

**Village of Fowlerville
Livingston County, Michigan**

FINANCIAL STATEMENTS

June 30, 2013

Village of Fowlerville
Livingston County, Michigan

June 30, 2013
VILLAGE COUNCIL AND ADMINISTRATION

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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

Report on the Financial Statements

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 (the Village), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Reasonability for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As discussed in Note M, the Village implemented GASB Statement No. 61, *The Financial Reporting Entity Omnibus*, during the year. As a result, the criteria for reporting component units as if they were part of the primary government (that is, blending) has been modified. Our opinions are not modified with respect to this matter.

As discussed in Note M, the Village implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the year. As a result of this implementation, the format and reporting of the financial statements has been changed to reflect the new presentation as required by GASB Statements No. 63 and No. 65, as applicable. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The combining fund financial statements and the component unit funds financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

November 7, 2013

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

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, 2013. 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 position or the amount assets exceeded liabilities was \$14,460,126 at the close of 2013 (excluding component units).
- Governmental activities net position was \$5,761,150.
- Business-type activities net position was \$8,698,976.
- Component unit net position was \$1,521,852.

Fund Level:

- At the close of the fiscal year, the Village of Fowlerville's governmental funds reported a combined ending fund balance of \$1,812,596 with \$1,205,151 being nonspendable, restricted, committed, or assigned.
- The General Fund's fund balance increased by \$184,288. This increase in fund balance is due to the reductions in administrative expenses, also expenses were \$162,568 under budget.

Capital and Long-term Debt Activities:

- The total long-term debt for the governmental activities of the primary government was \$2,260,000.
- The total long-term debt for the business-type activities of the primary government was \$3,175,000.

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 Position 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 Position (page 1) presents all of the Village of Fowlerville's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, recording the difference between the four as "net position". Over time, increases or decreases in net position 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 position changed during fiscal year 2013. All changes in net position 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, 2013

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 operating grants and contributions primarily fund these services. 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 and Sewer Fund.

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

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 and Water and Sewer 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 three categories – governmental, proprietary and fiduciary, 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.
- **Fiduciary Fund** - The Village reports an agency fund to account for assets that are held by the Village as an agent for other governments, private organizations, or individuals. Agency funds are, by nature, custodial; therefore, operation results are not measured. The Village's agency fund is the Trust and Agency Fund.

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 14 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 budgetary comparison schedules 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, 2013

FINANCIAL ANALYSIS OF THE VILLAGE OF FOWLerville AS A WHOLE

As previously stated, the Village of Fowlerville's combined net position were \$14,460,126 at the end of this fiscal year. The net position of the governmental activities was \$5,761,150 and the business-type activities were \$8,698,976.

Net Position as of June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 2,188,616	\$ 2,000,847	\$ 3,036,553	\$ 2,608,596	\$ 5,225,169	\$ 4,609,443
Capital Assets	6,015,565	6,112,531	8,920,740	9,139,339	14,936,305	15,251,870
Total Assets	\$ 8,204,181	\$ 8,113,378	\$ 11,957,293	\$ 11,747,935	\$ 20,161,474	\$ 19,861,313
Current Liabilities	\$ 191,550	\$ 218,183	\$ 263,317	\$ 217,072	\$ 454,867	\$ 435,255
Noncurrent Liabilities	2,251,481	2,316,727	2,995,000	3,175,000	5,246,481	5,491,727
Total Liabilities	\$ 2,443,031	\$ 2,534,910	\$ 3,258,317	\$ 3,392,072	\$ 5,701,348	\$ 5,926,982
Net Position						
Net investment in capital assets	\$ 3,755,565	\$ 3,802,531	\$ 5,745,740	\$ 5,789,339	\$ 9,501,305	\$ 9,591,870
Restricted	1,098,358	1,041,919	130,842	-	1,229,200	1,041,919
Unrestricted	907,227	734,018	2,822,394	2,566,524	3,729,621	3,300,542
Total Net Position	\$ 5,761,150	\$ 5,578,468	\$ 8,698,976	\$ 8,355,863	\$ 14,460,126	\$ 13,934,331

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for Services	\$ 699,754	\$ 705,814	\$ 1,612,622	\$ 1,548,124	\$ 2,312,376	\$ 2,253,938
Operating Grants and Contributions	422,344	543,491	-	-	422,344	543,491
Capital Grants and Contributions	32,113	254,229	17,696	157,732	49,809	411,961
General Revenues						
Property Taxes	849,111	829,174	-	-	849,111	829,174
State Shared Revenue	252,821	245,777	-	-	252,821	245,777
Investment Earnings	3,874	6,428	5,132	4,431	9,006	10,859
Intergovernmental	-	70,100	-	-	-	70,100
Miscellaneous	20,769	7,380	-	-	20,769	7,380
Total Revenues	2,280,786	2,662,393	1,635,450	1,710,287	3,916,236	4,372,680

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Expenses						
General Government	\$ 691,151	\$ 763,053	\$ -	\$ -	\$ 691,151	\$ 763,053
Public Safety	652,622	685,760	-	-	652,622	685,760
Public Works	575,647	621,693	-	-	575,647	621,693
Community and Economic Development	12,758	94,983	-	-	12,758	94,983
Recreation and Culture	66,355	44,109	-	-	66,355	44,109
Interest on long-term debt	99,571	101,518	-	-	99,571	101,518
Water/Sewer	-	-	1,292,337	1,317,233	1,292,337	1,317,233
Total Expenses	2,098,104	2,311,116	1,292,337	1,317,233	3,390,441	3,628,349
Increase in Net Position	182,682	351,277	343,113	393,054	525,795	744,331
Net Position Beginning	5,578,468	5,227,191	8,355,863	7,962,809	13,934,331	13,190,000
Net Position Ending	\$ 5,761,150	\$ 5,578,468	\$ 8,698,976	\$ 8,355,863	\$14,460,126	\$13,934,331

Governmental Activities:

The result of fiscal year 2013 governmental activity was an increase of \$182,682 in net position to \$5,761,150. Of the total governmental activities' net position, \$3,755,565 is invested in capital assets less related debt and \$1,098,358 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 \$907,227 is listed as unrestricted, having no legal commitment.

Revenues:

The three largest revenue categories in governmental activities were property taxes at 37.2%; charges for services at 30.7%; and operating grants and contributions at 18.5%. 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 0.4698 mills of special voted millage for mosquito control, 2.0409 mills for garbage 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 0.6802 mills for cemetery maintenance. Capital grants for governmental activities decreased by approximately \$220,000 compared to the prior year due to significantly less construction activity which is funded by grants.

Expenses:

General Government is the largest governmental activity, expending \$691,151 of the approximately \$2.10 million total expenses. This activity includes the annual costs for the operation of the Village's general governmental activities.

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

Business-type Activities:

Net position in the business-type activities increased by \$343,113 during the fiscal year 2013. Business activities increased because of planned cash flow increases for future capital outlay and cash flow was need to pay off debt which is a non budget item, in addition water and sewer main preservation increased.

Of the total \$8,698,976 of net position in the business-type activities, \$2,822,394 is reported as unrestricted, \$130,842 is restricted for debt service, and \$5,745,740 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 2013, its governmental funds reported *combined* fund balances of \$1,812,596. The net changes are summarized in the following chart:

	General Fund	Nonmajor Governmental Funds
Fund Balance June 30, 2013	\$ 883,407	\$ 929,189
Fund Balance June 30, 2012	699,119	871,446
Net Change	184,288	57,743

General Fund:

The General Fund is the chief operating fund of the Village of Fowlerville. Unless otherwise required by statute, contractual agreement, or Council policy all Village of Fowlerville revenue and expenditures are recorded in the General Fund. As of June 30, 2013, the General Fund reported a fund balance of \$883,407. This amount is an increase of \$184,288 from the fund balance of \$699,119 reported as of June 30, 2012.

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 totaled \$1,683,942; \$45,468 below the final amended budget. The most significant variation was the charges for services revenue, which had a negative variation of \$58,000. This was caused by less people doing preplanning/purchasing of grave plots.

The Village of Fowlerville's expenditures totaled \$1,499,654; \$162,568 below the final amended budget. The most significant variation was in the area of general government, which had a positive variation of \$61,112, mainly due to reductions in cemetery operations and village hall and grounds expenditures.

Water & Sewer Fund:

The Water and Sewer Fund had an increase in its net position of \$343,113. Operating revenues showed an increase of \$64,498, while total operating expenses decreased by \$18,141. In 2013 the Fund had total operating expenses of \$1,144,259 and total operating revenues of \$1,612,622 for an operating income of \$468,363.

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of Fiscal Year 2013, the Village of Fowlerville had invested \$6,015,565 and \$8,920,740 (net of accumulated depreciation) for governmental and business-type capital assets (including construction in progress), respectively. Key additions to the governmental activities include additions to land construction in progress related to the North Grand Avenue project in the amount of \$122,977. Significant additions to the business-type capital assets include improvements to the sewer system and water system in the Water and Sewer Fund. Accumulated depreciation was \$2,668,945 for the governmental activities and \$4,962,642 for the business-type activities. Depreciation charges for the fiscal year totaled \$274,214 for the governmental activities and \$405,222 for the business-type activities. For more detailed information related to capital assets, refer to pages 23-25 of the financial statements.

	Governmental Activities	Business- Type Activities	Total
Land	\$ 1,383,713	\$ 447,642	\$ 1,831,355
Land Improvement, net	2,199,757	-	2,199,757
Construction in progress	395,505	1,321,730	1,717,235
Buildings, net	400,026	3,025,410	3,425,436
Vehicles, net	123,141	-	123,141
Machinery and Equipment, net	32,582	6,133	38,715
Infrastructure, net	1,480,841	-	1,480,841
Water System, net	-	2,296,314	2,296,314
Sewer System, net	-	1,823,511	1,823,511
Capital assets, net	\$ 6,015,565	\$ 8,920,740	\$ 14,936,305

Outstanding Debt as of June 30, 2013:

As of June 30, 2013, the Village of Fowlerville had \$2,302,056 in bonds and accumulated vacation and sick time outstanding for the governmental activities. Of this amount, \$2,260,000 is bonds and \$42,056 is compensated absences. This level of net obligation is \$67,319 lower than the obligation recorded as of June 30, 2012.

The business-type activities showed total outstanding balance of \$3,175,000 as of June 30, 2013. The debt is comprised of capital improvement bonds. This level of net obligation is \$175,000 lower than the obligation recorded as of June 30, 2012.

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Primary Government				
Governmental Activities				
Bonds	\$ 2,310,000	\$ -	\$ (50,000)	\$ 2,260,000
Compensated absences	59,375	4,514	(21,833)	42,056
Total Governmental Activities	2,369,375	4,514	(71,833)	2,302,056
Business Type Activities				
Water and Sewer Bonds	3,350,000	-	(175,000)	3,175,000
Total Primary Government	\$ 5,719,375	\$ 4,514	\$ (246,833)	\$ 5,477,056

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

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, 2013, was \$97,610,780; therefore, the Village of Fowlerville's debt limitation was \$9,761,078. The Village of Fowlerville remains well below its legal debt limit.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS & EFFECTS

The overall economy has improved. Tax values are starting to increase after several years of reductions. Revenue sharing has stabilized after concerns about significant reductions.

The Village continues to improve roads and water and sewer mains.

The Village undertook to upgrade DPW equipment and has done so.

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 Offices at (517) 223-3771.

BASIC FINANCIAL STATEMENTS

Village of Fowlerville

STATEMENT OF NET POSITION

June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,917,683	\$ 2,470,425	\$ 4,388,108	\$ 1,026,799
Cash - restricted	-	148,783	148,783	-
Receivables	49,027	409,972	458,999	-
Due from other governmental units	166,061	17,696	183,757	-
Internal balances	28,920	(28,920)	-0-	-
Inventory	-	17,147	17,147	-
Prepays	26,925	1,450	28,375	1,500
Total current assets	2,188,616	3,036,553	5,225,169	1,028,299
Noncurrent assets				
Capital assets not being depreciated	1,779,218	1,769,372	3,548,590	-
Capital assets, net of accumulated depreciation	4,236,347	7,151,368	11,387,715	1,626,607
Total noncurrent assets	6,015,565	8,920,740	14,936,305	1,626,607
TOTAL ASSETS	8,204,181	11,957,293	20,161,474	2,654,906
LIABILITIES				
Current liabilities				
Accounts payable	70,306	64,177	134,483	4,078
Accrued liabilities	54,279	1,199	55,478	-
Due to other governmental units	-	-	-0-	2,822
Security deposits payable	-	-	-0-	550
Accrued interest payable	16,225	17,941	34,166	10,604
Unearned revenue	165	-	165	-
Current portion of compensated absences	575	-	575	-
Current portion of long-term debt	50,000	180,000	230,000	330,000
Total current liabilities	191,550	263,317	454,867	348,054
Noncurrent liabilities				
Noncurrent portion of compensated absences	41,481	-	41,481	-
Noncurrent portion of long-term debt	2,210,000	2,995,000	5,205,000	785,000
Total noncurrent liabilities	2,251,481	2,995,000	5,246,481	785,000
TOTAL LIABILITIES	2,443,031	3,258,317	5,701,348	1,133,054
NET POSITION				
Net investment in capital assets	3,755,565	5,745,740	9,501,305	1,076,607
Restricted for streets and highways	879,973	-	879,973	-
Restricted for other purposes	218,385	130,842	349,227	102,146
Unrestricted	907,227	2,822,394	3,729,621	343,099
TOTAL NET POSITION	\$ 5,761,150	\$ 8,698,976	\$ 14,460,126	\$ 1,521,852

See accompanying notes to financial statements.

Village of Fowlerville
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities								
General government	\$ 691,151	\$ 387,751	\$ 158,460	\$ -	\$ (144,940)	\$ -	\$ (144,940)	\$ -
Public safety	652,622	18,025	57,238	-	(577,359)	-	(577,359)	-
Public works	575,647	293,978	206,646	32,113	(42,910)	-	(42,910)	-
Recreation and culture	66,355	-	-	-	(66,355)	-	(66,355)	-
Community and economic development	12,758	-	-	-	(12,758)	-	(12,758)	-
Interest on long-term debt	99,571	-	-	-	(99,571)	-	(99,571)	-
Total governmental activities	2,098,104	699,754	422,344	32,113	(943,893)	-0-	(943,893)	-0-
Business-type activities								
Water and sewer	1,292,337	1,612,622	-	17,696	-	337,981	337,981	-
Total primary government	<u>\$ 3,390,441</u>	<u>\$ 2,312,376</u>	<u>\$ 422,344</u>	<u>\$ 49,809</u>	(943,893)	337,981	(605,912)	-0-
Component units:								
Downtown Development Authority	\$ 297,176	\$ 25,816	\$ -	\$ -	-	-	-0-	(271,360)
Local Development Finance Authority	643,595	-	-	-	-	-	-0-	(643,595)
Total component units	<u>\$ 940,771</u>	<u>\$ 25,816</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	-0-	-0-	(914,955)
General revenues:								
Property taxes					849,111	-	849,111	1,242,478
State shared revenue					252,821	-	252,821	-
Investment earnings					3,874	5,132	9,006	17,133
Miscellaneous					20,769	-	20,769	3,955
Total general revenues					<u>1,126,575</u>	<u>5,132</u>	<u>1,131,707</u>	<u>1,263,566</u>
Change in net position					182,682	343,113	525,795	348,611
Net position, beginning of the year					<u>5,578,468</u>	<u>8,355,863</u>	<u>13,934,331</u>	<u>1,173,241</u>
Net position, end of the year					<u>\$ 5,761,150</u>	<u>\$ 8,698,976</u>	<u>\$ 14,460,126</u>	<u>\$ 1,521,852</u>

See accompanying notes to financial statements.

Village of Fowlerville

Governmental Funds

BALANCE SHEET

June 30, 2013

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 780,937	\$ 898,884	\$ 1,679,821
Accounts receivable	49,027	-	49,027
Due from other governmental units	100,735	64,743	165,478
Due from other funds	32,094	-	32,094
Prepays	26,925	-	26,925
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 989,718</u>	<u>\$ 963,627</u>	<u>\$ 1,953,345</u>
LIABILITIES			
Account payable	\$ 44,216	\$ 24,805	\$ 69,021
Accrued liabilities	53,633	228	53,861
Due to other funds	8,297	9,405	17,702
Unearned revenue	165	-	165
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	106,311	34,438	140,749
FUND BALANCES			
Nonspendable	26,925	-	26,925
Restricted	212,629	885,729	1,098,358
Committed	36,308	42,972	79,280
Assigned	-	488	488
Unassigned	607,545	-	607,545
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>883,407</u>	<u>929,189</u>	<u>1,812,596</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 989,718</u>	<u>\$ 963,627</u>	<u>\$ 1,953,345</u>

See accompanying notes to financial statements.

Village of Fowlerville

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

June 30, 2013

Total fund balances - governmental funds \$ 1,812,596

Amounts reported for the governmental activities in the statement of net position 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	\$ 8,050,922	
Accumulated depreciation is	<u>(2,141,649)</u>	
Capital assets, net		5,909,273

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 position.	357,562
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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	(2,260,000)	
Accrued interest payable	(16,225)	
Compensated absences	<u>(42,056)</u>	
		<u>(2,318,281)</u>

Net position of governmental activities \$ 5,761,150

Village of Fowlerville

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2013

	General	Nonmajor Governmental Funds	Total
REVENUES			
Taxes	\$ 673,830	\$ 192,345	\$ 866,175
Licenses and permits	2,887	-	2,887
Intergovernmental	563,348	388,760	952,108
Charges for services	408,802	-	408,802
Fines and forfeitures	14,338	586	14,924
Interest and rents	2,997	1,934	4,931
Other	17,740	13,219	30,959
	<u>1,683,942</u>	<u>596,844</u>	<u>2,280,786</u>
EXPENDITURES			
Current			
General government	592,031	28,800	620,831
Public safety	620,160	12,200	632,360
Public works	227,983	309,269	537,252
Community and economic development	12,574	-	12,574
Recreation and culture	46,906	-	46,906
Capital outlay	-	38,907	38,907
Debt service	-	149,925	149,925
	<u>1,499,654</u>	<u>539,101</u>	<u>2,038,755</u>
EXCESS OF REVENUES OVER EXPENDITURES			
	184,288	57,743	242,031
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,000	2,000
Transfers out	-	(2,000)	(2,000)
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCES			
	184,288	57,743	242,031
Fund balances, beginning of year	<u>699,119</u>	<u>871,446</u>	<u>1,570,565</u>
Fund balances, end of year	<u>\$ 883,407</u>	<u>\$ 929,189</u>	<u>\$ 1,812,596</u>

See accompanying notes to financial statements.

Village of Fowlerville

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

Year Ended June 30, 2013

Net change in fund balances - total governmental funds **\$ 242,031**

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	\$	151,572
Depreciation expense		<u>(251,465)</u>

Excess of depreciation expense over capital outlay	(99,893)
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Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current period, these amounts consist of:

Bond principal retirement	50,000
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An internal service funds is used by management to charge the costs of certain activities to individual funds. The net position of the internal service fund decreased in the current period.	(27,129)
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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		354
Decrease in accrued compensated absences		<u>17,319</u>

	<u>17,673</u>
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Change in net position of governmental activities

	<u><u>\$ 182,682</u></u>
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Village of Fowlerville
Proprietary Funds
STATEMENT OF NET POSITION
June 30, 2013

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service (Motor Pool)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,470,425	\$ 237,862
Cash - restricted	148,783	-
Accounts receivable	409,972	-
Due from other governmental units	17,696	583
Due from other funds	-	16,446
Inventory	17,147	-
Prepays	1,450	-
Total current assets	3,065,473	254,891
Noncurrent assets		
Capital assets not being depreciated	1,769,372	-
Capital assets, net of accumulated depreciation	7,151,368	106,292
Total noncurrent assets	8,920,740	106,292
TOTAL ASSETS	11,986,213	361,183
LIABILITIES		
Current liabilities		
Accounts payable	64,177	1,285
Accrued liabilities	1,199	418
Due to other funds	28,920	1,918
Accrued interest payable	17,941	-
Current portion of long-term debt	180,000	-
Total current liabilities	292,237	3,621
Noncurrent liabilities		
Noncurrent portion of long-term debt	2,995,000	-
TOTAL LIABILITIES	3,287,237	3,621
NET POSITION		
Net investment in capital assets	5,745,740	106,292
Restricted for debt service	130,842	-
Unrestricted	2,822,394	251,270
TOTAL NET POSITION	\$ 8,698,976	\$ 357,562

See accompanying notes to financial statements.

Village of Fowlerville

Proprietary Funds

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

Year Ended June 30, 2013

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer</u>	<u>Internal Service (Motor Pool)</u>
OPERATING REVENUES		
Charges for services	\$ 1,612,622	\$ 119,638
OPERATING EXPENSES		
Administrative	1,255	133,120
Wastewater operations	388,352	-
Water distribution	349,430	-
Depreciation	<u>405,222</u>	<u>22,749</u>
TOTAL OPERATING EXPENSES	<u>1,144,259</u>	<u>155,869</u>
OPERATING INCOME (LOSS)	468,363	(36,231)
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	5,132	529
Gain on sale of equipment	-	8,573
Interest expense and fiscal agent fees	<u>(148,078)</u>	<u>-</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(142,946)</u>	<u>9,102</u>
NET INCOME BEFORE CAPITAL GRANTS	325,417	(27,129)
CAPITAL GRANTS	<u>17,696</u>	<u>-</u>
CHANGE IN NET POSITION	343,113	(27,129)
Net position, beginning of year	<u>8,355,863</u>	<u>384,691</u>
Net position, end of year	<u><u>\$ 8,698,976</u></u>	<u><u>\$ 357,562</u></u>

See accompanying notes to financial statements.

Village of Fowlerville
Proprietary Funds
STATEMENT OF CASH FLOWS
Year Ended June 30, 2013

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service (Motor Pool)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,613,237	\$ 120,819
Cash receipts from other funds	9,807	382
Cash paid to suppliers	(615,857)	(113,640)
Cash paid for employees and benefits	(69,681)	(20,367)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	937,506	(12,806)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital asset acquisitions	(186,623)	(26,600)
Capital grants	47,115	-
Proceeds from sale of equipment	-	9,497
Principal payments	(175,000)	-
Interest and fees paid	(148,998)	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(463,506)	(17,103)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	5,132	529
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	479,132	(29,380)
Cash and cash equivalents, beginning of year	2,140,076	267,242
Cash and cash equivalents, end of year	\$ 2,619,208	\$ 237,862

See accompanying notes to financial statements.

Village of Fowlerville

Proprietary Funds

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended June 30, 2013

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer</u>	<u>Internal Service (Motor Pool)</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 468,363	\$ (36,231)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	405,222	22,749
(Increase) decrease in:		
Accounts receivable	615	-
Due from other governmental units	-	1,181
Due from other funds	261	653
Inventory	11,404	-
Prepays	(70)	-
Increase (decrease) in:		
Accounts payable	41,990	(1,108)
Accrued liabilities	175	221
Due to other funds	9,546	(271)
 NET CASH PROVIDED (USED) BY BY OPERATING ACTIVITIES	 <u>\$ 937,506</u>	 <u>\$ (12,806)</u>

See accompanying notes to financial statements.

Village of Fowlerville

Fiduciary Fund

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2013

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 14,327</u>
LIABILITIES	
Due to others	<u>\$ 14,327</u>

See accompanying notes to financial statements.

Village of Fowlerville

Component Units

COMBINING STATEMENT OF NET POSITION

June 30, 2013

	Downtown Development Authority	Local Development Finance Authority	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 108,461	\$ 918,338	\$ 1,026,799
Prepays	1,500	-	1,500
Total current assets	109,961	918,338	1,028,299
Noncurrent assets			
Capital assets, net of accumulated depreciation	-	1,626,607	1,626,607
TOTAL ASSETS	109,961	2,544,945	2,654,906
LIABILITIES			
Current liabilities			
Accounts payable	4,078	-	4,078
Due to other governmental units	2,822	-	2,822
Security deposit payable	550	-	550
Accrued interest payable	4,484	6,120	10,604
Current portion of long-term debt	150,000	180,000	330,000
Total current liabilities	161,934	186,120	348,054
Noncurrent liabilities			
Noncurrent portion of long-term debt	415,000	370,000	785,000
TOTAL LIABILITIES	576,934	556,120	1,133,054
NET POSITION			
Net investment in capital assets	-	1,076,607	1,076,607
Restricted for capital improvements	-	102,146	102,146
Unrestricted	(466,973)	810,072	343,099
TOTAL NET POSITION	\$ (466,973)	\$ 1,988,825	\$ 1,521,852

See accompanying notes to financial statements.

Village of Fowlerville

Component Units

COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

	Downtown Development Authority	Local Development Finance Authority	Total
Program expenses			
Community and economic development	\$ 297,176	\$ 643,595	\$ 940,771
Program revenues			
Charges for services	25,816	-	25,816
NET PROGRAM (EXPENSES)	(271,360)	(643,595)	(914,955)
General revenues			
Property taxes	434,071	808,407	1,242,478
Investment earnings	14,709	2,424	17,133
Other	3,955	-	3,955
TOTAL GENERAL REVENUES	452,735	810,831	1,263,566
CHANGE IN NET POSITION	181,375	167,236	348,611
Net position, beginning of the year	(648,348)	1,821,589	1,173,241
Net position, end of the year	<u>\$ (466,973)</u>	<u>\$ 1,988,825</u>	<u>\$ 1,521,852</u>

See accompanying notes to financial statements.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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. 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 under the General Law Village Act, 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 (GAAP) as applicable to village governments. The Governmental Accounting Standards Board (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 No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39 and GASB Statement No. 61); and Michigan Committee on Governmental Accounting and Auditing Statement No. 4, 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. The discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the Village. All component units are included in the Village's audited financial statements and are not audited separately.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the Village of Fowlerville contain all the funds controlled by the Village Council.

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. The financial statements contain the following discretely presented component units:

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. The DDA is included in the Village's audited financial statements and is not audited separately.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

2. Discretely Presented Component Units - continued

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. The Authority is included in the Village's audited financial statements and is not audited separately.

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's audited financial statements can be obtained at the Village offices.

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.

4. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position 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 fund are reported as separate columns in the fund financial statements.

The Village reports the following major governmental fund:

- 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

4. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS - CONTINUED

The Village reports the following major enterprise fund:

- a. The Water and Sewer Fund is used to account for the operations required to providing sewer and 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.

The Village also reports an agency fund to account for assets held by the Village as an agent for other governments, private organizations, or individuals, Agency funds are, by nature, custodial; therefore, operation results are not measured. The Village's agency fund is the Trust and Agency Fund.

5. Measurement Focus

The government-wide and proprietary fund 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.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources 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.

There is no measurement focus for the fiduciary agency fund since assets equal liabilities.

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 a receivable and unavailable 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 funds 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

6. Basis of Accounting - continued

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/President 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. The Village President performed this task as acting Village Manager during the year ended June 30, 2013.
- 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/President 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. The Village President was authorized to perform this task as acting Village Manager during the year ended June 30, 2013.
- 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 and Cash Equivalents

Cash consists of various savings and money market checking accounts. Cash equivalents consist of temporary investments in money market funds. The cash equivalents are recorded at cost, which approximates fair value.

A portion of the cash reported in the Water and Sewer Fund is classified as restricted because its use is limited to debt service.

9. Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan or other governments for various payments and grants.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

10. Receivables

Receivables consist of amounts due related from individuals and businesses related to charges for services, interest receivable, special assessments receivable, and other amounts owed to the Village at year-end.

11. 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. Village property tax revenues are recognized as revenues in the fiscal year levied.

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, 2013, the Village levied 8.5048 mills per \$1,000 of assessed valuation for general governmental services. In addition, the Village levies 0.6802 for cemetery maintenance, 2.0409 for garbage service, 3.4017 for street lights, and 0.4698 for mosquito control. The total Taxable Value for the 2012 levy for property within the Village was \$97,610,780.

12. Inventory

Inventory in the enterprise funds consists of Water and Sewer Department supplies which are stated at the lower of cost or market on the first in - first out basis.

13. Prepays

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

14. 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, proprietary, and component unit funds are netted as part of the reconciliation to the government-wide financial statements.

15. Compensated Absences

Village employees hired before August 1, 2005, are granted sick/personal leave in varying amounts. Village employees hired after August 1, 2005, are granted a single allotment of paid time off in lieu of separate amounts of sick and vacation leave. 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, 2013, 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.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

16. Capital Assets

Capital assets 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	10 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	2 - 8 years
Sewer system	10 - 40 years
Water system	7 - 50 years
Infrastructure	20 - 30 years

17. Unearned Revenue

Unearned revenues are reported for resources that have been received but not yet earned.

18. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Currently the Village does not report any deferred outflows of resources or deferred inflows of resources.

19. 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

19. Long-Term Obligations - continued

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.

20. Restricted Net Position

Restrictions of net position 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.

21. Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimate and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

22. 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 AND CASH EQUIVALENTS

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.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE B: CASH AND CASH EQUIVALENTS - 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, 2013, the carrying amounts of the Village's deposits were \$5,577,917 and the bank balance was \$5,713,754, of which \$397,040 was covered by federal depository insurance. The balance of \$5,316,714 was uninsured but collateralized. The primary government had \$100 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.

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). At June 30, 2013, the Village held Government Operating Money Market Funds with a carrying amount of \$14,494 and a fair value of \$14,494. The Village's investment in the Government Operating Money Market Funds are rated 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.

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 following summarizes the categorization of cash and cash equivalents as of June 30, 2013:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Fund</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 4,388,108	\$ 1,026,799	\$ 14,327	\$ 5,429,234
Cash - restricted	148,783	-	-	148,783
	<u>\$ 4,536,891</u>	<u>\$ 1,026,799</u>	<u>\$ 14,327</u>	<u>\$ 5,578,017</u>

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE C: INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables at June 30, 2013:

Due to General Fund from:		
Water and Sewer Fund	\$	25,050
Internal service fund		1,918
Nonmajor governmental funds		<u>5,126</u>
	\$	<u><u>32,094</u></u>
Due to internal service fund from:		
General Fund	\$	8,297
Nonmajor governmental funds		4,279
Water and Sewer Fund		<u>3,870</u>
	\$	<u><u>16,446</u></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.

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 and component unit funds have been eliminated.

Primary Government

Transfers to nonmajor governmental fund from:		
Nonmajor governmental fund	\$	<u><u>2,000</u></u>

Component Units

Downtown Development Authority

Transfers to 2007 Debt Service Fund from:		
Downtown Development Authority		
General Fund	\$	<u><u>78,000</u></u>

Local Finance Development Authority

Transfers to 2005 Debt Service Fund from:		
Local Development Finance Authority		
General Fund	\$	<u><u>16,000</u></u>

Transfers from the K9 Program Fund to the Drug Law Enforcement fund were to finance current year operations. Transfers from the Downtown Development Authority General Fund to the 2007 Debt Service Fund and from the Local Development Finance Authority General Fund to the 2005 Debt Service Fund were to finance current year debt service payments.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE E: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

Primary Government

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,383,713	\$ -	\$ -	\$ 1,383,713
Construction in progress	272,528	122,977	-	395,505
Subtotal	1,656,241	122,977	-0-	1,779,218
Capital assets being depreciated				
Land improvements	2,620,046	-	-	2,620,046
Buildings	893,625	-	-	893,625
Vehicles	614,700	46,395	(30,193)	630,902
Machinery and equipment	597,598	8,800	(10,049)	596,349
Infrastructure	2,164,370	-	-	2,164,370
Subtotal	6,890,339	55,195	(40,242)	6,905,292
Less accumulated depreciation for:				
Land improvements	(359,221)	(61,068)	-	(420,289)
Buildings	(463,312)	(30,287)	-	(493,599)
Vehicles	(511,237)	(26,717)	30,193	(507,761)
Machinery and equipment	(561,372)	(11,520)	9,125	(563,767)
Infrastructure	(538,907)	(144,622)	-	(683,529)
Subtotal	(2,434,049)	(274,214)	39,318	(2,668,945)
Net capital assets being depreciated	4,456,290	(219,019)	(924)	4,236,347
Total net capital assets	<u>\$ 6,112,531</u>	<u>\$ (96,042)</u>	<u>\$ (924)</u>	<u>\$ 6,015,565</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 74,399
Public safety	11,994
Public works	167,372
Recreation and culture	20,449
Total depreciation expense	<u>\$ 274,214</u>

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE E: CAPITAL ASSETS - CONTINUED

Primary Government - continued

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Business-type activities				
Capital assets not being depreciated				
Land	\$ 422,764	\$ 24,878	\$ -	\$ 447,642
Construction in progress	1,177,411	144,319	-	1,321,730
Subtotal	1,600,175	169,197	-0-	1,769,372
Capital assets being depreciated				
Buildings	3,658,619	-	-	3,658,619
Machinery and equipment	345,478	-	-	345,478
Vehicles	51,986	-	-	51,986
Sewer system	3,718,523	-	-	3,718,523
Water system	4,321,978	17,426	-	4,339,404
Subtotal	12,096,584	17,426	-0-	12,114,010
Less accumulated depreciation for:				
Buildings	(560,248)	(72,961)	-	(633,209)
Machinery and equipment	(337,475)	(1,870)	-	(339,345)
Vehicles	(51,986)	-	-	(51,986)
Sewer system	(1,748,180)	(146,832)	-	(1,895,012)
Water system	(1,859,531)	(183,559)	-	(2,043,090)
Subtotal	(4,557,420)	(405,222)	-0-	(4,962,642)
Net capital assets being depreciated	7,539,164	(387,796)	-0-	7,151,368
Total net capital assets	<u>\$ 9,139,339</u>	<u>\$ (218,599)</u>	<u>\$ -0-</u>	<u>\$ 8,920,740</u>

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE E: CAPITAL ASSETS - CONTINUED

Component Unit

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Local Development Finance Authority				
Capital assets being depreciated				
Infrastructure	\$ 3,031,356	\$ -	\$ -	\$ 3,031,356
Less accumulated depreciation for:				
Infrastructure	(1,203,913)	(200,836)	-	(1,404,749)
Net capital assets being depreciated	1,827,443	(200,836)	-0-	1,626,607
Total net capital assets	<u>\$ 1,827,443</u>	<u>\$ (200,836)</u>	<u>\$ -0-</u>	<u>\$ 1,626,607</u>

NOTE F: 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, 2013:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amount Due Within One Year
Primary Government					
Governmental Activities					
2008 General Obligation Bonds	\$ 2,310,000	\$ -	\$ (50,000)	\$ 2,260,000	\$ 50,000
Compensated absences	59,375	4,514	(21,833)	42,056	575
	2,369,375	4,514	(71,833)	2,302,056	50,575
Business-type Activities					
2005 Sewer Improvement Bonds	2,525,000	-	(135,000)	2,390,000	140,000
2007 General Obligation Capital Improvement Bonds	825,000	-	(40,000)	785,000	40,000
	<u>3,350,000</u>	<u>-0-</u>	<u>(175,000)</u>	<u>3,175,000</u>	<u>180,000</u>
TOTAL PRIMARY GOVERNMENT	5,719,375	4,514	(246,833)	5,477,056	230,575

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE F: LONG-TERM DEBT - CONTINUED

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amount Due Within One Year
Component Units					
Downtown Development Authority					
2007 General Obligation Bonds	\$ 285,000	\$ -	\$ (65,000)	\$ 220,000	\$ 70,000
2002 General Obligation Bonds	420,000	-	(75,000)	345,000	80,000
	705,000	-0-	(140,000)	565,000	150,000
Local Development Finance Authority					
Local Development Bonds - 2005	730,000	-	(180,000)	550,000	180,000
Local Development Bonds - 2001	370,000	-	(370,000)	-0-	-
	1,100,000	-0-	(550,000)	550,000	180,000
TOTAL COMPONENT UNITS	1,805,000	-0-	(690,000)	1,115,000	330,000
TOTAL REPORTING ENTITY	\$ 7,524,375	\$ 4,514	\$ (936,833)	\$ 6,592,056	\$ 560,575

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

Primary Government

General Obligation Bonds

\$2,400,000 2008 Downtown Development General Obligation Bonds, due in annual installments ranging from \$50,000 to \$225,000 through May 1, 2028, plus interest ranging from 4.250 to 4.375 percent.	\$ 2,260,000
\$3,200,000 2005 Sewer Improvement Bonds, due in annual installments ranging from \$140,000 to \$235,000 through June 1, 2026, plus interest ranging from 4.00 to 5.00 percent.	2,390,000
\$995,000 2007 General Obligation Capital Improvement Bonds, due in annual installments ranging from \$40,000 to \$75,000 through April 1, 2027, plus interest at 4.70 percent.	<u>785,000</u>
	<u>\$ 5,435,000</u>

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, including related payroll taxes, which have been recorded in the government-wide financial statements, amounted to \$42,056 at June 30, 2013.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE F: LONG-TERM DEBT - CONTINUED

Component Units

General Obligation Bonds

\$500,000 2007 Downtown Development Authority Bonds, due in annual installments ranging from \$70,000 to \$75,000 through May 1, 2016, with interest at 4.5 percent.	\$ 220,000
\$990,000 2002 Development Bonds, due in annual installments ranging from \$80,000 to \$90,000 through November 1, 2016, with interest ranging from 4.80 to 5.00 percent.	345,000
\$1,430,000 2005 Local Development Bonds, due in annual installments ranging from \$180,000 to \$185,000 through April 1, 2016, with interest ranging from 4.25 to 4.50 percent.	<u>550,000</u>
	<u>\$ 1,115,000</u>

Annual Requirements for Bonded Debt

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

Primary Government

Year Ending June 30,	General Obligation Bonds			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 50,000	\$ 97,350	\$ 180,000	\$ 141,498
2015	50,000	95,225	190,000	134,019
2016	55,000	93,100	195,000	126,103
2017	55,000	90,763	205,000	117,913
2018	150,000	88,425	215,000	109,158
2019-2023	860,000	340,763	1,235,000	394,815
2024-2028	<u>1,040,000</u>	<u>139,781</u>	<u>955,000</u>	<u>99,002</u>
	<u>\$ 2,260,000</u>	<u>\$ 945,407</u>	<u>\$ 3,175,000</u>	<u>\$ 1,122,508</u>

Component Units

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2014	\$ 330,000	\$ 49,435
2015	345,000	34,453
2016	350,000	18,450
2017	<u>90,000</u>	<u>2,250</u>
	<u>\$ 1,115,000</u>	<u>\$ 104,588</u>

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE G: DEFINED BENEFIT 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 at the Village offices or by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

The obligation to contribute to and maintain the system for eligible employees was established by the Village Council. The plan requires a 5% contribution from the employees.

Annual Pension Cost

For the year ended June 30, 2013, the Village of Fowlerville's annual pension cost of \$19,786 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 actuarial valuations at December 31, 2011 and 2010, 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 percent investment rate of return (b) projected salary increases of 1%, 1%, 2%, and 3% annually for the calendar years 2013, 2014, 2015 and 2016, respectively, then 4.5 percent per year thereafter 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 twenty-eight (28) years.

Three (3) year trend information

	Year Ended December 31,		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Actuarial value of assets	\$ 3,034,319	\$ 3,115,076	\$ 3,164,655
Actuarial accrued liability (AAL) (entry age)	2,855,199	2,995,659	3,189,536
Unfunded AAL (UAAL)	(179,120)	(119,417)	24,881
Funded ratio	106%	104%	99%
Annual covered payroll	350,116	361,647	310,409
UAAL as a percentage of covered payroll	0%	0%	8%

	Year Ended June 30,		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Annual pension cost	\$ 19,278	\$ 24,883	\$ 19,786
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE H: DEFINED CONTRIBUTION RETIREMENT PLAN

Beginning August 1, 2005, the Village offers a Defined Contribution Plan created in accordance with Internal Revenue Code Section 401 to its employees. The plan is managed by Michigan Municipal Employees Retirement System. For this plan, the Village contributes 5% of an employee's compensation for all eligible enrolled employees. In addition, the Village matches dollar for dollar the contributions of the individual employees up to 5%, if they choose to contribute.

For the year ended June 30, 2013, the Village contributed a combined amount of \$32,506 to the defined contribution plan for its employees.

NOTE I: RISK MANAGEMENT

The Village participates in a State pool, the Michigan Municipal Risk Management Authority, with other municipalities for property, liability, 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 for vehicle physical damage per occurrence, \$1,000 deductible for property and crime coverage, and a \$10,000 deductible per occurrence for sewage system overflow. State pool members' limits of coverage (per occurrence) are \$10,000,000 for liability and about \$8,533,800 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 League 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.

NOTE J: DETAILS OF FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five classifications of fund balance under this standard:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE J: DETAILS OF FUND BALANCE CLASSIFICATIONS - CONTINUED

Fund Balance Classification Policies and Procedures

For committed fund balance, the Village of Fowlerville's highest level of decision-making authority is the Village Council. Formal action that is required to be taken to establish a fund balance commitment is a resolution of the Village Council. If a fund balance commitment is made, the commitment remains in effect until a resolution is made to remove it.

For assigned fund balance, the Village policy is that either the Council or the Village Manager may assign fund balance pursuant to the Fund Balance Policy adopted by the Village Council.

The Village of Fowlerville has not adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, resources with the highest level of restriction will be used first.

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES			
Nonspendable			
Prepays	\$ 26,925	\$ -	\$ 26,925
Restricted			
Mosquito control	26,148	-	26,148
Refuse collection	94,853	-	94,853
Composting	91,628	-	91,628
Streets and highways	-	879,973	879,973
Law enforcement	-	5,756	5,756
Committed			
Law enforcement	23,250	-	23,250
Perpetual care	13,058	42,972	56,030
Assigned			
Debt service	-	488	488
Unassigned	607,545	-	607,545
	<u>\$ 883,407</u>	<u>\$ 929,189</u>	<u>\$ 1,812,596</u>

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE K: RESTRICTED NET POSITION

Restrictions of net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net position restrictions as of June 30, 2013:

Governmental activities	
Restricted for streets and highways	\$ 879,973
Restricted for other purposes	
Mosquito control	26,148
Refuse collection	94,853
Composting	91,628
Law enforcement	5,756
	<hr/>
	\$ 1,098,358

NOTE L: DEFICIT

The Downtown Development Authority (DDA) component unit had a negative unrestricted net position at June 30, 2013. In addition, its current assets were less than its current liabilities. As a result, a deficit elimination plan is required to be developed and filed with the Michigan Department of Treasury. The DDA plans to eliminate its deficit through future tax increment financing collections.

NOTE M: CHANGES IN ACCOUNTING PRINCIPLES

GASB Statement No. 61, *The Financial Reporting Entity Omnibus* was implemented during the current year. This pronouncement, which is an amendment to Statement No. 14 and Statement No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the statement also clarifies the reporting of equity interest in legally separate organizations. The Downtown Development Authority and Local Development Finance Authority continue to meet the criteria for classification as discretely presented component unit of the Village of Fowlerville.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989, that is included in FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* were implemented during the current year. These statements incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. These statements also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Currently, the Village does not report any deferred outflows of resources or deferred inflows of resources.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE N: UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement will be effective for the Village's 2014-2015 fiscal year. The statement will require governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The Village is currently evaluating the impact this standard will have on the financial statements when adopted.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The statement requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. The statement also requires: (1) a government guarantor to consider qualitative factors when determining if a payment on its guarantee is more likely than not to be required, (2) an issuer government that is required to repay a guarantor for guarantee payments made to continue to report a liability unless legally released, and (3) a government guarantor or issuer to disclose information about the amounts and nature of nonexchange financial guarantees. The Village is currently evaluating the impact this standard will have on the financial statements when adopted for the 2013-2014 fiscal year.

NOTE O: SUBSEQUENT EVENT

Subsequent to the end of the year, the Village Council approved an approximately \$440,000 project for construction of well house. The LDFA has agreed to contribute 50% of the revenue for the project, not to exceed \$220,000.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Fowlerville

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES

Year Ended June 30, 2013

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes	\$ 629,800	\$ 667,598	\$ 673,830	\$ 6,232
Licenses and permits	1,525	2,500	2,887	387
Intergovernmental				
Federal/State	299,000	306,386	306,809	423
Local	265,970	253,380	256,539	3,159
Total intergovernmental	564,970	559,766	563,348	3,582
Charges for services	532,871	466,802	408,802	(58,000)
Fines and forfeitures	8,500	12,000	14,338	2,338
Interest and rents	4,000	3,000	2,997	(3)
Other	18,886	17,744	17,740	(4)
TOTAL REVENUES	<u>\$ 1,760,552</u>	<u>\$ 1,729,410</u>	<u>\$ 1,683,942</u>	<u>\$ (45,468)</u>

Village of Fowlerville

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES

Year Ended June 30, 2013

EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Current				
General government				
Legislative	\$ 27,285	\$ 26,425	\$ 22,731	\$ 3,694
Executive	87,165	46,753	45,990	763
Clerk	80,898	87,781	86,248	1,533
Treasurer	125,564	126,147	119,830	6,317
Cemetery operations	92,313	95,783	77,953	17,830
Village hall and grounds	101,280	95,725	77,195	18,530
Other				
Miscellaneous	23,198	26,498	19,232	7,266
Insurance	66,996	58,131	58,131	-0-
Contracted services	74,000	89,900	84,721	5,179
Total general government	678,699	653,143	592,031	61,112
Public safety				
Police department	690,456	648,920	620,160	28,760
Public works				
Department of public works	144,136	115,060	85,482	29,578
Refuse collection	92,000	83,750	79,382	4,368
Sanitary landfill	54,900	50,300	33,891	16,409
Mosquito control	33,000	35,000	29,228	5,772
Total public works	324,036	284,110	227,983	56,127
Community and economic development				
Planning commission	8,349	17,849	12,574	5,275
Recreation and culture				
Recreation	54,600	58,200	46,906	11,294
TOTAL EXPENDITURES	<u>\$ 1,756,140</u>	<u>\$ 1,662,222</u>	<u>\$ 1,499,654</u>	<u>\$ 162,568</u>

OTHER SUPPLEMENTARY INFORMATION

Village of Fowlerville

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

June 30, 2013

	Major Street	Local Street	Special Municipal Street	Drug Law Enforcement	K9 Program
ASSETS					
Cash and cash equivalents	\$ 238,471	\$ 239,738	\$ 371,009	\$ 3,903	\$ 1,853
Due from other governmental units	57,195	7,548	-	-	-
TOTAL ASSETS	\$ 295,666	\$ 247,286	\$ 371,009	\$ 3,903	\$ 1,853
LIABILITIES					
Accounts payable	\$ 24,735	\$ -	\$ 70	\$ -	\$ -
Accrued liabilities	155	73	-	-	-
Due to other funds	1,767	3,683	3,505	-	-
TOTAL LIABILITIES	26,657	3,756	3,575	-0-	-0-
FUND BALANCES					
Restricted	269,009	243,530	367,434	3,903	1,853
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
TOTAL FUND BALANCES	269,009	243,530	367,434	3,903	1,853
TOTAL LIABILITIES AND FUND BALANCES	\$ 295,666	\$ 247,286	\$ 371,009	\$ 3,903	\$ 1,853

<u>Revenue</u>	<u>Debt Service</u>	
Greenwood Cemetery	2008 G.O. Bond	<u>Total</u>
\$ 42,972	\$ 938	\$ 898,884
-	-	64,743
<u>\$ 42,972</u>	<u>\$ 938</u>	<u>\$ 963,627</u>
\$ -	\$ -	\$ 24,805
-	-	228
-	450	9,405
-0-	450	34,438
-	-	885,729
42,972	-	42,972
-	488	488
<u>42,972</u>	<u>488</u>	<u>929,189</u>
<u>\$ 42,972</u>	<u>\$ 938</u>	<u>\$ 963,627</u>

Village of Fowlerville

Nonmajor Governmental Funds

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

Year Ended June 30, 2013

	Special				
	Major Street	Local Street	Municipal Street	Drug Law Enforcement	K9 Program
REVENUES					
Taxes	\$ -	\$ -	\$ 192,345	\$ -	\$ -
Intergovernmental	190,956	47,804	-	-	-
Fines and forfeitures	-	-	-	586	-
Interest and rents	529	465	763	10	7
Other	-	-	-	3,000	6,449
TOTAL REVENUES	191,485	48,269	193,108	3,596	6,456
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	12,200
Public works	172,352	46,220	90,697	-	-
Capital outlay	12,407	-	-	26,500	-
Debt service	-	-	-	-	-
TOTAL EXPENDITURES	184,759	46,220	90,697	26,500	12,200
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,726	2,049	102,411	(22,904)	(5,744)
OTHER FINANCING SOURCES (USES)					
Transfer in	-	-	-	2,000	-
Transfer out	-	-	-	-	(2,000)
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	-0-	2,000	(2,000)
NET CHANGE IN FUND BALANCES	6,726	2,049	102,411	(20,904)	(7,744)
Fund balances, beginning of year	262,283	241,481	265,023	24,807	9,597
Fund balances, end of year	<u>\$ 269,009</u>	<u>\$ 243,530</u>	<u>\$ 367,434</u>	<u>\$ 3,903</u>	<u>\$ 1,853</u>

<u>Revenue</u>	<u>Debt Service</u>	
Greenwood Cemetery	2008 G.O. Bond	<u>Total</u>
\$ -	\$ -	\$ 192,345
-	150,000	388,760
-	-	586
108	52	1,934
<u>3,770</u>	<u>-</u>	<u>13,219</u>
3,878	150,052	596,844
28,800	-	28,800
-	-	12,200
-	-	309,269
-	-	38,907
<u>-</u>	<u>149,925</u>	<u>149,925</u>
<u>28,800</u>	<u>149,925</u>	<u>539,101</u>
(24,922)	127	57,743
-	-	2,000
<u>-</u>	<u>-</u>	<u>(2,000)</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
(24,922)	127	57,743
<u>67,894</u>	<u>361</u>	<u>871,446</u>
<u>\$ 42,972</u>	<u>\$ 488</u>	<u>\$ 929,189</u>

Village of Fowlerville

Component Unit Funds

BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY

June 30, 2013

	<u>General</u>	<u>Property Rental</u>	<u>2007 Debt Service</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 101,484	\$ 6,163	\$ 814	\$ 108,461
Prepays	1,500	-	-	1,500
TOTAL ASSETS	<u>\$ 102,984</u>	<u>\$ 6,163</u>	<u>\$ 814</u>	<u>\$ 109,961</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 4,078	\$ -	\$ -	\$ 4,078
Due to other governmental units	2,822	-	-	2,822
Security deposits	-	550	-	550
TOTAL LIABILITIES	6,900	550	-0-	7,450
FUND BALANCES				
Nonspendable				
Prepays	1,500	-	-	1,500
Restricted				
Property rental	-	5,613	-	5,613
Assigned				
Debt service	-	-	814	814
Unassigned	94,584	-	-	94,584
TOTAL FUND BALANCES	<u>96,084</u>	<u>5,613</u>	<u>814</u>	<u>102,511</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 102,984</u>	<u>\$ 6,163</u>	<u>\$ 814</u>	<u>\$ 109,961</u>

Village of Fowlerville

Component Unit Funds

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION - DOWNTOWN DEVELOPMENT AUTHORITY

June 30, 2013

Total fund balances - governmental funds \$ 102,511

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

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	\$ 565,000	
Accrued interest payable	<u>4,484</u>	
		<u>(569,484)</u>

Net position of governmental activities \$ (466,973)

Village of Fowlerville

Component Unit Funds

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

Year Ended June 30, 2013

	General	Property Rental	2007 Debt Service	Total
REVENUES				
Taxes	\$ 434,071	\$ -	\$ -	\$ 434,071
Charges for services	9,672	-	-	9,672
Interest and rents	14,688	16,144	21	30,853
Other	3,955	-	-	3,955
TOTAL REVENUES	462,386	16,144	21	478,551
EXPENDITURES				
Current				
Community and economic development				
Contracted services	48,238	-	-	48,238
Supplies	4,513	-	-	4,513
Printing and publishing	2	-	-	2
Repairs and maintenance	10,090	-	-	10,090
Equipment rental	180	-	-	180
Farmer's market	6,381	-	-	6,381
Utilities	-	902	-	902
Management fees	-	922	-	922
Other	30,477	103	-	30,580
Debt service	248,618	10,000	77,825	336,443
TOTAL EXPENDITURES	348,499	11,927	77,825	438,251
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	113,887	4,217	(77,804)	40,300
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	78,000	78,000
Transfers out	(78,000)	-	-	(78,000)
TOTAL OTHER FINANCING SOURCES (USES)	(78,000)	-0-	78,000	-0-
NET CHANGE IN FUND BALANCES	35,887	4,217	196	40,300
Fund balances, beginning of year	60,197	1,396	618	62,211
Fund balances, end of year	\$ 96,084	\$ 5,613	\$ 814	\$ 102,511

Village of Fowlerville

Component Unit Funds

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

Year Ended June 30, 2013

Net change in fund balances - total governmental funds \$ 40,300

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

Repayment of long-term debt is reported as expenditures in governmental funds,
but the repayment reduces long-term liabilities in the statement of net position.
In the current year, these amounts consist of:

Bond principal retirement 140,000

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 1,075

Change in net position of governmental activities \$ 181,375

Village of Fowlerville

Component Unit Funds

BALANCE SHEET - LOCAL DEVELOPMENT FINANCE AUTHORITY

June 30, 2013

	<u>General</u>	<u>2005 Debt Service</u>	<u>Water Tower/ Gregory Road Capital Project</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 815,381	\$ 811	\$ 102,146	\$ 918,338
	<u>815,381</u>	<u>811</u>	<u>102,146</u>	<u>918,338</u>
LIABILITIES	\$ -	\$ -	\$ -	-0-
FUND BALANCES				
Restricted				
Capital improvements	-	-	102,146	102,146
Assigned				
Debt service	-	811	-	811
Unassigned	815,381	-	-	815,381
	<u>815,381</u>	<u>811</u>	<u>102,146</u>	<u>918,338</u>
TOTAL FUND BALANCES	<u>815,381</u>	<u>811</u>	<u>102,146</u>	<u>918,338</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 815,381</u>	<u>\$ 811</u>	<u>\$ 102,146</u>	<u>\$ 918,338</u>

Component Unit Funds

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION - LOCAL DEVELOPMENT FINANCE AUTHORITY

June 30, 2013

Total fund balances - governmental funds \$ 918,338

Amounts reported for the governmental activities in the statement of net position 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	\$ 3,031,356	
Accumulated depreciation is	<u>(1,404,749)</u>	
		1,626,607

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	550,000	
Accrued interest payable	<u>6,120</u>	
		<u>(556,120)</u>

Net position of governmental activities \$ 1,988,825

Village of Fowlerville

Component Unit Funds

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

Year Ended June 30, 2013

	General	2005 Debt Service	Water Tower/ Gregory Road Capital Project	Total
REVENUES				
Taxes	\$ 808,407	\$ -	\$ -	\$ 808,407
Interest	1,794	153	477	2,424
TOTAL REVENUES	810,201	153	477	810,831
EXPENDITURES				
Current				
Community and economic development				
Contracted services	20,750	-	-	20,750
Payments to primary government	327,151	-	-	327,151
Other	51,874	-	-	51,874
Debt service	388,160	16,177	196,065	600,402
TOTAL EXPENDITURES	787,935	16,177	196,065	1,000,177
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	22,266	(16,024)	(195,588)	(189,346)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	16,000	-	16,000
Transfers out	(16,000)	-	-	(16,000)
TOTAL OTHER FINANCING SOURCES (USES)	(16,000)	16,000	-0-	-0-
NET CHANGE IN FUND BALANCES	6,266	(24)	(195,588)	(189,346)
Fund balances, beginning of year	809,115	835	297,734	1,107,684
Fund balances, end of year	<u>\$ 815,381</u>	<u>\$ 811</u>	<u>\$ 102,146</u>	<u>\$ 918,338</u>

Village of Fowlerville

Component Unit Funds

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

Year Ended June 30, 2013

Net change in fund balances - total governmental funds **\$ (189,346)**

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 (200,836)

Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Bond principal retirement 550,000

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 7,418

Change in net position of governmental activities **\$ 167,236**