,160</b>	<b>57,385</b>	<b>181,953</b>
<b>FUND BALANCES</b>				
Reserved for:				
Prepays	18,295	-	-	18,295
Refuse collection	24,608	-	-	24,608
Cemetery maintenance	15,148	-	48,860	64,008
Debt service	-	-	340	340
Mosquito control	4,988	-	-	4,988
Composting	53,723	-	-	53,723
Unreserved				
Undesignated, reported in:				
General fund	390,438	-	-	390,438
Special revenue funds	-	-	621,838	621,838
Capital projects funds	-	92,289	-	92,289
<b>TOTAL FUND BALANCES</b>	<b>507,200</b>	<b>92,289</b>	<b>671,038</b>	<b>1,270,527</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 629,608</b>	<b>\$ 94,449</b>	<b>\$ 728,423</b>	<b>\$ 1,452,480</b>

See accompanying notes to financial statements.



Village of Fowlerville

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

June 30, 2009

**Total fund balances - governmental funds** \$ 1,270,527

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 7,053,536	
Accumulated depreciation is	<u>(1,490,631)</u>	
Capital assets, net		5,562,905

An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities in the government-wide Statement of Net Assets. 389,147

Long-term receivables are not available to pay for current period expenditures and are therefore deferred in the funds. At year end, these consist of:

Deferred revenue		79
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:

Bonds payable	(2,400,000)	
Accrued interest payable	(17,217)	
Compensated absences	<u>(67,617)</u>	
		<u>(2,484,834)</u>

**Net assets of governmental activities** \$ 4,737,824

See accompanying notes to financial statements.

Village of Fowlerville

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2009

	General	2008 Bond Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 757,105	\$ -	\$ 219,762	\$ 976,867
Licenses and permits	3,952	-	-	3,952
Intergovernmental	601,193	397,000	389,221	1,387,414
Charges for services	430,839	-	-	430,839
Fines and forfeits	15,098	-	-	15,098
Interest and rents	14,643	1,995	8,286	24,924
Other	8,824	-	1,510	10,334
<b>TOTAL REVENUES</b>	<b>1,831,654</b>	<b>398,995</b>	<b>618,779</b>	<b>2,849,428</b>
<b>EXPENDITURES</b>				
Current				
General government	618,815	-	-	618,815
Public safety	616,240	-	-	616,240
Public works	436,981	-	465,624	902,605
Recreation and cultural	55,123	-	-	55,123
Community and economic development	332,182	-	-	332,182
Debt service	-	-	112,359	112,359
Capital outlay	27,173	588,866	-	616,039
<b>TOTAL EXPENDITURES</b>	<b>2,086,514</b>	<b>588,866</b>	<b>577,983</b>	<b>3,253,363</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(254,860)</b>	<b>(189,871)</b>	<b>40,796</b>	<b>(403,935)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of cemetery lots	43,475	-	-	43,475
Perpetual care	4,110	-	-	4,110
Transfers in	-	-	410,000	410,000
Transfers out	(140,000)	-	(410,000)	(550,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(92,415)</b>	<b>-0-</b>	<b>-0-</b>	<b>(92,415)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(347,275)</b>	<b>(189,871)</b>	<b>40,796</b>	<b>(496,350)</b>
Fund balances, beginning of year	924,656	282,160	630,242	1,837,058
Prior period adjustment	(70,181)	-	-	(70,181)
<b>Fund balances, end of year</b>	<b>\$ 507,200</b>	<b>\$ 92,289</b>	<b>\$ 671,038</b>	<b>\$ 1,270,527</b>

See accompanying notes to financial statements.

Village of Fowlerville

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

**Net change in fund balances - total governmental funds** **\$ (496,350)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 1,467,875	
Depreciation expense	<u>(193,232)</u>	
Excess of capital outlay over depreciation expense		1,274,643

An internal service funds is used by management to charge the costs of certain activities to individual funds. The net assets of the internal service fund increased in the current period. 20,835

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in deferred revenue in the current year was: (796)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	2,869	
(Increase) in accrued compensated absences	<u>(3,111)</u>	
		<u>(242)</u>

**Change in net assets of governmental activities** **\$ 798,090**

See accompanying notes to financial statements.

Village of Fowlerville

Proprietary Funds

STATEMENT OF NET ASSETS

June 30, 2009

	Business-type Activities			Governmental Activities
	Sewer	Water	Total	Internal Service (Motor Pool)
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 131,166	\$ 133,279	\$ 264,445	\$ 45,605
Cash - restricted	64,225	60,691	124,916	-
Investments	1,517,453	301,909	1,819,362	200,478
Receivables				
Accounts	301,798	164,314	466,112	-
Special assessment	22,270	-	22,270	-
Inventory	-	27,394	27,394	-
Due from other funds	9,509	2,903	12,412	19,322
Due from other governmental units	-	-	-0-	322
Total current assets	2,046,421	690,490	2,736,911	265,727
Noncurrent assets				
Capital assets not being depreciated	109,312	401,232	510,544	-
Capital assets, net of accumulated depreciation	6,883,474	2,346,455	9,229,929	228,016
Total noncurrent assets	6,992,786	2,747,687	9,740,473	228,016
<b>TOTAL ASSETS</b>	<b>9,039,207</b>	<b>3,438,177</b>	<b>12,477,384</b>	<b>493,743</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	7,421	2,473	9,894	659
Accrued liabilities	1,210	1,699	2,909	490
Accrued interest payable	15,886	5,404	21,290	-
Due to other funds	13,725	23,676	37,401	103,447
Current portion of long-term debt	132,694	17,306	150,000	-
Total current liabilities	170,936	50,558	221,494	104,596
Noncurrent liabilities				
Noncurrent portion of long-term debt	3,222,448	442,552	3,665,000	-
<b>TOTAL LIABILITIES</b>	<b>3,393,384</b>	<b>493,110</b>	<b>3,886,494</b>	<b>104,596</b>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	3,637,644	2,287,829	5,925,473	228,016
Unrestricted	2,008,179	657,238	2,665,417	161,131
<b>TOTAL NET ASSETS</b>	<b>\$ 5,645,823</b>	<b>\$ 2,945,067</b>	<b>\$ 8,590,890</b>	<b>\$ 389,147</b>

See accompanying notes to financial statements.

Village of Fowlerville

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended June 30, 2009

	Business-type Activities			Governmental Activities
	Sewer	Water	Total	Internal Service (Motor Pool)
OPERATING REVENUES				
Charges for services	\$ 891,275	\$ 491,828	\$ 1,383,103	\$ 191,142
OPERATING EXPENSES				
Administrative	121,409	127,366	248,775	106,481
Wastewater operations	334,975	-	334,975	-
Water distribution	-	163,235	163,235	-
Depreciation	224,587	155,276	379,863	61,777
TOTAL OPERATING EXPENSES	680,971	445,877	1,126,848	168,258
OPERATING INCOME	210,304	45,951	256,255	22,884
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	40,492	13,672	54,164	4,081
(Loss) on sale of equipment	(1,584)	(2,167)	(3,751)	(5,130)
Interest expense and fiscal agent fees	(156,959)	(28,154)	(185,113)	(1,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	(118,051)	(16,649)	(134,700)	(2,049)
NET INCOME BEFORE TRANSFERS	92,253	29,302	121,555	20,835
Transfers in	70,000	70,000	140,000	-
CHANGE IN NET ASSETS	162,253	99,302	261,555	20,835
Net assets, beginning of year	5,483,570	2,845,765	8,329,335	368,312
Net assets, end of year	\$ 5,645,823	\$ 2,945,067	\$ 8,590,890	\$ 389,147

See accompanying notes to financial statements.

Village of Fowlerville

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended June 30, 2009

	Business-type Activities			Governmental Activities
	Sewer	Water	Total	Internal Service (Motor Pool)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ 914,986	\$ 492,262	\$ 1,407,248	\$ 184,903
Cash paid to suppliers	(549,217)	(354,930)	(904,147)	(11,722)
Cash paid for employee benefits	(5,735)	(17,845)	(23,580)	-
Cash paid to employees	(10,128)	(47,704)	(57,832)	(103)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>349,906</b>	<b>71,783</b>	<b>421,689</b>	<b>173,078</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital purchases	(79,894)	(156,100)	(235,994)	(150,564)
Proceeds on sale of equipment	-	-	-0-	7,203
Other nonoperating revenues	70,000	70,000	140,000	-
Principal payments	(127,693)	(28,917)	(156,610)	-
Interest and fees paid	(157,524)	(28,358)	(185,882)	(1,000)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(295,111)</b>	<b>(143,375)</b>	<b>(438,486)</b>	<b>(144,361)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(447,293)	-	(447,293)	(98,342)
Sale of investments	-	53,410	53,410	-
Interest revenue	40,492	13,672	54,164	4,081
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(406,801)</b>	<b>67,082</b>	<b>(339,719)</b>	<b>(94,261)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(352,006)</b>	<b>(4,510)</b>	<b>(356,516)</b>	<b>(65,544)</b>
Cash and cash equivalents, beginning of year	547,397	198,480	745,877	111,149
Cash and cash equivalents, end of year	<u>\$ 195,391</u>	<u>\$ 193,970</u>	<u>\$ 389,361</u>	<u>\$ 45,605</u>

Village of Fowlerville

Proprietary Funds

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended June 30, 2009

	Business-type Activities			Governmental Activities
	Sewer	Water	Total	Internal Service (Motor Pool)
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 210,304	\$ 45,951	\$ 256,255	\$ 22,884
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	224,587	155,276	379,863	61,777
Decrease in accounts receivable	9,480	3,337	12,817	-
Decrease in special assessment receivable	11,558	-	11,558	-
(Increase) decrease in due from other funds	2,673	(2,903)	(230)	(6,239)
Decrease in prepaids	-	1,325	1,325	-
Decrease in inventory	-	3,664	3,664	-
(Decrease) in accounts payable	(109,548)	(114,526)	(224,074)	(5,519)
(Decrease) increase in accrued liabilities	776	(1,050)	(274)	(103)
Increase (decrease) in due to other funds	76	(19,291)	(19,215)	100,600
(Decrease) in due to other governmental units	-	-	-0-	(322)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 349,906</b>	<b>\$ 71,783</b>	<b>\$ 421,689</b>	<b>\$ 173,078</b>

See accompanying notes to financial statements.

Village of Fowlerville

Component Units

COMBINING STATEMENT OF NET ASSETS

June 30, 2009

	Downtown Development Authority	Local Development Finance Authority	Total Component Units
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 89,158	\$ 920,913	\$ 1,010,071
Current portion of contracts receivable	3,236	-	3,236
Due from other governmental units	29,485	-	29,485
<b>Total current assets</b>	<b>121,879</b>	<b>920,913</b>	<b>1,042,792</b>
Noncurrent assets			
Noncurrent portion of contracts receivable	10,859	-	10,859
Capital assets, net of accumulated depreciation	-	2,478,704	2,478,704
<b>Total noncurrent assets</b>	<b>10,859</b>	<b>2,478,704</b>	<b>2,489,563</b>
<b>TOTAL ASSETS</b>	<b>132,738</b>	<b>3,399,617</b>	<b>3,532,355</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	7,430	3,000	10,430
Accrued interest payable	9,005	20,719	29,724
Unearned revenue	3,600	-	3,600
Due to other governmental units	30,241	15,734	45,975
Current portion of long-term debt	119,111	255,000	374,111
<b>Total current liabilities</b>	<b>169,387</b>	<b>294,453</b>	<b>463,840</b>
Noncurrent liabilities			
Noncurrent portion of long-term debt	1,056,353	1,625,000	2,681,353
<b>TOTAL LIABILITIES</b>	<b>1,225,740</b>	<b>1,919,453</b>	<b>3,145,193</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	598,704	598,704
Unrestricted	(1,093,002)	881,460	(211,542)
<b>TOTAL NET ASSETS</b>	<b>\$ (1,093,002)</b>	<b>\$ 1,480,164</b>	<b>\$ 387,162</b>

See accompanying notes to financial statements.



Village of Fowlerville

Component Units

COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

	Downtown Development Authority	Local Development Finance Authority	Total Component Units
Program Expenses			
Community and economic development	\$ 1,373,138	\$ 622,397	\$ 1,995,535
Program Revenues			
Capital grants and contributions	290,000	-	290,000
NET PROGRAM EXPENSES	(1,083,138)	(622,397)	(1,705,535)
General Revenues			
Property taxes	471,251	837,596	1,308,847
Investment earnings	39,675	7,796	47,471
Other	24,461	-	24,461
TOTAL GENERAL REVENUES	535,387	845,392	1,380,779
CHANGE IN NET ASSETS	(547,751)	222,995	(324,756)
Net assets, beginning of the year as restated	(545,251)	1,257,169	711,918
Net assets, end of the year	<u>\$ (1,093,002)</u>	<u>\$ 1,480,164</u>	<u>\$ 387,162</u>

See accompanying notes to financial statements.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Located in Livingston County, Michigan, Fowlerville is incorporated as a general law village in which citizens elect the council members and officers. The Village is not included in any other governmental "reporting entity", as defined by the *Government Accounting Standards Board (GASB)*, since council members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Village provides the following services, as authorized by its charter, to approximately 2,972 residents: public safety (police), public improvements (streets, sidewalks, sewers, and water system), planning and zoning, recreation and general administrative services. The financial statements of the Village have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Village's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, *The Financial Reporting Entity* (as amended by GASB Statement 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of the Village of Fowlerville (primary government) and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government. All component units are included in the Village's audited financial statements and are not audited separately.

2. Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, the Village of Fowlerville remains financially accountable for these entities or the nature and significance of the relationship between these entities and the Village of Fowlerville is such that exclusion of these entities would render the financial statements misleading or incomplete.

Downtown Development Authority (DDA) - The Authority is responsible for the management of property tax revenues captured in the DDA district within the Village boundaries. Members of the DDA board are appointed by the Village Council and the Council has the ability to exercise oversight responsibility, specifically in the area of designation of management. The Authority is legally separate from the Village and is fiscally independent of the Village. There are no separate financial statements issued for the DDA.

Local Development Finance Authority (LDFA) - The Authority is responsible for the management of property tax revenues captured in the LDFA district in the Village boundaries. Members of the LDFA board are appointed by the Village Council and the Council has the ability to exercise oversight responsibility, specifically in the area of designation of management. The Authority is legally separate from the Village and is fiscally independent of the Village. There are no separate financial statements issued for the LDFA.

3. Joint Venture

Fowlerville Area Fire Authority - The Fowlerville Area Fire Authority was created on January 1, 2005 by a joint venture agreement between the Townships of Handy, Iosco, and Conway and the Village of Fowlerville. The Authority is considered a Municipal Emergency Service Authority as provided in the Emergency Services to Municipalities Act, 1988 PA57, MCL 124.601. The remaining formation and operating guidelines, etc. are detailed in the Authority's Articles of Incorporation and Bylaws and are maintained in the Authority's administrative offices. Each Township appoints one (1) member and the Village appoints one (1) member to the Board. The Chief oversees the day-to-day operations of the Authority.

The Authority has no stockholders and all monies received are to be used for certain specified purposes in accordance with the joint venture agreement between the constituent municipalities.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

4. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component units as a whole. All activities of the primary government are included. For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the Village's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The major funds of the Village are:

- a. The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The 2008 Bond Construction Fund is used to account for financial resources that are used to fund street repair projects within the Village.
- c. The Sewer Fund is used to account for the operations required to providing sewer services to the general public, the costs (expenses, including depreciation) is financed or recovered primarily through user charges.
- d. The Water Fund is used to account for the operations required to provide water services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

The Village also reports an internal service fund to account for the management of mobile equipment provided to other departments of the Village on a cost reimbursement basis.

5. Measurement Focus

The government-wide and proprietary financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

5. Measurement Focus - continued

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

6. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

7. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the fund financial statements. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The Village employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. The Village Manager is required to submit to the Village Council a proposed operating budget for the commencing fiscal year prior to its start each year. The operating budget includes proposed expenditures and the means of financing them. Budgets are prepared on a basis consistent with the accounting basis utilized by the fund.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

7. Budgets and Budgetary Accounting - continued

- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally enacted through passage of a resolution.
- d. The Village Manager is authorized to transfer budget amounts of \$500 or less between departments within any fund with subsequent Council ratification. Any revisions altering the total expenditures of a particular fund must be approved by the Council. Annual appropriations lapse at fiscal year end.
- e. Budgets for the General and Special Revenue Funds are adopted on an activity basis and are consistent with accounting principles generally accepted in the United States of America.
- f. Budgeted amounts are reported as originally adopted or amended by the Village Council during the year.

8. Cash, Cash Equivalents, and Investments

Cash consists of various savings and money market checking accounts. Cash equivalents consist of temporary investments in mutual funds and certificates of deposit with original maturities of 90 days or less. The cash equivalents and investments are recorded at cost, which approximates fair value. Investments consist of certificates of deposit with an original maturity of more than 90 days.

9. Property Tax

The Village of Fowlerville bills and collects its own property taxes. The Village's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph.

Property taxes are levied by the Village of Fowlerville on July 1 and are payable without penalty through September 15. The July 1 levy is composed of the Village's millage, voted millage, and special assessments. All real property taxes not paid to the Village by the due date are turned over to the Livingston County Treasurer for collection. The Livingston County Treasurer purchases the receivables of all taxing districts on any delinquent real property taxes. Delinquent personal property taxes are retained by the Village for subsequent collection.

The Village is permitted to levy taxes up to 12.50 mills (\$12.50 per \$1,000 of taxable valuation) for general governmental services. For the year ended June 30, 2009, the Village levied 8.5048 mills per \$1,000 of assessed valuation for general governmental services. In addition, the Village levies .6802 for cemetery maintenance, 2.0409 for garbage service, 3.4017 for street lights, and .4698 for mosquito control. The total Taxable Value for the 2008 levy for property within the Village was \$106,561,710.

10. Inventory

Inventory in the Enterprise Funds consists of Water Department supplies which are stated at the lower of cost or market on the first in - first out basis.

11. Prepays

Prepaid expenditures, which are expected to be written off with the next fiscal year, are included in net current assets. Reported prepaid expenditures are equally offset by a fund balance reserve which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

12. Interfund Transactions

During the course of normal operations, the Village has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

13. Compensated Absences

Village employees are granted sick/personal leave in varying amounts. In the event of termination, an employee is paid for portions of accumulated sick/personal time. Employees are not paid for accumulated vacation. All employees with accumulated unused sick/personal time pay at June 30, 2009 were vested and the total due to them, along with the related payroll taxes, is recorded entirely in the government-wide financial statements.

Employees accrue vacation time throughout the year based on prior years' service. Vacation time must be used or lost, with limited exceptions.

14. Capital Assets

Capital assets include land, land improvements, buildings and improvements, equipment and furniture, vehicles, infrastructure, and utility systems and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities, business-type activities, and component units columns. Capital assets are those with an initial individual cost of \$500 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	2 - 15 years
Buildings and improvements	10 - 50 years
Equipment and furniture	5 - 30 years
Vehicles	2 - 8 years
Sewer system and improvements	10 - 40 years
Water system and improvements	7 - 50 years
Infrastructure	20 - 30 years

15. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

16. Reserved and Designated Fund Balances

Reserved fund balances are used to earmark a portion of fund balance to indicate that it is not appropriate for expenditures or has been segregated for a specific future use. Designated fund balance indicates that portion of fund balance that the Village has set aside for specific purposes.

17. Restricted Net Assets

Restrictions of net assets shown in the government-wide financial statements indicate restrictions imposed by the funding source or some other outside source, which precludes their use for unrestricted purposes.

18. Comparative Data

Comparative data for the prior year has not been presented in the basic financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

In accordance with Michigan Compiled Laws, the Village is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The United States Congress has temporarily increased Federal Deposit Insurance Corporation (FDIC) deposit insurance from \$100,000 to \$250,000 per depositor through December 31, 2013. FDIC regulations provide that deposits of governmental units are to be separately insured for the amount of \$250,000 for deposits in an insured bank for interest-bearing savings deposits and \$250,000 for interest-bearing demand deposits. FDIC insurance coverage through its Transaction Account Insurance Program provides unlimited insurance on non-interest bearing transaction accounts and low-interest bearing (i.e., no higher than 0.50 percent) NOW accounts, this program is scheduled to end December 31, 2009. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$250,000. For the purpose of these rules, the term "savings deposits" includes NOW accounts, money market deposit accounts, and other interest-bearing checking accounts.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

Deposits

There is a custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of June 30, 2009, the carrying amounts of the Village's deposits were \$3,134,617 and the bank balance was \$3,188,832, of which \$271,011 was covered by federal depository insurance. The balance of \$2,917,821 was uninsured, but collateralized with securities held by a third-party pledging financial institution. The primary government had \$4,433 of imprest cash on hand.

Due to significantly higher cash flow at certain periods during the year, the amount the Village held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Investments

As of June 30, 2009, the carrying amounts and market values for the investments were as follows:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Primary Government			
Uncategorized pooled investment funds			
Chase Bank - Government operating MM fund	\$ 1,107,973	\$ 1,107,973	N/A
Component Units			
Uncategorized pooled investment funds			
Chase Bank - Government operating MM fund	<u>250,956</u>	<u>250,956</u>	N/A
	<u>\$ 1,358,929</u>	<u>\$ 1,358,929</u>	

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). The Village's investment in the Government Operating Money Market Fund is rate AAA by Moody's.

Interest rate risk

The Village will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Village's cash requirements.

Concentration of credit risk

The Village will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Village's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.



Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

Custodial credit risk

The Village will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Council and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Village will do business in accordance with Council approved policy.

The cash, cash equivalents, and investments referred to above have been reported in the cash and cash equivalents or investments captions in the basic financial statements, based on criteria disclosed in Note A. The following summarizes the categorization of these amounts as of June 30, 2009:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 1,016,482	\$ 1,010,071	\$ 2,026,553
Cash - restricted	124,916	-	124,916
Investments	<u>2,346,510</u>	<u>-</u>	<u>2,346,510</u>
Total	<u>\$ 3,487,908</u>	<u>\$ 1,010,071</u>	<u>\$ 4,497,979</u>

**NOTE C: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule details interfund receivables and payables at June 30, 2009:

Due to General Fund from:	
Water Fund	\$ 11,803
Sewer Fund	11,006
2008 Bond Construction Fund	135
Internal service fund	103,447
Nonmajor governmental funds	<u>21,134</u>
	<u>\$ 147,525</u>
Due to Water Fund from:	
General Fund	<u>\$ 2,903</u>
Due to Sewer Fund from:	
Water Fund	<u>\$ 9,509</u>
Due to internal service fund from:	
General Fund	\$ 8,907
Sewer Fund	2,719
Water Fund	2,364
Nonmajor governmental funds	<u>5,332</u>
	<u>\$ 19,322</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE D: INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds, business-type funds, and component units have been eliminated.

Transfers to Water Fund from:	
General Fund	<u>\$ 70,000</u>
Transfers to Sewer Fund from:	
General Fund	<u>\$ 70,000</u>
Transfers to nonmajor governmental funds from:	
Nonmajor governmental funds	<u>\$ 410,000</u>

The transfers from the General Fund to the Water and Sewer funds were to fund current year operations. The transfers between the nonmajor governmental funds were to fund a local street construction project.

**NOTE E: LONG-TERM CONTRACTS RECEIVABLE**

The Village has several loans to individuals and businesses made through the Downtown Development Authority. The amounts attributable to these long-term contracts receivable have been recorded in the Downtown Development Authority Special Revenue Fund as contracts receivable and deferred revenue. The following is a summary of future annual revenue from debtors that currently have signed promissory notes with the Village:

Year Ending <u>June 30,</u>	<u>Contracts Receivable</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 3,236	\$ 485
2011	3,368	352
2012	2,596	220
2013	1,776	137
2014	1,847	65
2015	<u>1,272</u>	<u>5</u>
	<u>\$ 14,095</u>	<u>\$ 1,264</u>

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE F: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009 was as follows:

**Primary Government**

	Balance <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2009</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 1,368,811	\$ -	\$ -	\$ 1,368,811
Construction in progress	<u>1,032,498</u>	<u>1,132,635</u>	<u>-</u>	<u>2,165,133</u>
Subtotal	2,401,309	1,132,635	-0-	3,533,944
Capital assets being depreciated				
Land improvements	294,219	-	-	294,219
Buildings	916,615	132,781	-	1,049,396
Vehicles	579,170	115,064	( 20,000 )	674,234
Machinery and equipment	636,421	63,886	-	700,307
Infrastructure	<u>1,333,954</u>	<u>174,073</u>	<u>-</u>	<u>1,508,027</u>
Subtotal	3,760,379	485,804	( 20,000 )	4,226,183
Less accumulated depreciation for:				
Land improvements	( 236,890 )	( 14,014 )	-	( 250,904 )
Buildings	( 404,568 )	( 35,414 )	-	( 439,982 )
Vehicles	( 444,533 )	( 50,996 )	7,667	( 487,862 )
Machinery and equipment	( 544,604 )	( 62,610 )	-	( 607,214 )
Infrastructure	<u>( 91,269 )</u>	<u>( 91,975 )</u>	<u>-</u>	<u>( 183,244 )</u>
Subtotal	<u>( 1,721,864 )</u>	<u>( 255,009 )</u>	<u>7,667</u>	<u>( 1,969,206 )</u>
Net capital assets being depreciated	<u>2,038,515</u>	<u>230,795</u>	<u>( 12,333 )</u>	<u>2,256,977</u>
Total net capital assets	<u>\$ 4,439,824</u>	<u>\$ 1,363,430</u>	<u>\$ ( 12,333 )</u>	<u>\$ 5,790,921</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 45,449
Public safety	21,388
Public works	181,792
Recreation and cultural	<u>18,713</u>
Total depreciation expense	<u>\$ 267,342</u>

The current year depreciation expense for governmental activities of \$255,009 has been adjusted by \$12,333 for the disposal of capital assets during the year, in accordance with the GASB Statement No. 34 implementation guide which states that immaterial losses may be handled as an adjustment to the current period's depreciation expense.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE F: CAPITAL ASSETS - CONTINUED**

**Primary Government - continued**

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions/</u> <u>Reclassifications</u>	<u>Deletions/</u> <u>Reclassifications</u>	<u>Balance</u> <u>June 30, 2009</u>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 422,764	\$ -	\$ -	\$ 422,764
Construction in progress	<u>24,241</u>	<u>87,780</u>	<u>( 24,241 )</u>	<u>87,780</u>
Subtotal	447,005	87,780	( 24,241 )	510,544
Capital assets being depreciated				
Buildings	3,658,619	-	-	3,658,619
Machinery and equipment	421,400	8,916	-	430,316
Vehicles	51,986	-	-	51,986
Sewer system	4,834,695	46,230	( 2,772 )	4,878,153
Water system	<u>3,578,317</u>	<u>117,310</u>	<u>( 2,534 )</u>	<u>3,693,093</u>
Subtotal	12,545,017	172,456	( 5,306 )	12,712,167
Less accumulated depreciation				
Buildings	( 267,406 )	( 74,269 )	-	( 341,675 )
Machinery and equipment	( 381,426 )	( 22,089 )	-	( 403,515 )
Vehicles	( 28,580 )	( 7,126 )	-	( 35,706 )
Sewer system	(1,204,442 )	( 128,096 )	1,188	(1,331,350 )
Water system	<u>(1,222,076 )</u>	<u>( 148,283 )</u>	<u>367</u>	<u>(1,369,992 )</u>
Subtotal	<u>(3,103,930 )</u>	<u>( 379,863 )</u>	<u>1,555</u>	<u>(3,482,238 )</u>
Net capital assets being depreciated	<u>9,441,087</u>	<u>( 207,407 )</u>	<u>( 3,751 )</u>	<u>9,229,929</u>
Total net capital assets	<u>\$ 9,888,092</u>	<u>\$( 119,627 )</u>	<u>\$( 27,992 )</u>	<u>\$ 9,740,473</u>

Depreciation expense was changed to the following business-type activities:

Sewer	\$ 224,587
Water	<u>155,276</u>
Total depreciation expense	<u>\$ 379,863</u>

**Component Unit**

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
<b>Local Development Finance Authority</b>				
Capital assets being depreciated				
Infrastructure	\$ 3,084,116	\$ -	\$ -	\$ 3,084,116
Less accumulated depreciation				
Infrastructure	<u>( 399,804 )</u>	<u>( 205,608 )</u>	<u>-</u>	<u>( 605,412 )</u>
Net capital assets being depreciated	<u>2,684,312</u>	<u>( 205,608 )</u>	<u>-0-</u>	<u>2,478,704</u>
Total net capital assets	<u>\$ 2,684,312</u>	<u>\$( 205,608 )</u>	<u>\$ -0-</u>	<u>\$ 2,478,704</u>

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE G: LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portion) of the Village for the year ended June 30, 2009:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
2008 General Obligation Bonds	\$ 2,400,000	\$ -	\$ -	\$ 2,400,000	\$ 20,000
Compensated absences	<u>64,506</u>	<u>14,440</u>	<u>11,329</u>	<u>67,617</u>	<u>5,312</u>
	2,464,506	14,440	11,329	2,467,617	25,312
Business-type Activities					
2005 Sewer Improvement Bonds	2,995,000	-	110,000	2,885,000	115,000
2007 G.O. Capital Improvement Bonds	965,000	-	35,000	930,000	35,000
Land Contract	<u>11,610</u>	<u>-</u>	<u>11,610</u>	<u>-0-</u>	<u>-</u>
	<u>3,971,610</u>	<u>-0-</u>	<u>156,610</u>	<u>3,815,000</u>	<u>150,000</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>6,436,116</b>	<b>14,440</b>	<b>167,939</b>	<b>6,282,617</b>	<b>175,312</b>
<b>COMPONENT UNITS</b>					
Downtown Development Authority					
2007 General Obligation Bonds	500,000	-	50,000	450,000	50,000
2002 General Obligation Bonds	685,000	-	60,000	625,000	65,000
Land Contract	<u>-</u>	<u>128,000</u>	<u>27,536</u>	<u>100,464</u>	<u>4,111</u>
Subtotal	1,185,000	128,000	137,536	1,175,464	119,111
Local Development Finance Authority					
Local Development Bonds - 2005	1,330,000	-	60,000	1,270,000	180,000
Local Development Bonds - 2001	665,000	-	55,000	610,000	75,000
Local Development Bonds - 1998	<u>130,000</u>	<u>-</u>	<u>130,000</u>	<u>-0-</u>	<u>-</u>
Subtotal	<u>2,125,000</u>	<u>-0-</u>	<u>245,000</u>	<u>1,880,000</u>	<u>255,000</u>
<b>TOTAL COMPONENT UNITS</b>	<b><u>3,310,000</u></b>	<b><u>128,000</u></b>	<b><u>382,536</u></b>	<b><u>3,055,464</u></b>	<b><u>374,111</u></b>
<b>TOTAL REPORTING ENTITY</b>	<b><u>\$ 9,746,116</u></b>	<b><u>\$ 142,440</u></b>	<b><u>\$ 550,475</u></b>	<b><u>\$ 9,338,081</u></b>	<b><u>\$ 549,423</u></b>

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE G: LONG-TERM DEBT - CONTINUED**

Significant details regarding outstanding long-term debt (including current portion) are presented below:

PRIMARY GOVERNMENT

General Obligation Bonds

\$995,000 2007 G.O. Capital Improvement Bonds, due in annual installments ranging from \$35,000 to \$75,000 through 2027, plus interest at 4.70 percent.	\$ 930,000
\$3,200,000 2005 Sewer Improvement Bonds, due in annual installments ranging from \$115,000 to \$235,000 through 2026, plus interest ranging from 3.95 to 5.00 percent.	2,885,000
\$2,400,000 2008 Downtown Development General Obligation Bonds, due in annual installments ranging from \$20,000 to \$225,000 through 2028, plus interest ranging from 4.250 to 4.375 percent.	<u>2,400,000</u>
	<u>\$ 6,215,000</u>

COMPONENT UNITS

Land Contract

The following land contract is considered an installment purchase under Act No. 99 PA of 1933, as amended, and is not subject to State of Michigan Department of Treasury approval:

\$128,000 Land contract due in monthly installments ranging from \$330 to \$430 through 2012, with interest at 8.0 percent. A lump sum of \$84,952 is due in December, 2012.	<u>\$ 100,464</u>
--	-------------------

General Obligation Bonds

\$990,000 2001 Garden Lane Extension Bonds, due in annual installments ranging from \$75,000 to \$100,000 plus interest through 2016, with interest ranging from 4.40 to 5.00 percent.	\$ 610,000
\$990,000 2002 Development Bonds, due in annual installments ranging from \$65,000 to \$90,000 plus interest through 2016, with interest ranging from 4.40 to 5.00 percent.	625,000
\$1,430,000 2005 Local Development Bonds, due in annual installments ranging from \$180,000 to \$185,000 plus interest through 2016, with interest ranging from 4.00 to 4.50 percent.	1,270,000
\$500,000 2007 Downtown Development Authority Bonds, due in annual installments ranging from \$50,000 to \$75,000 plus interest through 2016, with interest at 4.5 percent.	<u>450,000</u>
	<u>\$ 2,955,000</u>

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE G: LONG-TERM DEBT - CONTINUED**

Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for unused sick leave. The dollar amounts of these vested rights have been recorded in the government-wide financial statements. They amount to approximately \$67,617 at June 30, 2009.

Annual Requirements for Bonded Debt and Land Contract

The annual requirements to pay the debt principal and interest outstanding for bonds and loans are as follows:

**Primary Government**

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 170,000	\$ 271,355
2011	180,000	264,318
2012	205,000	256,810
2013	225,000	248,253
2014	230,000	238,848
2015-2019	1,495,000	1,036,548
2020-2024	2,190,000	644,055
2025-2028	<u>1,520,000</u>	<u>148,464</u>
	<u>\$ 6,215,000</u>	<u>\$ 3,108,651</u>

**Component Units**

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>		<u>Land Contract</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 370,000	\$ 131,455	\$ 4,111	\$ 7,889
2011	385,000	115,700	4,453	7,547
2012	395,000	99,240	4,822	7,178
2013	405,000	81,833	87,078	3,441
2014	420,000	63,550	-	-
2015-2016	<u>980,000</u>	<u>69,903</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,955,000</u>	<u>\$ 561,680</u>	<u>\$ 100,464</u>	<u>\$ 26,054</u>

**NOTE H: RETIREMENT PLAN**

Plan Description

The Village of Fowlerville approved participation in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all eligible (i.e., full-time) employees of the Village of Fowlerville. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE H: RETIREMENT PLAN - CONTINUED**

Funding Policy

The obligation to contribute to and maintain the system for eligible employees was established by the Village Council. The plan requires no contribution from the employees.

Annual Pension Cost

For the year ended June 30, 2009, the Village of Fowlerville's annual pension cost of \$23,754 for the plan was equal to the Village of Fowlerville's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the entry actual age cost method. Actual contributions to the retirement system are based on actual reported monthly payroll. Significant actuarial assumptions used include (a) an 8.00 percent investment rate of return (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation (c) additional salary increases depending on age, seniority and merit, and (d) assumption benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over a period of thirty (30) years.

Three (3) year trend information

	As of December 31,		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
Actuarial value of assets	\$ 2,711,637	\$ 2,850,097	\$ 2,915,432
Actuarial accrued liability (AAL) (entry age)	2,621,945	2,663,378	2,669,997
Unfunded (overfunded) AAL	( 89,692 )	( 186,719 )	( 245,435 )
Funded ratio	103 %	107 %	109 %
Covered payroll	475,841	375,799	344,698
UAAL as a percentage of covered payroll	-0- %	-0- %	-0- %

  

	Year Ended June 30,		
	<u>2007</u>	<u>2008</u>	<u>2009</u>
Annual pension cost	\$ 43,994	\$ 35,292	\$ 23,754
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-0-	-0-	-0-

**NOTE I: RISK MANAGEMENT**

The Village participates in a State pool, the Michigan Municipal Risk Management Authority, with other municipalities for property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The Village has no individual self-insured retention amounts and a \$250 deductible per occurrence of property and crime coverage. State pool members' limits of coverage (per occurrence) are \$5,000,000 for liability and about \$5,000,000 for property. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Village has not been informed of any special assessments being required.

The Village also participates in a pool, the Michigan Municipal Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Village has not been informed of any special assessments being required.



Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE J: PRIOR PERIOD ADJUSTMENTS**

The following prior period adjustments were made during the period, which were the result of the correction of accounting errors. These adjustments were reported as a change to the beginning fund balance. The effect on operations and other affected balances for the current and prior period are as follows:

	June 30,		
	<u>2009</u>	<u>2008</u>	
Primary Government			
General Fund			
Accounts receivable	\$ -	\$( 70,181 )	Correct overstated accounts receivable
Fund balance - beginning	( 70,181 )	-	
Component Units			
DDA Property Rental Fund			
Cash	-	7,430	Include the DDA Property Rental Fund
Fund balance - beginning	7,430	-	

**NOTE K: RESTATEMENT OF NET ASSETS**

Beginning net assets for the governmental activities were restated by (\$70,181) to correct overstated accounts receivable in the governmental activities.

Beginning net assets for the component units were restated by \$7,430 to include the DDA property rental activity in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

Village of Fowlerville

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES

Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 793,950	\$ 747,172	\$ 757,105	\$ 9,933
Licenses and permits	2,100	3,600	3,952	352
Intergovernmental				
Federal/State	292,438	329,911	325,303	(4,608)
Local	253,290	275,100	275,890	790
Total intergovernmental	545,728	605,011	601,193	(3,818)
Charges for services	445,443	444,147	430,839	(13,308)
Fines and forfeits	9,200	18,500	15,098	(3,402)
Interest and rents	30,200	17,000	14,643	(2,357)
Other	11,000	14,180	8,824	(5,356)
TOTAL REVENUES	1,837,621	1,849,610	1,831,654	(17,956)
OTHER FINANCING SOURCES				
Sale of cemetery lots	47,300	42,200	43,475	1,275
Perpetual care	6,500	3,800	4,110	310
TOTAL OTHER FINANCING SOURCES	53,800	46,000	47,585	1,585
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 1,891,421	\$ 1,895,610	\$ 1,879,239	\$ (16,371)

Village of Fowlerville

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES

Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current				
General government				
Legislative	\$ 27,807	\$ 32,439	\$ 31,484	\$ 955
Executive	158,240	152,821	141,179	11,642
Clerk	41,050	49,629	44,338	5,291
Treasurer	107,912	111,732	106,927	4,805
Cemetery operations	90,350	83,671	75,401	8,270
Village hall and grounds	80,450	85,100	74,537	10,563
Other				
Other	17,998	23,098	22,229	869
Insurance	62,000	62,300	62,241	59
Contracted services	76,600	76,600	60,479	16,121
Total general government	662,407	677,390	618,815	58,575
Public safety				
Police department	594,127	630,243	616,240	14,003
Public works				
Refuse collection	318,028	312,942	302,771	10,171
Sanitary landfill	75,450	114,833	100,598	14,235
Mosquito control	30,500	34,000	33,612	388
Total public works	423,978	461,775	436,981	24,794
Recreation and cultural				
Recreation	89,000	78,500	55,123	23,377
Community and economic development				
Planning commission	28,437	44,920	42,182	2,738
Economic development	-	290,000	290,000	-0-
Total community and economic development	28,437	334,920	332,182	2,738
Capital outlay	93,472	37,232	27,173	10,059
TOTAL EXPENDITURES	1,891,421	2,220,060	2,086,514	133,546
OTHER FINANCING USES				
Transfer out	140,000	140,000	140,000	-0-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 2,031,421</u>	<u>\$ 2,360,060</u>	<u>\$ 2,226,514</u>	<u>\$ 133,546</u>

## **OTHER SUPPLEMENTARY INFORMATION**

Village of Fowlerville

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

June 30, 2009

	Special Revenue			
	Major Street	Local Street	Municipal Street	Drug Law Enforcement
<b>ASSETS</b>				
Cash and cash equivalents	\$ 94,338	\$ 285,859	\$ 52,945	\$ 3,169
Investments	-	200,954	-	-
Accounts receivable	11,613	-	-	-
Due from other governmental units	23,546	6,799	-	-
<b>TOTAL ASSETS</b>	<b>\$ 129,497</b>	<b>\$ 493,612</b>	<b>\$ 52,945</b>	<b>\$ 3,169</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 1,444	\$ -	\$ -
Accrued wages	-	1,129	85	-
Other accrued liabilities	381	142	11	-
Due to other funds	17,765	6,680	2,021	-
Due to other governmental units	-	-	27,727	-
<b>TOTAL LIABILITIES</b>	<b>18,146</b>	<b>9,395</b>	<b>29,844</b>	<b>-0-</b>
<b>Fund balances</b>				
Reserved for:				
Cemetery maintenance	-	-	-	-
Debt service	-	-	-	-
Unreserved				
Undesignated, reported in:				
Special revenue funds	111,351	484,217	23,101	3,169
<b>TOTAL FUND BALANCES</b>	<b>111,351</b>	<b>484,217</b>	<b>23,101</b>	<b>3,169</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 129,497</b>	<b>\$ 493,612</b>	<b>\$ 52,945</b>	<b>\$ 3,169</b>

<u>Debt Service</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
2008 G.O. Bond	Greenwood Cemetery	
\$ 340	\$ 48,860	\$ 485,511
-	-	200,954
-	-	11,613
-	-	30,345
<u>\$ 340</u>	<u>\$ 48,860</u>	<u>\$ 728,423</u>
-	-	1,444
-	-	1,214
-	-	534
-	-	26,466
-	-	27,727
-0-	-0-	57,385
-	48,860	48,860
340	-	340
-	-	621,838
<u>340</u>	<u>48,860</u>	<u>671,038</u>
<u>\$ 340</u>	<u>\$ 48,860</u>	<u>\$ 728,423</u>

Village of Fowlerville

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

Year Ended June 30, 2009

	Special Revenue			
	Major Street	Local Street	Municipal Street	Drug Law Enforcement
REVENUES				
Taxes	\$ -	\$ -	\$ 219,762	\$ -
Intergovernmental	154,874	121,847	-	-
Interest and rents	2,116	4,350	1,118	32
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>156,990</b>	<b>126,197</b>	<b>220,880</b>	<b>32</b>
EXPENDITURES				
Current				
Public works	165,539	244,456	55,629	-
Debt service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>165,539</b>	<b>244,456</b>	<b>55,629</b>	<b>-0-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(8,549)</b>	<b>(118,259)</b>	<b>165,251</b>	<b>32</b>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	410,000	-	-
Transfers out	(150,000)	-	(260,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(150,000)</b>	<b>410,000</b>	<b>(260,000)</b>	<b>-0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(158,549)</b>	<b>291,741</b>	<b>(94,749)</b>	<b>32</b>
Fund balances, beginning of year	269,900	192,476	117,850	3,137
Fund balances, end of year	<u>\$ 111,351</u>	<u>\$ 484,217</u>	<u>\$ 23,101</u>	<u>\$ 3,169</u>



<u>Debt Service</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
2008 G.O. Bond	Greenwood Cemetery	
\$ -	\$ -	\$ 219,762
112,500	-	389,221
199	471	8,286
-	1,510	1,510
<u>112,699</u>	<u>1,981</u>	<u>618,779</u>
-	-	465,624
<u>112,359</u>	<u>-</u>	<u>112,359</u>
<u>112,359</u>	<u>-0-</u>	<u>577,983</u>
340	1,981	40,796
-	-	410,000
<u>-</u>	<u>-</u>	<u>(410,000)</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
340	1,981	40,796
-	46,879	630,242
<u>\$ 340</u>	<u>\$ 48,860</u>	<u>\$ 671,038</u>

Village of Fowlerville

Component Unit Funds

BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY

June 30, 2009

	<u>Special Revenue</u>	<u>Property Rental</u>	<u>2007 Debt Service</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 79,578	\$ 9,114	\$ 466
Contracts receivable	14,095	-	-
Due from other governmental units	<u>29,485</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 123,158</u></u>	<u><u>\$ 9,114</u></u>	<u><u>\$ 466</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 7,430	\$ -	\$ -
Deferred revenue	14,095	3,600	-
Due to other governmental units	<u>30,241</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	51,766	3,600	-0-
<b>FUND BALANCES</b>			
Reserved for debt service	-	-	466
Unreserved			
Undesignated, reported in:			
Special revenue funds	<u>71,392</u>	<u>5,514</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u><u>71,392</u></u>	<u><u>5,514</u></u>	<u><u>466</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 123,158</u></u>	<u><u>\$ 9,114</u></u>	<u><u>\$ 466</u></u>

2007 Construction	Total
\$ -	\$ 89,158
-	14,095
-	29,485
<u>\$ -0-</u>	<u>\$ 132,738</u>

\$ -	\$ 7,430
-	17,695
-	30,241
<u>-0-</u>	<u>55,366</u>
-	466
<u>-</u>	<u>76,906</u>
<u>-0-</u>	<u>77,372</u>
<u>\$ -0-</u>	<u>\$ 132,738</u>

Village of Fowlerville

Component Unit Funds

RECONCILIATION OF THE BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - DOWNTOWN DEVELOPMENT AUTHORITY

June 30, 2009

**Total fund balances - governmental funds** \$ 77,372

Amounts reported for the governmental activities in the statement of net assets are different because:

Long-term receivables are not available to pay for current period expenditures and are therefore deferred in the funds. These consist of:

Deferred revenue 14,095

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds and land contract payable	\$ 1,175,464	
Accrued interest payable	9,005	
	<u>                    </u>	(1,184,469)

**Net assets of governmental activities** \$ (1,093,002)

Village of Fowlerville

Component Unit Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - DOWNTOWN DEVELOPMENT AUTHORITY

Year Ended June 30, 2009

	Special Revenue	Property Rental	2007 Debt Service
<b>REVENUES</b>			
Taxes	\$ 471,251	\$ -	\$ -
Intergovernmental	290,000	-	-
Interest and rents	13,372	23,614	199
Other	27,727	-	-
<b>TOTAL REVENUES</b>	<b>802,350</b>	<b>23,614</b>	<b>199</b>
<b>EXPENDITURES</b>			
Current			
Community and economic development			
Salaries	10,725	-	-
Fringe benefits	3,006	-	-
Contracted services	94,692	-	-
Supplies	5,093	-	-
Printing and publishing	2,117	-	-
Repairs and maintenance	21,975	3,379	-
Equipment rental	11,572	-	-
Farmers market	3,989	-	-
Fire fees	21,627	-	-
Utilities	-	6,109	-
Management fees	-	1,628	-
Property taxes	-	4,198	-
Rent	-	4,000	-
Other	-	216	-
Debt service	230,805	6,000	72,500
Capital outlay	525,000	-	-
<b>TOTAL EXPENDITURES</b>	<b>930,601</b>	<b>25,530</b>	<b>72,500</b>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	<b>(128,251)</b>	<b>(1,916)</b>	<b>(72,301)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	72,750
Transfers out	(72,750)	-	-
Loan proceeds	128,000	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>55,250</b>	<b>-0-</b>	<b>72,750</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(73,001)</b>	<b>(1,916)</b>	<b>449</b>
Fund balances, beginning of year	144,393	-	17
Prior period adjustment	-	7,430	-
<b>Fund balances, end of year</b>	<b>\$ 71,392</b>	<b>\$ 5,514</b>	<b>\$ 466</b>

2007	
<u>Construction</u>	<u>Total</u>
\$ -	\$ 471,251
-	290,000
2,490	39,675
-	27,727
<hr/>	<hr/>
2,490	828,653
-	10,725
-	3,006
-	94,692
-	5,093
-	2,117
-	25,354
-	11,572
-	3,989
-	21,627
-	6,109
-	1,628
-	4,198
-	4,000
-	216
-	309,305
<hr/>	<hr/>
482,168	1,007,168
<hr/>	<hr/>
482,168	1,510,799
<hr/>	<hr/>
(479,678)	(682,146)
-	72,750
-	(72,750)
<hr/>	<hr/>
-	128,000
<hr/>	<hr/>
-0-	128,000
<hr/>	<hr/>
(479,678)	(554,146)
479,678	624,088
-	7,430
<hr/>	<hr/>
\$ -0-	\$ 77,372
<hr/>	<hr/>

Village of Fowlerville

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES - DOWNTOWN DEVELOPMENT AUTHORITY

Year Ended June 30, 2009

**Net change in fund balances - total governmental funds** \$ (554,146)

Amounts reported for governmental activities in the statement of activities are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in deferred revenue in the current year was: (3,266)

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Loan proceeds	\$ (128,000)	
Bond and land contract principal retirement	<u>137,536</u>	9,536

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	<u>125</u>
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**Change in net assets of governmental activities** \$ (547,751)

Village of Fowlerville

Component Unit Funds

BALANCE SHEET - LOCAL DEVELOPMENT FINANCE AUTHORITY

June 30, 2009

	<u>Special Revenue</u>	<u>2005 Debt Service</u>	<u>Water Tower/ Gregory Road Capital Project</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 663,553	\$ 1,049	\$ 256,311	\$ 920,913
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 3,000	\$ -	\$ -	\$ 3,000
Due to other governmental units	15,734	-	-	15,734
<b>TOTAL LIABILITIES</b>	18,734	-0-	-0-	18,734
<b>FUND BALANCES</b>				
Reserved for debt service	-	1049	-	1,049
Reserved for capital improvements	130,000	-	256,311	386,311
Reserved for sinking fund	293,385	-	-	293,385
Unreserved				
Undesignated, reported in:				
Special revenue funds	221,434	-	-	221,434
<b>TOTAL FUND BALANCES</b>	644,819	1,049	256,311	902,179
<b>TOTAL LIABILITIES     AND FUND BALANCES</b>	<b>\$ 663,553</b>	<b>\$ 1,049</b>	<b>\$ 256,311</b>	<b>\$ 920,913</b>



Village of Fowlerville

Component Unit Funds

RECONCILIATION OF THE BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - LOCAL DEVELOPMENT FINANCE AUTHORITY

June 30, 2009

**Total fund balances - governmental funds** **\$ 902,179**

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 3,084,116	
Accumulated depreciation is	<u>(605,412)</u>	
		2,478,704

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds payable	1,880,000	
Accrued interest payable	<u>20,719</u>	
		<u>(1,900,719)</u>

**Net assets of governmental activities** **\$ 1,480,164**

Village of Fowlerville

Component Unit Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - LOCAL DEVELOPMENT FINANCE AUTHORITY

Year Ended June 30, 2009

	Special Revenue	2005 Debt Service	Water Tower/ Gregory Road Capital Project	Total
<b>REVENUES</b>				
Taxes	\$ 837,596	\$ -	\$ -	\$ 837,596
Interest	4,573	697	2,526	7,796
<b>TOTAL REVENUES</b>	<b>842,169</b>	<b>697</b>	<b>2,526</b>	<b>845,392</b>
<b>EXPENDITURES</b>				
Current				
Community and economic development				
Contracted services	12,900	-	-	12,900
Payments to primary government	277,893	-	-	277,893
Other	37,017	-	-	37,017
Debt service	220,315	116,468	-	336,783
<b>TOTAL EXPENDITURES</b>	<b>548,125</b>	<b>116,468</b>	<b>-0-</b>	<b>664,593</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>294,044</b>	<b>(115,771)</b>	<b>2,526</b>	<b>180,799</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	115,000	-	115,000
Transfers out	(115,000)	-	-	(115,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(115,000)</b>	<b>115,000</b>	<b>-0-</b>	<b>-0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>179,044</b>	<b>(771)</b>	<b>2,526</b>	<b>180,799</b>
Fund balances, beginning of year	465,775	1,820	253,785	721,380
Fund balances, end of year	<u>\$ 644,819</u>	<u>\$ 1,049</u>	<u>\$ 256,311</u>	<u>\$ 902,179</u>

Village of Fowlerville

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL  
FUND TO THE STATEMENT OF ACTIVITIES - LOCAL DEVELOPMENT FINANCE AUTHORITY

Year Ended June 30, 2009

**Net change in fund balances - total governmental funds** \$ 180,799

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Depreciation expense (205,608)

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond principal retirement 245,000

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable 2,804

**Change in net assets of governmental activities** \$ 222,995