

**Village of Fowlerville  
Livingston County, Michigan**

**FINANCIAL STATEMENTS**

**June 30, 2014**

Village of Fowlerville  
Livingston County, Michigan

June 30, 2014

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, 2014, 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 Responsibility 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, 2014, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress and employer contributions, 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 10, 2014

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

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, 2014. 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 \$11,804,861 at the close of 2014 (excluding component units).
- Governmental activities net position was \$2,691,533.
- Business-type activities net position was \$9,113,328.
- Component unit net position was \$5,057,881.

**Fund Level:**

- At the close of the fiscal year, the Village of Fowlerville's governmental funds reported a combined ending fund balance of \$1,492,875 with \$798,684 being nonspendable, restricted, committed, or assigned.
- The General Fund's fund balance increased by \$109,038. This increase in fund balance is due to the reductions in administrative expenses, also expenses were \$130,218 under budget.

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

- The total long-term debt for the governmental activities of the primary government was \$2,210,000.
- The total long-term debt for the business-type activities of the primary government was \$2,995,000.

**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 2014. 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, 2014

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 financial 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 financial statements.
- Capital outlay spending results in capital assets on the government-wide financial 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 financial 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 financial 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 financial 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, 2014

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, Major Street 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 the management's discussion and analysis, budgetary comparison schedules for the major funds, and schedules of funding progress and employer contributions for the defined benefit pension plan.

**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, 2014

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

As previously stated, the Village of Fowlerville's combined net position were \$11,804,861 at the end of this fiscal year. The net position of the governmental activities was \$2,691,533 and the business-type activities were \$9,113,328.

Net Position as of June 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 2,129,441	\$ 2,188,616	\$ 3,205,348	\$ 3,036,553	\$ 5,334,789	\$ 5,225,169
Capital Assets	3,193,315	6,015,565	8,967,500	8,920,740	12,160,815	14,936,305
<b>Total Assets</b>	<b>\$ 5,322,756</b>	<b>\$ 8,204,181</b>	<b>\$ 12,172,848</b>	<b>\$ 11,957,293</b>	<b>\$ 17,495,604</b>	<b>\$ 20,161,474</b>
Current Liabilities	\$ 425,685	\$ 191,550	\$ 254,520	\$ 263,317	\$ 680,205	\$ 454,867
Noncurrent Liabilities	2,205,538	2,251,481	2,805,000	2,995,000	5,010,538	5,246,481
<b>Total Liabilities</b>	<b>\$ 2,631,223</b>	<b>\$ 2,443,031</b>	<b>\$ 3,059,520</b>	<b>\$ 3,258,317</b>	<b>\$ 5,690,743</b>	<b>\$ 5,701,348</b>
Net Position						
Net investment in capital assets	\$ 983,315	\$ 3,755,565	\$ 5,972,500	\$ 5,745,740	\$ 6,955,815	\$ 9,501,305
Restricted	676,080	1,098,358	131,928	130,842	808,008	1,229,200
Unrestricted	1,032,138	907,227	3,008,900	2,822,394	4,041,038	3,729,621
<b>Total Net Position</b>	<b>\$ 2,691,533</b>	<b>\$ 5,761,150</b>	<b>\$ 9,113,328</b>	<b>\$ 8,698,976</b>	<b>\$ 11,804,861</b>	<b>\$ 14,460,126</b>

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	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 726,092	\$ 699,754	\$ 1,609,868	\$ 1,612,622	\$ 2,335,960	\$ 2,312,376
Operating Grants and Contributions	407,729	422,344	-	-	407,729	422,344
Capital Grants and Contributions	260,515	32,113	196,159	17,696	456,674	49,809
General Revenues						
Property Taxes	866,959	849,111	-	-	866,959	849,111
State Shared Revenue	259,771	252,821	-	-	259,771	252,821
Investment Earnings	1,886	3,874	2,652	5,132	4,538	9,006
Intergovernmental	-	-	-	-	-	-
Miscellaneous	13,792	20,769	750	-	14,542	20,769
<b>Total Revenues</b>	<b>2,536,744</b>	<b>2,280,786</b>	<b>1,809,429</b>	<b>1,635,450</b>	<b>4,346,173</b>	<b>3,916,236</b>

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
<b>Expenses</b>						
General Government	\$ 751,715	\$ 691,151	\$ -	\$ -	\$ 751,715	\$ 691,151
Public Safety	574,693	652,622	-	-	574,693	652,622
Public Works	781,094	575,647	-	-	781,094	575,647
Community and Economic Development	21,429	12,758	-	-	21,429	12,758
Recreation and Culture	63,355	66,355	-	-	63,355	66,355
Interest on long-term debt	97,446	99,571	-	-	97,446	99,571
Water/Sewer	-	-	1,395,077	1,292,337	1,395,077	1,292,337
<b>Total Expenses</b>	<b>2,289,732</b>	<b>2,098,104</b>	<b>1,395,077</b>	<b>1,292,337</b>	<b>3,684,809</b>	<b>3,390,441</b>
<b>Increase in Net Position</b>	<b>247,012</b>	<b>182,682</b>	<b>414,352</b>	<b>343,113</b>	<b>661,364</b>	<b>525,795</b>
<b>Restated Net Position Beginning</b>	<b>2,444,521</b>	<b>5,578,468</b>	<b>8,698,976</b>	<b>8,355,863</b>	<b>11,143,497</b>	<b>13,934,331</b>
<b>Net Position Ending</b>	<b>\$ 2,691,533</b>	<b>\$ 5,761,150</b>	<b>\$ 9,113,328</b>	<b>\$ 8,698,976</b>	<b>\$ 11,804,861</b>	<b>\$ 14,460,126</b>

**Governmental Activities:**

The result of fiscal year 2014 governmental activity was an increase of \$247,012 in net position to \$2,691,533. Of the total governmental activities' net position, \$983,315 is invested in capital assets less related debt and \$676,080 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 \$1,032,138 is listed as unrestricted, having no legal commitment.

**Revenues:**

The three largest revenue categories in governmental activities were property taxes at 34.2%; charges for services at 28.6%; and operating grants and contributions at 16.1%. 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 increased by approximately \$185,000 compared to the prior year due to significantly more construction activity which is funded by grants.

**Expenses:**

Public works is the largest governmental activity, expending \$781,094 of the approximately \$2.3 million total expenses. These expenses increased by 36% compared to the prior year due to increased road maintenance expenses and snow removal. General government is the next largest activity, expending \$751,715. 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, 2014

**Business-type Activities:**

Net position in the business-type activities increased by \$414,352 during the fiscal year 2014. Business activities increased because of planned cash flow increases for future capital outlay and cash flow was needed to pay off debt which is a non budget item, in addition water and sewer main preservation increased. Capital grants related to the sewer main preservation increased by about \$178,000 compared to the prior year.

Of the total \$9,113,328 of net position in the business-type activities, \$3,008,900 is reported as unrestricted, \$131,928 is restricted for debt service, and \$5,972,500 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 2014, its governmental funds reported *combined* fund balances of \$1,492,875. The net changes are summarized in the following chart:

	<b>General Fund</b>	<b>Major Street Fund</b>	<b>Nonmajor Governmental Funds</b>
<b>Fund Balance June 30, 2014</b>	\$ 992,445	\$ 85,734	\$ 414,696
<b>Fund Balance June 30, 2013</b>	883,407	269,009	660,180
<b>Net Change</b>	109,038	(183,275)	(245,484)

**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, 2014, the General Fund reported a fund balance of \$992,445. This amount is an increase of \$109,038 from the fund balance of \$883,407 reported as of June 30, 2013, due to expenditures being below budget for general government and public safety.

**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 \$1,724,298; \$4,960 above the final amended budget. The most significant variation was the property tax revenue, which had a positive variation of \$6,008. This was by an increase in the taxable value of about 4% in fiscal year 2014. Final budgeted revenues were \$37,505 or 2.2% greater than the original budget.

The Village of Fowlerville's expenditures totaled \$1,615,260; \$130,218 below the final amended budget. The most significant variation was in the area of general government, which had a positive variation of \$54,118, mainly due to reductions in treasurer and village hall and grounds expenditures. Final budgeted expenditures increased by \$88,550 or 5.3% mainly due to amendment for public safety and the Village hall and grounds.

**Major Street Fund**

The Major Street Fund had a decrease in its fund balance of \$183,275. Total revenues showed an increase of \$184,234, while total expenditures increased by \$614,343. The increase in expenditures is due to large road projects being completed during fiscal year 2014.

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

**Water & Sewer Fund:**

The Water and Sewer Fund had an increase in its net position of \$414,352. Operating revenues showed a decrease of \$2,754, while total operating expenses increased by \$110,015 due to increases in operating expenses and depreciation expense compared to the prior year. In 2014 the Fund had total operating expenses of \$1,254,274 and total operating revenues of \$1,609,868 for an operating income of \$355,594.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets - At the end of Fiscal Year 2014, the Village of Fowlerville had invested \$3,193,315 and \$8,967,500 (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 infrastructure related to the North and South Grand Avenue projects in the amount of \$666,950. 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 \$2,639,168 for the governmental activities and \$5,420,598 for the business-type activities. Depreciation charges for the fiscal year totaled \$266,517 for the governmental activities and \$457,956 for the business-type activities. For more detailed information related to capital assets, refer to pages 23-25 of the financial statements.

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
Land	\$ 139,607	\$ 447,642	\$ 587,249
Land Improvement, net	213,439	-	213,439
Construction in progress	34,023	115,858	149,881
Buildings, net	275,821	2,961,517	3,237,338
Vehicles, net	126,759	-	126,759
Machinery and Equipment, net	40,404	4,262	44,666
Infrastructure, net	2,363,262	-	2,363,262
Water System, net	-	2,977,149	2,977,149
Sewer System, net	-	2,461,072	2,461,072
<b>Capital assets, net</b>	<b>\$ 3,193,315</b>	<b>\$ 8,967,500</b>	<b>\$ 12,160,815</b>

**Outstanding Debt as of June 30, 2014:**

As of June 30, 2014, the Village of Fowlerville had \$2,293,242 in bonds and accumulated vacation and sick time outstanding for the governmental activities. Of this amount, \$2,210,000 is bonds and \$83,242 is compensated absences. This level of net obligation is \$8,814 lower than the obligation recorded as of June 30, 2013.

The business-type activities showed total outstanding balance of \$2,995,000 as of June 30, 2014. The debt is comprised of capital improvement bonds. This level of net obligation is \$180,000 lower than the obligation recorded as of June 30, 2014.

Village of Fowlerville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

**Outstanding Debt as of June 30, 2014 - continued:**

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
<b>Primary Government</b>				
<b>Governmental Activities</b>				
Bonds	\$ 2,260,000	\$ -	\$ (50,000)	\$ 2,210,000
Compensated absences	42,056	60,235	(19,049)	83,242
<b>Total Governmental Activities</b>	2,302,056	60,235	(69,049)	2,293,242
<b>Business Type Activities</b>				
Water and Sewer Bonds	3,175,000	-	(180,000)	2,995,000
<b>Total Primary Government</b>	<b><u>\$ 5,477,056</u></b>	<b><u>\$ 60,235</u></b>	<b><u>\$ (249,049)</u></b>	<b><u>\$ 5,288,242</u></b>

**Limitations on Debt:**

State statute limits the Village of Fowlerville's debt obligations to ten (10) percent of the current state equalized value (SEV). The Village of Fowlerville's SEV, as of June 30, 2014, was \$100,475,360; therefore, the Village of Fowlerville's debt limitation was \$10,047,536. The Village of Fowlerville remains well below its legal debt limit.

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

While tax values and revenue sharing have stabilized and the overall economy has improved, the positive vote on proposal one will in fact reduce taxes (personal property) and the reimbursement for those losses is unsure at this point.

The Village continues to improve roads and water and sewer mains however the state has decreased available grant funds so we will be limited in what we can do in the future since we are paying for it out of local dollars. Additionally, the Village has put in a new well, with significant financial backing from LDFA, which will serve the Village for years to come.

The Village undertook to upgrade DPW equipment and has done so. It has been the Village's policy that we need to make sure that we have good working equipment and we have continued to do so this year with the purchase of some new vehicles. Additionally, the Village has set up a reserve so that we would always have funds to replace police cars when needed.

**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, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 1,873,408	\$ 2,654,576	\$ 4,527,984	\$ 1,177,181
Cash - restricted	-	148,932	148,932	-
Receivables	68,994	408,345	477,339	-
Due from other governmental units	125,210	11,757	136,967	-
Internal balances	38,382	(38,382)	-0-	-
Inventory	-	20,120	20,120	-
Prepays	23,447	-	23,447	-
Total current assets	2,129,441	3,205,348	5,334,789	1,177,181
Noncurrent assets				
Capital assets not being depreciated	173,630	563,500	737,130	1,244,106
Capital assets, net of accumulated depreciation	3,019,685	8,404,000	11,423,685	3,646,568
Total noncurrent assets	3,193,315	8,967,500	12,160,815	4,890,674
<b>TOTAL ASSETS</b>	<b>5,322,756</b>	<b>12,172,848</b>	<b>17,495,604</b>	<b>6,067,855</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	243,968	45,784	289,752	205,195
Accrued liabilities	54,451	1,732	56,183	-
Due to other governmental units	23,426	-	23,426	11,757
Security deposits payable	-	-	-0-	550
Accrued interest payable	15,871	17,004	32,875	7,472
Unearned revenue	265	-	265	-
Current portion of compensated absences	37,704	-	37,704	-
Current portion of long-term debt	50,000	190,000	240,000	345,000
Total current liabilities	425,685	254,520	680,205	569,974
Noncurrent liabilities				
Noncurrent portion of compensated absences	45,538	-	45,538	-
Noncurrent portion of long-term debt	2,160,000	2,805,000	4,965,000	440,000
Total noncurrent liabilities	2,205,538	2,805,000	5,010,538	440,000
<b>TOTAL LIABILITIES</b>	<b>2,631,223</b>	<b>3,059,520</b>	<b>5,690,743</b>	<b>1,009,974</b>
<b>NET POSITION</b>				
Net investment in capital assets	983,315	5,972,500	6,955,815	4,105,674
Restricted for streets and highways	446,651	-	446,651	-
Restricted for other purposes	229,429	131,928	361,357	102,249
Unrestricted	1,032,138	3,008,900	4,041,038	849,958
<b>TOTAL NET POSITION</b>	<b>\$ 2,691,533</b>	<b>\$ 9,113,328</b>	<b>\$ 11,804,861</b>	<b>\$ 5,057,881</b>

See accompanying notes to financial statements.



Village of Fowlerville  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014

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	
<b>Primary government:</b>								
Governmental activities								
General government	\$ 751,715	\$ 394,431	\$ 152,750	\$ -	\$ (204,534)	\$ -	\$ (204,534)	\$ -
Public safety	574,693	15,181	47,962	-	(511,550)	-	(511,550)	-
Public works	781,094	316,480	206,957	260,515	2,858	-	2,858	-
Recreation and culture	63,355	-	60	-	(63,295)	-	(63,295)	-
Community and economic development	21,429	-	-	-	(21,429)	-	(21,429)	-
Interest on long-term debt	97,446	-	-	-	(97,446)	-	(97,446)	-
Total governmental activities	2,289,732	726,092	407,729	260,515	(895,396)	-0-	(895,396)	-0-
Business-type activities								
Water and sewer	1,395,077	1,609,868	-	196,159	-	410,950	410,950	-
Total primary government	<u>\$ 3,684,809</u>	<u>\$ 2,335,960</u>	<u>\$ 407,729</u>	<u>\$ 456,674</u>	(895,396)	410,950	(484,446)	-0-
<b>Component units:</b>								
Downtown Development Authority	\$ 318,512	\$ 27,869	\$ -	\$ -	-	-	-0-	(290,643)
Local Development Finance Authority	659,385	-	-	-	-	-	-0-	(659,385)
Total component units	<u>\$ 977,897</u>	<u>\$ 27,869</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	-0-	-0-	(950,028)
General revenues:								
Property taxes					866,959	-	866,959	1,164,083
State shared revenue					259,771	-	259,771	-
Investment earnings					1,886	2,652	4,538	5,254
Miscellaneous					13,792	750	14,542	91
Total general revenues					<u>1,142,408</u>	<u>3,402</u>	<u>1,145,810</u>	<u>1,169,428</u>
Change in net position					247,012	414,352	661,364	219,400
Restated net position, beginning of the year					<u>2,444,521</u>	<u>8,698,976</u>	<u>11,143,497</u>	<u>4,838,481</u>
Net position, end of the year					<u>\$ 2,691,533</u>	<u>\$ 9,113,328</u>	<u>\$ 11,804,861</u>	<u>\$ 5,057,881</u>

See accompanying notes to financial statements.

Village of Fowlerville

Governmental Funds

BALANCE SHEET

June 30, 2014

	General	Major Street	Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 943,373	\$ 147,411	\$ 488,340	\$ 1,579,124
Accounts receivable	24,805	888	43,027	68,720
Due from other governmental units	90,341	26,511	7,545	124,397
Due from other funds	47,166	-	-	47,166
Prepays	23,447	-	-	23,447
	<u>1,129,132</u>	<u>174,810</u>	<u>538,912</u>	<u>1,842,854</u>
<b>TOTAL ASSETS</b>	<b>\$ 1,129,132</b>	<b>\$ 174,810</b>	<b>\$ 538,912</b>	<b>\$ 1,842,854</b>
<b>LIABILITIES</b>				
Account payable	\$ 51,497	\$ 70,273	\$ 118,702	\$ 240,472
Accrued liabilities	53,266	410	438	54,114
Due to other governmental units	23,426	-	-	23,426
Due to other funds	8,233	18,393	5,076	31,702
Unearned revenue	265	-	-	265
	<u>136,687</u>	<u>89,076</u>	<u>124,216</u>	<u>349,979</u>
<b>TOTAL LIABILITIES</b>	<b>136,687</b>	<b>89,076</b>	<b>124,216</b>	<b>349,979</b>
<b>FUND BALANCES</b>				
Nonspendable	23,447	-	-	23,447
Restricted	225,164	85,734	365,182	676,080
Committed	49,643	-	49,325	98,968
Assigned	-	-	189	189
Unassigned	694,191	-	-	694,191
	<u>992,445</u>	<u>85,734</u>	<u>414,696</u>	<u>1,492,875</u>
<b>TOTAL FUND BALANCES</b>	<b>992,445</b>	<b>85,734</b>	<b>414,696</b>	<b>1,492,875</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,129,132</b>	<b>\$ 174,810</b>	<b>\$ 538,912</b>	<b>\$ 1,842,854</b>

See accompanying notes to financial statements.

Village of Fowlerville

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

June 30, 2014

**Total fund balances - governmental funds** \$ 1,492,875

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	\$ 5,197,593
Accumulated depreciation is	<u>(2,128,433)</u>

Capital assets, net	3,069,160
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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. 438,611

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	(2,210,000)
Accrued interest payable	(15,871)
Compensated absences	<u>(83,242)</u>

(2,309,113)

**Net position of governmental activities** \$ 2,691,533

Village of Fowlerville

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2014

	General	Major Street	Nonmajor Governmental Funds	Total
<b>REVENUES</b>				
Taxes	\$ 691,727	\$ -	\$ 190,395	\$ 882,122
Licenses and permits	3,905	-	-	3,905
Intergovernmental	565,955	366,076	193,325	1,125,356
Charges for services	435,049	-	-	435,049
Fines and forfeitures	11,779	-	53	11,832
Interest and rents	2,048	108	597	2,753
Other	13,835	9,642	52,250	75,727
<b>TOTAL REVENUES</b>	<b>1,724,298</b>	<b>375,826</b>	<b>436,620</b>	<b>2,536,744</b>
<b>EXPENDITURES</b>				
Current				
General government	666,227	-	-	666,227
Public safety	580,688	-	1,563	582,251
Public works	273,587	163,701	252,741	690,029
Community and economic development	22,116	-	-	22,116
Recreation and culture	46,920	-	-	46,920
Capital outlay	25,722	635,400	40,000	701,122
Debt service	-	-	147,800	147,800
<b>TOTAL EXPENDITURES</b>	<b>1,615,260</b>	<b>799,101</b>	<b>442,104</b>	<b>2,856,465</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>109,038</b>	<b>(423,275)</b>	<b>(5,484)</b>	<b>(319,721)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	240,000	-	240,000
Transfers out	-	-	(240,000)	(240,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-0-</b>	<b>240,000</b>	<b>(240,000)</b>	<b>-0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>109,038</b>	<b>(183,275)</b>	<b>(245,484)</b>	<b>(319,721)</b>
Fund balances, beginning of year	883,407	269,009	660,180	1,812,596
Fund balances, end of year	<u>\$ 992,445</u>	<u>\$ 85,734</u>	<u>\$ 414,696</u>	<u>\$ 1,492,875</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, 2014

**Net change in fund balances - total governmental funds** **\$ (319,721)**

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	\$ 717,120	
Depreciation expense	<u>(240,604)</u>	
Excess of capital outlay over depreciation expense		476,516

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 increased in the current period. 81,049

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	
(Increase) in accrued compensated absences	<u>(41,186)</u>	
		<u>(40,832)</u>

**Change in net position of governmental activities** **\$ 247,012**

Village of Fowlerville  
Proprietary Funds  
STATEMENT OF NET POSITION  
June 30, 2014

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service (Motor Pool)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 2,654,576	\$ 294,284
Cash - restricted	148,932	-
Accounts receivable	408,345	274
Due from other governmental units	11,757	813
Due from other funds	-	22,918
Inventory	20,120	-
Total current assets	3,243,730	318,289
Noncurrent assets		
Capital assets not being depreciated	563,500	-
Capital assets, net of accumulated depreciation	8,404,000	124,155
Total noncurrent assets	8,967,500	124,155
<b>TOTAL ASSETS</b>	12,211,230	442,444
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	45,784	3,496
Accrued liabilities	1,732	337
Due to other funds	38,382	-
Accrued interest payable	17,004	-
Current portion of long-term debt	190,000	-
Total current liabilities	292,902	3,833
Noncurrent liabilities		
Noncurrent portion of long-term debt	2,805,000	-
<b>TOTAL LIABILITIES</b>	3,097,902	3,833
<b>NET POSITION</b>		
Net investment in capital assets	5,972,500	124,155
Restricted for debt service	131,928	-
Unrestricted	3,008,900	314,456
<b>TOTAL NET POSITION</b>	\$ 9,113,328	\$ 438,611

See accompanying notes to financial statements.

Village of Fowlerville

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2014

	<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	\$ 1,609,868	\$ 242,537
OPERATING EXPENSES		
Administrative	2,929	151,113
Wastewater operations	432,299	-
Water distribution	361,090	-
Depreciation	<u>457,956</u>	<u>25,913</u>
TOTAL OPERATING EXPENSES	<u>1,254,274</u>	<u>177,026</u>
OPERATING INCOME	355,594	65,511
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	2,652	238
Gain on sale of equipment	750	16,300
Interest expense and fiscal agent fees	<u>(140,803)</u>	<u>(1,000)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(137,401)</u>	<u>15,538</u>
NET INCOME BEFORE CAPITAL GRANTS	218,193	81,049
CAPITAL GRANTS	<u>196,159</u>	<u>-</u>
CHANGE IN NET POSITION	414,352	81,049
Net position, beginning of year	<u>8,698,976</u>	<u>357,562</u>
Net position, end of year	<u><u>\$ 9,113,328</u></u>	<u><u>\$ 438,611</u></u>

See accompanying notes to financial statements.

Village of Fowlerville  
Proprietary Funds  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2014

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service (Motor Pool)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 1,617,434	\$ 242,033
Cash receipts from other funds	9,462	(8,390)
Cash paid to suppliers	(743,617)	(133,171)
Cash paid for employees and benefits	(72,084)	(15,812)
NET CASH PROVIDED BY OPERATING ACTIVITIES	811,195	84,660
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital asset acquisitions	(504,716)	(43,776)
Capital grants	196,159	-
Proceeds from sale of equipment	750	16,300
Principal payments	(180,000)	-
Interest and fees paid	(141,740)	(1,000)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(629,547)	(28,476)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	2,652	238
NET INCREASE IN CASH AND CASH EQUIVALENTS	184,300	56,422
Cash and cash equivalents, beginning of year	2,619,208	237,862
Cash and cash equivalents, end of year	\$ 2,803,508	\$ 294,284

See accompanying notes to financial statements.



Village of Fowlerville

Proprietary Funds

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended June 30, 2014

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer</u>	<u>Internal Service (Motor Pool)</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 355,594	\$ 65,511
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	457,956	25,913
(Increase) decrease in:		
Accounts receivable	1,627	(274)
Due from other governmental units	5,939	(230)
Due from other funds	-	(6,472)
Inventory	(2,973)	-
Prepays	1,450	-
Increase (decrease) in:		
Accounts payable	(18,393)	2,211
Accrued liabilities	533	(81)
Due to other funds	9,462	(1,918)
 NET CASH PROVIDED BY BY OPERATING ACTIVITIES	 <u>\$ 811,195</u>	 <u>\$ 84,660</u>

See accompanying notes to financial statements.

Village of Fowlerville

Fiduciary Fund

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2014

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$    19,319</u>
LIABILITIES	
Due to others	<u>\$    19,319</u>

See accompanying notes to financial statements.

Village of Fowlerville

Component Units

COMBINING STATEMENT OF NET POSITION

June 30, 2014

	Downtown Development Authority	Local Development Finance Authority	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 93,318	\$ 1,083,863	\$ 1,177,181
Noncurrent assets			
Capital assets, not being depreciated	1,244,106	-	1,244,106
Capital assets, net of accumulated depreciation	<u>2,025,090</u>	<u>1,621,478</u>	<u>3,646,568</u>
Total noncurrent assets	<u>3,269,196</u>	<u>1,621,478</u>	<u>4,890,674</u>
<b>TOTAL ASSETS</b>	<b>3,362,514</b>	<b>2,705,341</b>	<b>6,067,855</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	2,740	202,455	205,195
Due to other governmental units	-	11,757	11,757
Security deposit payable	550	-	550
Accrued interest payable	3,309	4,163	7,472
Current portion of long-term debt	<u>160,000</u>	<u>185,000</u>	<u>345,000</u>
Total current liabilities	166,599	403,375	569,974
Noncurrent liabilities			
Noncurrent portion of long-term debt	<u>255,000</u>	<u>185,000</u>	<u>440,000</u>
<b>TOTAL LIABILITIES</b>	<b><u>421,599</u></b>	<b><u>588,375</u></b>	<b><u>1,009,974</u></b>
<b>NET POSITION</b>			
Net investment in capital assets	2,854,196	1,251,478	4,105,674
Restricted for capital improvements	-	102,249	102,249
Unrestricted	<u>86,719</u>	<u>763,239</u>	<u>849,958</u>
<b>TOTAL NET POSITION</b>	<b><u><u>\$ 2,940,915</u></u></b>	<b><u><u>\$ 2,116,966</u></u></b>	<b><u><u>\$ 5,057,881</u></u></b>

See accompanying notes to financial statements.

Village of Fowlerville

Component Units

COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

	Downtown Development Authority	Local Development Finance Authority	Total
Program expenses			
Community and economic development	\$ 318,512	\$ 659,385	\$ 977,897
Program revenues			
Charges for services	27,869	-	27,869
NET PROGRAM (EXPENSES)	(290,643)	(659,385)	(950,028)
General revenues			
Property taxes	377,682	786,401	1,164,083
Investment earnings	4,129	1,125	5,254
Other	91	-	91
TOTAL GENERAL REVENUES	381,902	787,526	1,169,428
CHANGE IN NET POSITION	91,259	128,141	219,400
Restated net position, beginning of the year	2,849,656	1,988,825	4,838,481
Net position, end of the year	<u>\$ 2,940,915</u>	<u>\$ 2,116,966</u>	<u>\$ 5,057,881</u>

See accompanying notes to financial statements.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**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, 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, 2014

**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, and 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 financial 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 the major individual enterprise fund are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**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 governmental funds:

- a. The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Major Street Fund is a Special Revenue Fund used to account for restricted financial resources (primarily Act 51 revenues) that are used for repairs and maintenance of the Village's major streets.

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 financial 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 fund balance.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

6. Basis of Accounting - continued

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 sixty (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.

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, 2014.
- 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, 2014.
- 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.



Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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.

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, 2014, 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 2013 levy for property within the Village was \$100,475,360.

12. Inventory

Inventory in the Water and Sewer Fund consists of 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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, 2014, 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.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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 have any deferred outflows of resources or deferred inflows of resources to report.

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.

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. 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.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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.

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, 2014, the carrying amounts of the Village's deposits were \$5,858,819 and the bank balance was \$5,874,834, of which \$307,598 was covered by federal depository insurance. The balance of \$5,567,236 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, 2014, the Village held Government Operating Money Market Funds with a carrying amount of \$14,497 and a fair value of \$14,497. The Village's investment in the Government Operating Money Market Funds are rated Aaa by Moody's. Weighted average maturity for the investments is 46 days.

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.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

The following summarizes the categorization of cash and cash equivalents as of June 30, 2014:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Fund</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 4,527,984	\$ 1,177,181	\$ 19,319	\$ 5,724,484
Cash - restricted	<u>148,932</u>	<u>-</u>	<u>-</u>	<u>148,932</u>
	<u>\$ 4,676,916</u>	<u>\$ 1,177,181</u>	<u>\$ 19,319</u>	<u>\$ 5,873,416</u>

**NOTE C: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule details interfund receivables and payables at June 30, 2014:

Due to General Fund from:		
Major Street Fund		\$ 15,442
Water and Sewer Fund		26,908
Nonmajor governmental funds		<u>4,816</u>
		<u>\$ 47,166</u>
Due to internal service fund from:		
General Fund		\$ 8,233
Major Street Fund		2,951
Nonmajor governmental funds		260
Water and Sewer Fund		<u>11,474</u>
		<u>\$ 22,918</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 Major Street Fund from:		
Nonmajor governmental fund		<u>\$ 240,000</u>

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE D: INTERFUND TRANSFERS - CONTINUED**

**Component Units**

Downtown Development Authority

Transfers to 2007 Debt Service Fund from:		
Downtown Development Authority		
General Fund		<u>\$ 80,000</u>
Transfers to Downtown Development Authority		
General Fund from:		
Property Rental Fund		<u>\$ 10,000</u>
Transfers to Farmers Market Fund from:		
Downtown Development Authority		
General Fund		<u>\$ 12,000</u>

Local Finance Development Authority

Transfers to 2005 Debt Service Fund from:		
Local Development Finance Authority		
General Fund		<u>\$ 204,000</u>

Transfers from the Municipal Street Fund to the Major Street Fund were to finance current year operations. Transfers from the Downtown Development Authority General Fund to the 2007 Debt Service Fund, from the Property Rental Fund to the Downtown Development Authority General Fund and from the Local Development Finance Authority General Fund to the 2005 Debt Service Fund were to finance current year debt service payments. Transfers from the Downtown Development Authority General Fund to the Farmers Market Fund were to cover startup costs of the farmers market.

**NOTE E: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014, was as follows:

**Primary Government**

	Restated Balance July 1, 2013	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2014
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 139,607	\$ -	\$ -	\$ 139,607
Construction in progress	395,505	34,023	(395,505)	34,023
Subtotal	535,112	34,023	(395,505)	173,630
Capital assets being depreciated				
Land improvements	421,703	-	-	421,703
Buildings	765,625	5,948	-	771,573
Vehicles	630,902	37,263	(42,474)	625,691
Machinery and equipment	596,349	16,712	-	613,061
Infrastructure	2,164,370	1,062,455	-	3,226,825
Subtotal	4,578,949	1,122,378	(42,474)	5,658,853

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE E: CAPITAL ASSETS - CONTINUED**

**Primary Government - Continued**

	Restated Balance July 1, 2013	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2014
<b>Governmental activities - continued</b>				
Less accumulated depreciation for:				
Land improvements	\$ (189,509)	\$ (18,755)	\$ -	\$ (208,264)
Buildings	(470,559)	(25,193)	-	(495,752)
Vehicles	(507,761)	(33,645)	42,474	(498,932)
Machinery and equipment	(563,767)	(8,890)	-	(572,657)
Infrastructure	(683,529)	(180,034)	-	(863,563)
Subtotal	<u>(2,415,125)</u>	<u>(266,517)</u>	<u>42,474</u>	<u>(2,639,168)</u>
Net capital assets being depreciated	<u>2,163,824</u>	<u>855,861</u>	<u>-0-</u>	<u>3,019,685</u>
Total net capital assets	<u>\$ 2,698,936</u>	<u>\$ 889,884</u>	<u>\$ (395,505)</u>	<u>\$ 3,193,315</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 72,311
Public safety	11,657
Public works	162,674
Recreation and culture	19,875
Total depreciation expense	<u>\$ 266,517</u>

	Balance July 1, 2013	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2014
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 447,642	\$ -	\$ -	\$ 447,642
Construction in progress	1,321,730	106,511	(1,312,383)	115,858
Subtotal	1,769,372	106,511	(1,312,383)	563,500
Capital assets being depreciated				
Buildings	3,658,619	8,964	-	3,667,583
Machinery and equipment	345,478	-	-	345,478
Vehicles	51,986	-	-	51,986
Sewer system	3,718,523	810,758	-	4,529,281
Water system	4,339,404	890,866	-	5,230,270
Subtotal	12,114,010	1,710,588	-0-	13,824,598

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE E: CAPITAL ASSETS - CONTINUED**

**Primary Government - Continued**

	Balance July 1, 2013	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2014
<b>Business-type activities - continued</b>				
Less accumulated depreciation for:				
Buildings	\$ (633,209)	\$ (72,857)	\$ -	\$ (706,066)
Machinery and equipment	(339,345)	(1,871)	-	(341,216)
Vehicles	(51,986)	-	-	(51,986)
Sewer system	(1,895,012)	(173,197)	-	(2,068,209)
Water system	(2,043,090)	(210,031)	-	(2,253,121)
Subtotal	(4,962,642)	(457,956)	-0-	(5,420,598)
Net capital assets being depreciated	7,151,368	1,252,632	-0-	8,404,000
Total net capital assets	<u>\$ 8,920,740</u>	<u>\$ 1,359,143</u>	<u>\$ (1,312,383)</u>	<u>\$ 8,967,500</u>

**Component Unit**

	Restated Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Downtown Development Authority</b>				
Capital assets not being depreciated				
Land	\$ 1,244,106	\$ -	\$ -	\$ 1,244,106
Capital assets being depreciated				
Land improvements	2,198,343	-	-	2,198,343
Buildings and improvements	128,000	-	-	128,000
Subtotal	2,326,343	-0-	-0-	2,326,343
Less accumulated depreciation for:				
Land improvements	(230,780)	(42,313)	-	(273,093)
Buildings and improvements	(23,040)	(5,120)	-	(28,160)
Subtotal	(253,820)	(47,433)	-0-	(301,253)
Net capital assets being depreciated	2,072,523	(47,433)	-0-	2,025,090
Total net capital assets	<u>\$ 3,316,629</u>	<u>\$ (47,433)</u>	<u>\$ -0-</u>	<u>\$ 3,269,196</u>



Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE E: CAPITAL ASSETS - CONTINUED**

**Component Unit - Continued**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Local Development Finance Authority</b>				
Capital assets being depreciated				
Infrastructure	\$ 3,031,356	\$ 202,454	\$ -	\$ 3,233,810
Less accumulated depreciation for:				
Infrastructure	(1,404,749)	(207,583)	-	(1,612,332)
Net capital assets being depreciated	1,626,607	(5,129)	-0-	1,621,478
Total net capital assets	<u>\$ 1,626,607</u>	<u>\$ (5,129)</u>	<u>\$ -0-</u>	<u>\$ 1,621,478</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, 2014:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amount Due Within One Year
<b>Primary Government</b>					
Governmental Activities					
2008 General Obligation Bonds	\$ 2,260,000	\$ -	\$ (50,000)	\$ 2,210,000	\$ 50,000
Compensated absences	42,056	60,235	(19,049)	83,242	37,704
	2,302,056	60,235	(69,049)	2,293,242	87,704
Business-type Activities					
2005 Sewer Improvement Bonds	2,390,000	-	(140,000)	2,250,000	145,000
2007 General Obligation Capital Improvement Bonds	785,000	-	(40,000)	745,000	45,000
	3,175,000	-0-	(180,000)	2,995,000	190,000
<b>TOTAL PRIMARY GOVERNMENT</b>	5,477,056	60,235	(249,049)	5,288,242	277,704
<b>Component Units</b>					
Downtown Development Authority					
2007 General Obligation Bonds	220,000	-	(70,000)	150,000	75,000
2002 General Obligation Bonds	345,000	-	(80,000)	265,000	85,000
	565,000	-0-	(150,000)	415,000	160,000
Local Development Finance Authority					
Local Development Bonds - 2005	550,000	-	(180,000)	370,000	185,000
<b>TOTAL COMPONENT UNITS</b>	1,115,000	-0-	(330,000)	785,000	345,000
<b>TOTAL REPORTING ENTITY</b>	<u>\$ 6,592,056</u>	<u>\$ 60,235</u>	<u>\$ (579,049)</u>	<u>\$ 6,073,242</u>	<u>\$ 622,704</u>

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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.	\$ 2,210,000
\$3,200,000 2005 Sewer Improvement Bonds, due in annual installments ranging from \$145,000 to \$235,000 through June 1, 2026, plus interest ranging from 4.00 to 5.00 percent.	2,250,000
\$995,000 2007 General Obligation Capital Improvement Bonds, due in annual installments ranging from \$45,000 to \$75,000 through April 1, 2027, plus interest at 4.70 percent.	<u>745,000</u>
	<u>\$ 5,205,000</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 \$83,242 at June 30, 2014.

**Component Units**

General Obligation Bonds

\$500,000 2007 Downtown Development Authority Bonds, due in annual installments of \$75,000 through May 1, 2016, with interest at 4.5 percent.	\$ 150,000
\$990,000 2002 Development Bonds, due in annual installments ranging from \$85,000 to \$90,000 through November 1, 2016, with interest ranging from 4.90 to 5.00 percent.	265,000
\$1,430,000 2005 Local Development Bonds, due in annual installments of \$185,000 through April 1, 2016, with interest of 4.50 percent.	<u>370,000</u>
	<u>\$ 785,000</u>

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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
2015	\$ 50,000	\$ 95,225	\$ 190,000	\$ 134,018
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	155,000	82,050	225,000	99,795
2020-2024	900,000	304,213	1,290,000	339,843
2025-2028	845,000	94,281	675,000	54,180
	<u>\$ 2,210,000</u>	<u>\$ 848,057</u>	<u>\$ 2,995,000</u>	<u>\$ 981,010</u>

**Component Units**

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2015	\$ 345,000	\$ 34,453
2016	350,000	18,450
2017	90,000	2,250
	<u>\$ 785,000</u>	<u>\$ 55,153</u>

**NOTE G: DEFINED BENEFIT RETIREMENT PLAN**

Plan Description

The Village Council 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.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE G: DEFINED BENEFIT RETIREMENT PLAN - CONTINUED**

Funding Policy

The obligation to contribute to and maintain the system for eligible employees was established and may be amended by the Village Council. The Village is required to contribute at an actuarially determined rate. The contribution requirements of the Village are established and may be amended by the Retirement Board of MERS. The 2013 rate was 8.21% of annual covered payroll and the 2014 rate was 12.33% of annual covered payroll. The plan requires a 5% contribution from the employees.

Annual Pension Cost

For the year ended June 30, 2014, the Village of Fowlerville's annual pension cost of \$22,169 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, 2012 and 2011, 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%, 2%, and 3% annually for the calendar years 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 ten (10) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over a period of twenty-five (25) years.

Three (3) year trend information

	Year Ended December 31,		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial value of assets	\$ 3,115,076	\$ 3,164,655	\$ 3,228,905
Actuarial accrued liability (AAL) (entry age)	2,995,659	3,189,536	3,306,012
Unfunded AAL (UAAL)	(119,417)	24,881	77,107
Funded ratio	104%	99%	98%
Annual covered payroll	361,647	310,409	260,950
UAAL as a percentage of covered payroll	0%	8%	30%

  

	Year Ended June 30,		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
Annual pension cost	\$ 24,883	\$ 19,786	\$ 22,169
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**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. The Village Council established, and may amend, the provisions of the plan, including the amounts required to be contributed by the Village. 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, 2014, the Village contributed \$41,123 to the defined contribution plan for its employees. The Village employees contributed \$17,757 to the defined contribution plan for the year ended June 30, 2014.

**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 \$8,735,155 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*, established 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.

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**NOTE J: DETAILS OF FUND BALANCE CLASSIFICATIONS - CONTINUED**

*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.

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>Major Street</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>FUND BALANCES</b>				
Nonspendable				
Prepays	\$ 23,447	\$ -	\$ -	\$ 23,447
Restricted				
Mosquito control	29,499	-	-	29,499
Refuse collection	114,905	-	-	114,905
Composting	80,760	-	-	80,760
Streets and highways	-	85,734	360,917	446,651
Law enforcement	-	-	4,265	4,265
Committed				
Law enforcement	48,250	-	-	48,250
Perpetual care	1,393	-	49,325	50,718
Assigned				
Debt service	-	-	189	189
Unassigned	694,191	-	-	694,191
	<u>\$ 992,445</u>	<u>\$ 85,734</u>	<u>\$ 414,696</u>	<u>\$ 1,492,875</u>

Village of Fowlerville

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**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, 2014:

Governmental activities	
Restricted for streets and highways	\$ 446,651
Restricted for other purposes	
Mosquito control	29,499
Refuse collection	114,905
Composting	80,760
Law enforcement	4,265
	<hr/>
	\$ 676,080
	<hr/> <hr/>
Business-type activities	
Debt service	\$ 131,928
	<hr/> <hr/>

**NOTE L: 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.

**NOTE M: RESTATEMENT OF NET POSITION**

At the beginning of the year, the Village reassigned certain capital assets and related accumulated depreciation to the Downtown Development Authority component unit. As a result of this reassignment, governmental activities net position for the primary government decreased by \$3,316,629 and net position for the Downtown Development Authority component unit increased by \$3,316,629.

## **REQUIRED SUPPLEMENTARY INFORMATION**



Village of Fowlerville

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 687,050	\$ 685,719	\$ 691,727	\$ 6,008
Licenses and permits	2,500	3,750	3,905	155
Intergovernmental				
Federal/State	310,000	310,311	308,861	(1,450)
Local	<u>253,820</u>	<u>259,500</u>	<u>257,094</u>	<u>(2,406)</u>
Total intergovernmental	563,820	569,811	565,955	(3,856)
Charges for services	401,013	430,045	435,049	5,004
Fines and forfeitures	12,000	12,800	11,779	(1,021)
Interest and rents	3,000	2,450	2,048	(402)
Other	<u>12,450</u>	<u>14,763</u>	<u>13,835</u>	<u>(928)</u>
TOTAL REVENUES	<u>\$ 1,681,833</u>	<u>\$ 1,719,338</u>	<u>\$ 1,724,298</u>	<u>\$ 4,960</u>

Village of Fowlerville

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES

Year Ended June 30, 2014

EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Current				
General government				
Legislative	\$ 20,146	\$ 22,165	\$ 19,834	\$ 2,331
Executive	51,006	61,994	57,786	4,208
Clerk	90,545	91,940	90,793	1,147
Treasurer	166,614	142,121	137,942	4,179
Cemetery operations	103,937	106,072	104,389	1,683
Village hall and grounds	93,525	123,505	93,281	30,224
Other				
Miscellaneous	27,048	29,048	27,116	1,932
Insurance	60,000	60,500	60,401	99
Contracted services	76,000	83,000	74,685	8,315
Total general government	688,821	720,345	666,227	54,118
Public safety				
Police department	583,266	618,325	580,688	37,637
Public works				
Department of public works	106,399	98,579	89,567	9,012
Refuse collection	85,580	102,610	98,053	4,557
Sanitary landfill	50,970	62,990	56,131	6,859
Mosquito control	35,000	30,000	29,836	164
Total public works	277,949	294,179	273,587	20,592
Community and economic development				
Planning commission	23,892	33,352	22,116	11,236
Recreation and culture				
Recreation	58,000	49,529	46,920	2,609
Capital Outlay	25,000	29,748	25,722	4,026
TOTAL EXPENDITURES	<u>\$ 1,656,928</u>	<u>\$ 1,745,478</u>	<u>\$ 1,615,260</u>	<u>\$ 130,218</u>

Village of Fowlerville

Major Street Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 378,113	\$ 368,107	\$ 366,076	\$ (2,031)
Interest	475	150	108	(42)
Other	-	9,642	9,642	-0-
TOTAL REVENUES	378,588	377,899	375,826	(2,073)
EXPENDITURES				
Public works				
Administration	17,123	8,822	8,583	239
Operations	150,024	197,301	155,118	42,183
Capital outlay	620,600	675,000	635,400	39,600
TOTAL EXPENDITURES	787,747	881,123	799,101	82,022
EXCESS OF REVENUES (UNDER) EXPENDITURES	(409,159)	(503,224)	(423,275)	79,949
OTHER FINANCING SOURCES				
Transfers in	325,000	240,000	240,000	-0-
NET CHANGE IN FUND BALANCE	(84,159)	(263,224)	(183,275)	79,949
Fund balance, beginning of year	269,009	269,009	269,009	-0-
Fund balance, end of year	\$ 184,850	\$ 5,785	\$ 85,734	\$ 79,949

Village of Fowlerville

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Year Ended June 30, 2014

**DEFINED BENEFIT PENSION PLAN**

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
12/31/2013	\$3,228,905	\$3,306,012	\$ 77,107	98%	260,950	30%
12/31/2012	3,164,655	3,189,536	24,881	99%	310,409	8%
12/31/2011	3,115,076	2,995,659	(119,417)	104%	361,647	0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2014	\$ 22,169	100%	\$ -0-
2013	19,786	100%	-0-
2012	24,883	100%	-0-

## **OTHER SUPPLEMENTARY INFORMATION**

Village of Fowlerville  
 Nonmajor Governmental Funds  
 COMBINING BALANCE SHEET  
 June 30, 2014

	Special			
	Local Street	Municipal Street	Drug Law Enforcement	K9 Program
<b>ASSETS</b>				
Cash and cash equivalents	\$ 203,028	\$ 231,413	\$ 3,710	\$ 675
Accounts receivable	43,027	-	-	-
Due from other governmental units	7,545	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 253,600</b>	<b>\$ 231,413</b>	<b>\$ 3,710</b>	<b>\$ 675</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 118,414	\$ 168	\$ -	\$ 120
Accrued liabilities	438	-	-	-
Due to other funds	5,076	-	-	-
<b>TOTAL LIABILITIES</b>	<b>123,928</b>	<b>168</b>	<b>-0-</b>	<b>120</b>
<b>FUND BALANCES</b>				
Restricted	129,672	231,245	3,710	555
Committed	-	-	-	-
Assigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>129,672</b>	<b>231,245</b>	<b>3,710</b>	<b>555</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 253,600</b>	<b>\$ 231,413</b>	<b>\$ 3,710</b>	<b>\$ 675</b>

<u>Revenue</u> Greenwood Cemetery	<u>Debt Service</u> 2008 G.O. Bond	<u>Total</u>
\$ 49,325	\$ 189	\$ 488,340
-	-	43,027
-	-	7,545
<u>\$ 49,325</u>	<u>\$ 189</u>	<u>\$ 538,912</u>
\$ -	\$ -	\$ 118,702
-	-	438
-	-	5,076
-0-	-0-	124,216
-	-	365,182
49,325	-	49,325
-	189	189
<u>49,325</u>	<u>189</u>	<u>414,696</u>
<u>\$ 49,325</u>	<u>\$ 189</u>	<u>\$ 538,912</u>

Village of Fowlerville

Nonmajor Governmental Funds

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

Year Ended June 30, 2014

	Special			
	Local Street	Municipal Street	Drug Law Enforcement	K9 Program
REVENUES				
Taxes	\$ -	\$ 190,395	\$ -	\$ -
Intergovernmental	45,825	-	-	-
Fines and forfeitures	-	-	53	-
Interest and rents	234	312	4	2
Other	45,928	-	-	13
<b>TOTAL REVENUES</b>	<b>91,987</b>	<b>190,707</b>	<b>57</b>	<b>15</b>
EXPENDITURES				
Current				
Public safety	-	-	250	1,313
Public works	165,845	86,896	-	-
Capital outlay	40,000	-	-	-
Debt service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>205,845</b>	<b>86,896</b>	<b>250</b>	<b>1,313</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(113,858)</b>	<b>103,811</b>	<b>(193)</b>	<b>(1,298)</b>
OTHER FINANCING (USES)				
Transfer out	-	(240,000)	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>(113,858)</b>	<b>(136,189)</b>	<b>(193)</b>	<b>(1,298)</b>
Fund balances, beginning of year	243,530	367,434	3,903	1,853
Fund balances, end of year	<u>\$ 129,672</u>	<u>\$ 231,245</u>	<u>\$ 3,710</u>	<u>\$ 555</u>



<u>Revenue</u>	<u>Debt Service</u>	
Greenwood Cemetery	2008 G.O. Bond	Total
\$ -	\$ -	\$ 190,395
-	147,500	193,325
-	-	53
44	1	597
<u>6,309</u>	<u>-</u>	<u>52,250</u>
6,353	147,501	436,620
-	-	1,563
-	-	252,741
-	-	40,000
<u>-</u>	<u>147,800</u>	<u>147,800</u>
<u>-0-</u>	<u>147,800</u>	<u>442,104</u>
6,353	(299)	(5,484)
<u>-</u>	<u>-</u>	<u>(240,000)</u>
6,353	(299)	(245,484)
<u>42,972</u>	<u>488</u>	<u>660,180</u>
<u>\$ 49,325</u>	<u>\$ 189</u>	<u>\$ 414,696</u>

Village of Fowlerville

Component Unit Funds

BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY

June 30, 2014

	General	Farmer's Market	Property Rental	2007 Debt Service	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 73,693	\$ 13,928	\$ 4,781	\$ 916	\$ 93,318
<b>LIABILITIES</b>					
Accounts payable	\$ 2,740	\$ -	\$ -	\$ -	\$ 2,740
Security deposits	-	-	550	-	550
<b>TOTAL LIABILITIES</b>	<b>2,740</b>	<b>-0-</b>	<b>550</b>	<b>-0-</b>	<b>3,290</b>
<b>FUND BALANCES</b>					
Restricted					
Property rental	-	-	4,231	-	4,231
Assigned					
Debt service	-	-	-	916	916
Unassigned	70,953	13,928	-	-	84,881
<b>TOTAL FUND BALANCES</b>	<b>70,953</b>	<b>13,928</b>	<b>4,231</b>	<b>916</b>	<b>90,028</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 73,693</b>	<b>\$ 13,928</b>	<b>\$ 4,781</b>	<b>\$ 916</b>	<b>\$ 93,318</b>

Village of Fowlerville

Component Unit Funds

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

June 30, 2014

**Total fund balances - governmental funds** \$ 90,028

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	\$ 3,570,449	
Accumulated depreciation is	<u>(301,253)</u>	
Capital assets, net		3,269,196

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	415,000	
Accrued interest payable	<u>3,309</u>	
		<u>(418,309)</u>

**Net position of governmental activities** \$ 2,940,915

Village of Fowlerville

Component Unit Funds

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

Year Ended June 30, 2014

	General	Farmer's Market	Property Rental	2007 Debt Service	Total
<b>REVENUES</b>					
Taxes	\$ 377,682	\$ -	\$ -	\$ -	\$ 377,682
Charges for services	9,829	-	-	-	9,829
Interest and rents	4,127	3,790	14,250	2	22,169
Other	91	-	-	-	91
<b>TOTAL REVENUES</b>	<b>391,729</b>	<b>3,790</b>	<b>14,250</b>	<b>2</b>	<b>409,771</b>
<b>EXPENDITURES</b>					
Current					
Community and economic development					
Contracted services	43,412	1,862	-	-	45,274
Supplies	2,815	-	-	-	2,815
Repairs and maintenance	10,618	-	-	-	10,618
Equipment rental	900	-	-	-	900
Farmer's market	11,079	-	-	-	11,079
Utilities	-	-	4,996	-	4,996
Management fees	-	-	636	-	636
Payments to primary government	23,201	-	-	-	23,201
Debt service	242,835	-	-	79,900	322,735
<b>TOTAL EXPENDITURES</b>	<b>334,860</b>	<b>1,862</b>	<b>5,632</b>	<b>79,900</b>	<b>422,254</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>56,869</b>	<b>1,928</b>	<b>8,618</b>	<b>(79,898)</b>	<b>(12,483)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	10,000	12,000	-	80,000	102,000
Transfers out	(92,000)	-	(10,000)	-	(102,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(82,000)</b>	<b>12,000</b>	<b>(10,000)</b>	<b>80,000</b>	<b>-0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(25,131)</b>	<b>13,928</b>	<b>(1,382)</b>	<b>102</b>	<b>(12,483)</b>
Fund balances, beginning of year	96,084	-	5,613	814	102,511
Fund balances, end of year	<u>\$ 70,953</u>	<u>\$ 13,928</u>	<u>\$ 4,231</u>	<u>\$ 916</u>	<u>\$ 90,028</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 -  
DOWNTOWN DEVELOPMENT AUTHORITY

Year Ended June 30, 2014

**Net change in fund balances - total governmental funds** \$ (12,483)

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 (47,433)

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 150,000

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 1,175

**Change in net position of governmental activities** \$ 91,259

Village of Fowlerville

Component Unit Funds

BALANCE SHEET - LOCAL DEVELOPMENT FINANCE AUTHORITY

June 30, 2014

	General	2005 Debt Service	Water Tower/ Gregory Road Capital Project	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 981,483	\$ 131	\$ 102,249	\$ 1,083,863
<b>LIABILITIES</b>				
Accounts payable	\$ 202,455	\$ -	\$ -	\$ 202,455
Due to other governmental units	11,757	-	-	11,757
<b>TOTAL LIABILITIES</b>	214,212	-0-	-0-	214,212
<b>FUND BALANCES</b>				
Restricted				
Capital improvements	-	-	102,249	102,249
Assigned				
Debt service	-	131	-	131
Unassigned	767,271	-	-	767,271
<b>TOTAL FUND BALANCES</b>	767,271	131	102,249	869,651
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 981,483</b>	<b>\$ 131</b>	<b>\$ 102,249</b>	<b>\$ 1,083,863</b>

Village of Fowlerville

Component Unit Funds

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

June 30, 2014

**Total fund balances - governmental funds** \$ 869,651

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	\$ 3,233,810	
Accumulated depreciation is	<u>(1,612,332)</u>	
Capital assets, net		1,621,478

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	370,000	
Accrued interest payable	<u>4,163</u>	
		<u>(374,163)</u>

**Net position of governmental activities** \$ 2,116,966

Village of Fowlerville

Component Unit Funds

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

Year Ended June 30, 2014

	General	2005 Debt Service	Water Tower/ Gregory Road Capital Project	Total
<b>REVENUES</b>				
Taxes	\$ 786,401	\$ -	\$ -	\$ 786,401
Interest	960	62	103	1,125
<b>TOTAL REVENUES</b>	<b>787,361</b>	<b>62</b>	<b>103</b>	<b>787,526</b>
<b>EXPENDITURES</b>				
Current				
Community and economic development				
Contracted services	20,000	-	-	20,000
Payments to primary government	376,934	-	-	376,934
Other	32,083	-	-	32,083
Debt service	-	204,742	-	204,742
Capital outlay	202,454	-	-	202,454
<b>TOTAL EXPENDITURES</b>	<b>631,471</b>	<b>204,742</b>	<b>-0-</b>	<b>836,213</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>155,890</b>	<b>(204,680)</b>	<b>103</b>	<b>(48,687)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	204,000	-	204,000
Transfers out	(204,000)	-	-	(204,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(204,000)</b>	<b>204,000</b>	<b>-0-</b>	<b>-0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(48,110)</b>	<b>(680)</b>	<b>103</b>	<b>(48,687)</b>
Fund balances, beginning of year	815,381	811	102,146	918,338
Fund balances, end of year	<u>\$ 767,271</u>	<u>\$ 131</u>	<u>\$ 102,249</u>	<u>\$ 869,651</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, 2014

**Net change in fund balances - total governmental funds** \$ (48,687)

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	\$ 202,454
Depreciation expense	<u>(207,583)</u>

Excess of depreciation expense over capital outlay (5,129)

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	180,000
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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	<u>1,957</u>
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**Change in net position of governmental activities** \$ 128,141