

**CITY OF MARYSVILLE, MICHIGAN**

**ANNUAL FINANCIAL REPORT  
with Supplementary Information**

**FOR THE YEAR ENDED  
JUNE 30, 2015**

**Stewart,  
Beauvais  
& Whipple P.C.**

CERTIFIED PUBLIC ACCOUNTANTS



# CITY OF MARYSVILLE, MICHIGAN

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Marysville  
Marysville, 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 City of Marysville, Michigan (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City'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 did not audit the component unit financial statements of the City of Marysville Housing Commission, which represents 99 percent, 99 percent, and 47 percent, respectively of the assets, net position, and revenues of the discretely presented component units. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Marysville Housing Commission is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 City'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 City'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 based on our audit and the report of the other auditor, 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 City of Marysville, Michigan, as of June 30, 2015, 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.

## ***Implementation of GASB Statement No. 68 and GASB Statement No. 71***

As discussed in Note 16 to the financial statements, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in the current year. The Statements required the City to record their Net Pension Liability in the government-wide and proprietary fund financial statements and enhanced financial reporting of the City's Net Pension Liability and the related note disclosures of the Plan. Our opinions are not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 and the budgetary comparison information, retirement systems and retiree health benefits schedules, and other information on pages 60-70, 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.


### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marysville, Michigan's basic financial statements. The combining General Fund schedules, combining and individual nonmajor fund statements and schedules, and the fund financial statements of the Local Development Finance Authorities (the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed in the table of contents and presented on pages 71-89 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015 on our consideration of the City of Marysville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Marysville's internal control over financial reporting and compliance.

  
Certified Public Accountants

November 25, 2015

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The City of Marysville's annual report is presented to offer readers a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. This annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplementary information, and other supplementary information, which presents combining statements for the general fund, nonmajor governmental funds, internal service funds, and component unit information. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements.

***Government-wide Financial Statements***

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and deferred outflows of resources and liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid (full accrual).

The two government-wide statements report the City's net position and how they have changed. Net position, defined as the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the City's financial health or position.

The government-wide financial statements of the City are divided into two categories:

**Governmental activities** - most of the City's basic services are included here, such as the police, fire, public works, parks and recreation, general administration and debt retirement. Property taxes, state-shared revenues, and charges for services, are most of the funding.

**Business-type activities** - the City charges fees to customers to help cover the costs of certain services it provides. The City's water supply, wastewater, and golf course operations are treated as business-type activities.

***Fund Financial Statements***

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and/or by bond covenants. The City Council establishes other funds to control and manage money for particular purposes.

The City has three types of funds:

**Governmental funds** - Most of the City's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City currently has 11 governmental funds.

**Proprietary Funds** - Proprietary funds use the accrual basis of accounting, which is the same basis used by the private businesses. The City maintains two different types of proprietary funds.

**Enterprise Funds** - are used to report services for which the City charges customers a fee for those services. The City has three enterprise funds, the Water Supply System, Wastewater, and Golf Course Funds.

**Internal Service Funds** - reports activities that provide services and supplies to other City programs. The City utilizes an Equipment Rental Fund and an Employee Sick and Vacation Fund.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's operations. The City has four fiduciary funds, two for separate employee retirement systems, retirees' health care, and the Tax Agency Fund.

### FINANCIAL OVERVIEW (Government-wide financial analysis)

The City has combined total net position of \$43,043,949. This is an increase of \$1,234,430 over 2014. Government-type activities comprise \$16,361,439, and business-type activities make up \$26,682,510 of the total net position. In a condensed format, the table below shows net position at of the June 30, 2015 and 2014.

	Governmental Activities		Business-type Activities	
	2015	Restated 2014	2015	Restated 2014
<b>Assets</b>				
Current and other assets	\$ 12,915,156	\$ 12,078,901	\$ 2,294,691	\$ 2,922,462
Capital assets	<u>20,680,683</u>	<u>18,792,353</u>	<u>39,994,294</u>	<u>40,609,460</u>
Total Assets	<u>33,595,839</u>	<u>30,871,254</u>	<u>42,288,985</u>	<u>43,531,922</u>
<b>Deferred Outflows of Resources</b>				
Deferred charges on refunding Related to pensions	31,213	37,455	-	-
	<u>4,166,784</u>	<u>-</u>	<u>569,264</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>4,197,997</u>	<u>37,455</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>				
Current liabilities	1,023,739	463,680	357,699	952,412
Non-current liabilities	<u>20,084,787</u>	<u>15,174,590</u>	<u>15,721,695</u>	<u>16,040,430</u>
Total Liabilities	<u>21,108,526</u>	<u>15,638,270</u>	<u>16,079,394</u>	<u>16,992,842</u>
<b>Deferred Inflows of Resources</b>				
Related to Pensions	<u>323,871</u>	<u>-</u>	<u>96,345</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	17,982,888	15,908,810	26,108,342	25,771,607
Restricted	3,737,240	3,639,639	494,128	443,128
Unrestricted	( 5,358,689)	( 4,278,010)	80,040	324,345
Total Net Position	<u>\$ 16,361,439</u>	<u>\$ 15,270,439</u>	<u>\$ 26,682,510</u>	<u>\$ 26,539,080</u>

The City's governmental activities experienced an increase in net position of \$1,091,000 due to increased investment income over 2014 and capital contributions. The business-type activities experienced a change in net position of \$143,430: \$15,502 in the Water Supply System Fund, \$179,561 in the Wastewater Fund, and \$(51,633) in the Golf Course Fund.



The following table shows the changes in net position for 2015 and 2014:

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
<b>Revenue</b>				
Program Revenue				
Charges for services	\$ 1,110,862	\$ 965,345	\$ 4,932,202	\$ 5,077,470
Operating grants and contributions	985,226	1,005,120	-	-
Capital grants and contributions	1,654,581	828,958	-	-
General Revenue				
Property taxes	6,257,422	6,300,140	-	-
Franchise fees	155,046	148,181	-	-
Grants and contributions not restricted to specific programs	964,808	952,532	-	-
Unrestricted investment income	<u>171,650</u>	<u>84,995</u>	<u>145,408</u>	<u>56,641</u>
Total Revenue	<u>11,299,595</u>	<u>10,285,271</u>	<u>5,077,610</u>	<u>5,134,111</u>
<b>Program Expenses</b>				
General government	1,204,473	1,036,562	-	-
Public safety	4,912,051	4,029,934	-	-
Public works	3,429,909	3,498,819	-	-
Recreation and culture	540,890	567,572	-	-
Interest on long-term debt	116,311	129,864	-	-
Water supply system	-	-	1,930,100	1,594,914
Wastewater	-	-	2,398,278	2,324,828
Golf Course	-	-	610,763	552,004
Total Program Expenses	<u>10,203,634</u>	<u>9,262,751</u>	<u>4,939,141</u>	<u>4,471,746</u>
Increase (Decrease) in Net Position before transfers	1,095,961	1,022,520	138,469	662,365
Transfers	(4,961)	(49,850)	4,961	49,850
<b>Changes in Net Position</b>	<u>\$ 1,091,000</u>	<u>\$ 972,670</u>	<u>\$ 143,430</u>	<u>\$ 712,215</u>

### *Governmental Activities*

Revenues for governmental activities totaled \$11.3 million in 2015, of which approximately \$6.3 million or 55% of total revenue was received from taxes followed by operating and capital grants and contributions of \$2.6 million or 23% of total revenue.

### *Business-type Activities*

The City has three business-type activities: water supply, wastewater, and a golf course. The City operates its own water and sewage treatment facilities and a golf course. The water supply, wastewater, and golf course funds had a net change in net position of \$15,502, \$179,561, and \$(51,633), respectively.

## FINANCIAL ANALYSIS OF MAJOR FUNDS

The General Fund ended 2015 with a fund balance of \$6,731,114 of which \$1,488,496 was nonspendable, \$31,100 was restricted, \$954,048 was committed, and \$175,000 was assigned, with the remaining amount of \$4,082,470 classified as unassigned. This is an increase of \$432,922 from the prior year.

The City's other major governmental funds, the Motor Vehicle Highway Fund and the Public Improvement Fund, ended 2015 with fund balances of \$910,418 and \$106,675, respectively. This is an increase of \$75,619 for the Motor Vehicle Highway Fund due to the tax levy and transfer in from the General Fund and a decrease of \$295,558 in the Public Improvement Fund due to projects.

The major proprietary funds are the Water Supply System, Wastewater, and Golf Course Funds, which have been discussed previously.

## BUDGETARY HIGHLIGHTS

Over the course of the year, the City administration and City Council monitors the budget, and if necessary, amends the budget to take into account unanticipated events that occur during the year. The General Fund budgeted revenues increased by \$202,000, or 2.6%, for tax revenues coming in higher than originally anticipated. General Fund budgeted expenditures decreased by \$3,138.

The General Fund revenues for the year were over budget by \$89,933 or 1.1% due primarily to licenses and permits coming in over budget by \$125,451. The General Fund expenditures for the year were under budget by \$23,571 or 0.3%.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City had \$60.7 million dollars invested in capital assets for its governmental and business-type activities (net of accumulated depreciation) as of June 30, 2015. The investment in capital assets includes land, building and building improvements, infrastructure (including bike paths, sidewalks, and streets), machinery and equipment, vehicles, and utility systems (water supply and wastewater systems). During the year the City added \$3,267,093 of capital assets in the governmental activities and \$960,515 in the business-type activities before taking into account depreciation. Depreciation for the year was \$1,375,887 for governmental activities and \$1,567,933 for business-type activities. The following table shows the capital assets at June 30, 2015 and 2014:

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Land	\$ 917,470	\$ 917,470	\$ 99,500	\$ 99,500
Land improvements	7,118,162	6,327,679	682,254	676,320
Buildings and improvements	6,728,690	6,728,690	34,209,192	32,975,880
Machinery and equipment	3,219,537	3,269,437	3,841,216	3,846,179
Vehicles	2,083,890	1,450,770	-	-
Infrastructure	42,452,423	42,001,744	-	-
Utility systems	-	-	18,533,835	18,754,814
Construction in progress	1,492,132	130,970	-	61,828
	<u>64,012,304</u>	<u>60,826,760</u>	<u>57,365,997</u>	<u>56,414,521</u>
Accumulated depreciation	( 43,331,621)	( 42,034,407)	( 17,371,703)	( 15,805,061)
	<u>\$ 20,680,683</u>	<u>\$ 18,792,353</u>	<u>\$ 39,994,294</u>	<u>\$ 40,609,460</u>

The City's major additions were land improvements for Cuttle Creek of \$1,393,609, Chrysler Beach Restoration of \$515,250, street improvements of \$435,815, a fire truck for \$545,890, and other vehicles for \$87,230 in the governmental activities and Northeast Sanitation Sewer Station improvements of \$885,833 in the business-type activities.

### Long-term Debt

At June 30, 2015, the City had \$35,806,482 in long-term debt, compared to \$31,215,020 at June 30, 2014.

	Governmental Activities		Business-type Activities	
	2015	Restated 2014	2015	Restated 2014
General Obligation Bonds	\$ 1,344,708	\$ 1,388,798	\$ 1,705,292	\$ 1,761,202
Building Authority				
Refunding Bonds	1,420,000	1,570,000	-	-
Michigan Municipal Bond				
Authority Loans	-	-	705,000	960,000
State Revolving Funds	-	-	9,908,074	10,383,074
Clean Water Program	-	-	1,435,000	1,560,000
Capital Lease	-	-	132,586	173,577
Bond Discount	( 35,700)	( 37,800)	-	-
Other Postemployment Benefits	418,811	422,540	( 153,294)	( 154,658)
Compensated Absences	383,175	392,016	-	-
Net Pension Liability	<u>16,553,793</u>	<u>11,439,036</u>	<u>1,989,037</u>	<u>1,357,235</u>
	<u>\$ 20,084,787</u>	<u>\$ 15,174,590</u>	<u>\$ 15,721,695</u>	<u>\$ 16,040,430</u>

### ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The City of Marysville, population of 9,959 per the 2010 Census (9,813 per the 2012 Census from SEMCOG), is primarily a residential community located in St. Clair County; this was a slight increase of 2.8% or 275 from the 2000 Census. According to SEMCOG, population peaked in 2008 at 10,132 and is estimated to reach 10,820 in 2020. The City's proximity to the downtown Detroit metropolitan area and several major roadways, including Interstate Highways 94 and 69, has aided residential development in previous years. However, due to the general state of the economy, residential development has significantly declined. The latest reported (Census 2010) median income level for Marysville is \$52,588 and the median house value of owner occupied units is \$136,700.

The City General Fund progressively relies on property taxes as its main source of revenue, however, the City initiated a refuse collection fee in fiscal year 2012 to offset declining revenues. The City continues to operate within the state-authorized tax rate limit. The following history presents the level of taxes as a percent of total revenue:

2015	75.7%
2014	75.9%
2013	79.8%
2012	75.9%
2011	81.4%
2010	79.9%
2009	76.6%
2008	75.9%
2007	74.5%

With the continual uncertainty with Revenue Sharing at the State level, along with the short-term outlook for the State of Michigan, the City administration will closely, with City Council, analyze all aspects of the budget process to continue providing the services that benefit the community.

The City has also adopted a budget for fiscal year 2015-16, in which the General Fund has a balanced budget. The City's elected and appointed officials considered many factors when setting that budget, along with the tax rates and fees that will be charged for the City's activities. Revenues and transfers for the budgeted 2015-16 year increased by 3.7% or \$303,775 (not factoring any fund draws) and expenditures and transfers budgeted for the 2015-2016 year in the General Fund increased by 6.7% or \$514,819 from the amended 2014-2015 budget.

### **CONTACTING THE CITY'S MANAGEMENT**

This financial report is intended to provide our citizens, stakeholders, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, we invite you to contact the Finance Director's office by mail at 1111 Delaware, Marysville, Michigan 48040, by phone (810) 455-1314, by fax (810) 364-3940, or email to [rwarnke@cityofmarysvillemi.com](mailto:rwarnke@cityofmarysvillemi.com).

A separate report is issued for City of Marysville Housing Commission that can be obtained at 1100 New York, Marysville, Michigan 48040.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF MARYSVILLE, MICHIGAN**

**STATEMENT OF NET POSITION  
JUNE 30, 2015**

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
<b>Assets:</b>				
Cash and cash equivalents	\$ 39,466	\$ 37,933	\$ 77,399	\$ 116,747
Investments	10,190,411	2,909,368	13,099,779	350,000
Receivables (net of allowance)	1,098,362	822,575	1,920,937	10,241
Prepaid expenses	80,324	9,784	90,108	-
Internal balances	1,502,216	( 1,502,216)	-	-
Due from component units	2,150	-	2,150	-
Inventory	2,227	17,247	19,474	-
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	2,409,602	631,870	3,041,472	341,245
Assets being depreciated	18,271,081	39,362,424	57,633,505	2,011,541
Total Assets	<u>33,595,839</u>	<u>42,288,985</u>	<u>75,884,824</u>	<u>2,829,774</u>
<b>Deferred Outflows of Resources:</b>				
Deferred charges on refunding	31,213	-	31,213	-
Related to pensions	4,166,784	569,264	4,736,048	-
Total Deferred Outflows of Resources	<u>4,197,997</u>	<u>569,264</u>	<u>4,767,261</u>	<u>-</u>
<b>Liabilities:</b>				
Payables and accrued liabilities	957,262	265,733	1,222,995	55,862
Accrued interest	38,578	91,966	130,544	-
Advances and deposits	-	-	-	34,873
Unearned revenue	27,899	-	27,899	1,643
Non-current liabilities -				
Net OPEB obligation	418,811	( 153,294)	265,517	-
Net pension liability	16,553,793	1,989,037	18,542,830	-
Due within one year	216,989	559,106	776,095	-
Due in more than one year	2,895,194	13,326,846	16,222,040	-
Total Liabilities	<u>21,108,526</u>	<u>16,079,394</u>	<u>37,187,920</u>	<u>92,378</u>
<b>Deferred Inflows of resources:</b>				
Related to pensions	323,871	96,345	420,216	-
<b>Net Position:</b>				
Net investment in capital assets	17,982,888	26,108,342	44,091,230	2,352,786
Restricted -				
Nonexpendable	262,638	-	262,638	-
Expendable				
General Government	235,612	-	235,612	-
Streets	3,071,591	-	3,071,591	-
Acquisition/construction of assets	106,675	494,128	600,803	-
Public Safety	51,335	-	51,335	-
Recreation and Cultural	9,389	-	9,389	-
Unrestricted	( 5,358,689)	80,040	( 5,278,649)	384,610
Total Net Position	<u>\$ 16,361,439</u>	<u>\$ 26,682,510</u>	<u>\$ 43,043,949</u>	<u>\$ 2,737,396</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MARYSVILLE, MICHIGAN**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General Government	\$ 1,204,473	\$ 92,034	\$ 5,309	\$ -
Public Safety	4,912,051	537,260	187,823	-
Public Works	3,429,909	340,691	750,759	1,654,581
Recreation and Culture	540,890	140,877	41,335	-
Interest on Long Term Debt	116,311	-	-	-
Total governmental activities	<u>10,203,634</u>	<u>1,110,862</u>	<u>985,226</u>	<u>1,654,581</u>
Business type activities:				
Water Supply System	1,930,100	1,872,636	-	-
Wastewater	2,398,278	2,596,588	-	-
Golf Course	610,763	462,978	-	-
Total business type activities	<u>4,939,141</u>	<u>4,932,202</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 15,142,775</u>	<u>\$ 6,043,064</u>	<u>\$ 985,226</u>	<u>\$ 1,654,581</u>
<b>Component Units</b>				
Housing Commission	\$ 848,873	\$ 399,489	\$ 230,050	\$ 167,712
Local Development Finance Authority				
District No. 1	3,300	-	-	-
District No. 2	2,571	-	-	-
Total Component Units	<u>\$ 854,744</u>	<u>\$ 399,489</u>	<u>\$ 230,050</u>	<u>\$ 167,712</u>

General revenues:  
 Property taxes  
 Franchise fees  
 Grants and contribution not  
 restricted to specific programs  
 Unrestricted investment income  
 Transfers  
 Total general revenues and transfers

Change in net position  
 Net assets at beginning of year, restated  
 Net position at end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Change in Net Position

Primary Government

Governmental Activities	Business Type Activities	Total	Component Units
\$( 1,107,130)	\$ -	\$( 1,107,130)	\$ -
( 4,186,968)	-	( 4,186,968)	-
( 683,878)	-	( 683,878)	-
( 358,678)	-	( 358,678)	-
( 116,311)	-	( 116,311)	-
<u>( 6,452,965)</u>	<u>-</u>	<u>( 6,452,965)</u>	<u>-</u>
-	( 57,464)	( 57,464)	-
-	198,310	198,310	-
-	( 147,785)	( 147,785)	-
<u>-</u>	<u>( 6,939)</u>	<u>( 6,939)</u>	<u>-</u>
<u>( 6,452,965)</u>	<u>( 6,939)</u>	<u>( 6,459,904)</u>	<u>-</u>
-	-	-	( 51,622)
-	-	-	( 3,300)
-	-	-	( 2,571)
<u>-</u>	<u>-</u>	<u>-</u>	<u>( 57,493)</u>
6,257,422	-	6,257,422	915,692
155,046	-	155,046	-
964,808	-	964,808	-
171,650	145,408	317,058	1,671
( 4,961)	4,961	-	-
<u>7,543,965</u>	<u>150,369</u>	<u>7,694,334</u>	<u>917,363</u>
1,091,000	143,430	1,234,430	859,870
<u>15,270,439</u>	<u>26,539,080</u>	<u>41,809,519</u>	<u>1,877,526</u>
<u>\$ 16,361,439</u>	<u>\$ 26,682,510</u>	<u>\$ 43,043,949</u>	<u>\$ 2,737,396</u>



**CITY OF MARYSVILLE, MICHIGAN**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	General	Capital Projects Funds		Other Governmental Funds	Total Governmental Funds
		Motor Vehicle Highway	Public Improvement		
<b>Assets:</b>					
Cash and cash equivalents	\$ 2,041	\$ 2,337	\$ 48	\$ 12,372	\$ 16,798
Investments	5,472,887	915,614	12,795	3,119,072	9,520,368
Receivables, net of allowance -					
Property taxes	24,860	-	-	-	24,860
Interest and accounts	96,468	2,062	132	86,197	184,859
Due from other governmental units	178,952	-	561,570	147,361	887,883
Due from other funds	84,770	38,000	-	-	122,770
Due from component units	2,150	-	-	-	2,150
Prepaid expenditures	75,496	-	-	3,076	78,572
Advance to other funds	1,413,000	-	-	-	1,413,000
<b>Total Assets</b>	<b>\$ 7,350,624</b>	<b>\$ 958,013</b>	<b>\$ 574,545</b>	<b>\$ 3,368,078</b>	<b>\$ 12,251,260</b>
<b>Liabilities:</b>					
Accounts payable	\$ 197,791	\$ 47,595	\$ 332,692	\$ 25,453	\$ 603,531
Accrued liabilities	124,562	-	-	20,117	144,679
Due to other funds	246,300	-	-	-	246,300
Unearned revenue	7,917	-	-	19,982	27,899
<b>Total Liabilities</b>	<b>576,570</b>	<b>47,595</b>	<b>332,692</b>	<b>65,552</b>	<b>1,022,409</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenues -					
Property taxes	24,860	-	-	-	24,860
Grants	18,080	-	135,178	-	153,258
Charges for services	-	-	-	32,213	32,213
<b>Total Deferred Inflows of Resources</b>	<b>42,940</b>	<b>-</b>	<b>135,178</b>	<b>32,213</b>	<b>210,331</b>
<b>Fund Balances:</b>					
Nonspendable -					
Prepaid expenditures	75,496	-	-	3,076	78,572
Advance to other funds	1,413,000	-	-	-	1,413,000
Perpetual Care	-	-	-	262,638	262,638
Restricted	31,100	910,418	106,675	2,426,409	3,474,602
Committed	954,048	-	-	578,190	1,532,238
Assigned	175,000	-	-	-	175,000
Unassigned	4,082,470	-	-	-	4,082,470
<b>Total Fund Balances</b>	<b>6,731,114</b>	<b>910,418</b>	<b>106,675</b>	<b>3,270,313</b>	<b>11,018,520</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 7,350,624</b>	<b>\$ 958,013</b>	<b>\$ 574,545</b>	<b>\$ 3,368,078</b>	<b>\$ 12,251,260</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF MARYSVILLE, MICHIGAN**

**RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

Fund Balances - total governmental funds	\$	11,018,520
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Amounts reported for 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 in the funds.

Capital assets		61,957,346
Accumulated depreciation	(	41,692,705)

Certain pension contributions and changes in pension plan liabilities are reported as deferred outflows (inflows) of resources in the statement of net position.

Deferred outflows of resources		4,053,940
Deferred inflows of resources	(	304,773)

Other long - term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.

Delinquent personal property taxes	\$	24,860	
Grants		153,258	
Charges for services		32,213	210,331

Internal Service Fund used by management to charge cost of the City's motor pool activities and accrued vacation and sick benefits. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

466,018

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

Bonds payable	(	2,764,708)	
Postemployment benefits	(	451,355)	
Net pension liability	(	16,159,510)	
Accrued interest	(	38,578)	( 19,414,151)

Discounts and Premiums on bonds are reported as other financing sources or uses in the governmental funds, where they are capitalized and amortized from net position (netted against bonds payables).

35,700

Losses on refunding are not reported in the governmental funds, where they are capitalized and amortized from net position

31,213

Net Position of governmental activities	\$	16,361,439
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The accompanying notes are an integral part of these financial statements.

**CITY OF MARYSVILLE, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	General	Capital Projects Funds		Other Governmental Fund	Total Governmental Funds
		Motor Vehicle Highway	Public Improvement		
<b>Revenues:</b>					
Taxes	\$ 6,153,596	\$ 102,400	\$ -	\$ -	\$ 6,255,996
Licenses and permits	405,151	-	-	-	405,151
Intergovernmental -					
Federal/State	1,008,862	-	1,654,581	750,759	3,414,202
Local	-	-	-	41,335	41,335
Charges for services	380,563	-	-	225,772	606,335
Fines and forfeits	9,780	-	-	-	9,780
Interest and rent	118,212	6,701	11,445	43,092	179,450
Other	57,425	-	2,000	177,813	237,238
Total Revenues	<u>8,133,589</u>	<u>109,101</u>	<u>1,668,026</u>	<u>1,238,771</u>	<u>11,149,487</u>
<b>Expenditures:</b>					
Current -					
General Government	837,793	-	-	-	837,793
Public Safety	2,964,734	-	-	4,466	2,969,200
Public Works	1,336,477	-	-	598,358	1,934,835
Recreation and Cultural	240,384	-	-	219,627	460,011
Other Activities	1,524,957	-	-	-	1,524,957
Capital outlay	96,402	58,482	2,263,584	546,712	2,965,180
Debt service -					
Principal	44,090	-	-	150,000	194,090
Interest	56,040	-	-	60,818	116,858
Total Expenditures	<u>7,100,877</u>	<u>58,482</u>	<u>2,263,584</u>	<u>1,579,981</u>	<u>11,002,924</u>
Revenues over (under) expenditures	<u>1,032,712</u>	<u>50,619</u>	<u>( 595,558)</u>	<u>( 341,210)</u>	<u>146,563</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	1,225	125,000	300,000	586,933	1,013,158
Transfers out	( 601,015)	( 100,000)	-	( 270,247)	( 971,262)
Total Other Financing Sources (Uses)	<u>( 599,790)</u>	<u>25,000</u>	<u>300,000</u>	<u>316,686</u>	<u>41,896</u>
Net Change in Fund Balances	432,922	75,619	( 295,558)	( 24,524)	188,459
Fund Balances at beginning of year	<u>6,298,192</u>	<u>834,799</u>	<u>402,233</u>	<u>3,294,837</u>	<u>10,830,061</u>
Fund Balances at end of year	<u>\$ 6,731,114</u>	<u>\$ 910,418</u>	<u>\$ 106,675</u>	<u>\$ 3,270,313</u>	<u>\$ 11,018,520</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MARYSVILLE, MICHIGAN**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds	\$	188,459
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay		3,235,444
Depreciation expense	(	1,270,590)
<p>Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		150,108
<p>The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal payment on bonds	\$	194,090
Amortization of bond discount	(	2,100)
Amortization of deferred charge on refunding	(	6,242)
Decrease in accrued interest		8,889
		194,637
<p>Internal service funds used by management to charge costs of the City's motor pool activities and vacation and sick activities. The net revenues (expenses) attributable to those funds is reported with governmental activities.</p>		
	(	170,728)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.</p>		
Decrease in postemployment benefits payable		4,019
Increase in net pension liability	(	4,989,516)
Change in deferred outflows/inflows of resources as a result in changes of assumptions, differences between projected and actual earnings, and proportionate share differences		3,749,167
		3,749,167
Change in net position of governmental activities	\$	1,091,000

The accompanying notes are an integral part of these financial statements.

**CITY OF MARYSVILLE, MICHIGAN**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015**

	Business Type Activities-Enterprise Funds				Governmental
	Water Supply System	Wastewater	Golf Course	Total	Activities Internal Service Funds
<b>Assets:</b>					
Current Assets:					
Cash and cash equivalents	\$ 9,855	\$ 80	\$ 27,998	\$ 37,933	\$ 22,668
Investments	471,541	2,437,827	-	2,909,368	670,043
Accounts and interest receivable	357,155	464,171	1,249	822,575	760
Due from other funds	-	-	-	-	18,746
Inventories	-	-	17,247	17,247	2,227
Prepaid expenses	3,845	2,951	2,988	9,784	1,752
Total Current Assets	842,396	2,905,029	49,482	3,796,907	716,196
Non-Current Assets:					
Property, plant and equipment	19,871,323	35,269,924	2,224,751	57,365,998	2,054,958
Less - accumulated depreciation	( 8,204,131)	( 8,233,321)	( 934,252)	( 17,371,704)	( 1,638,916)
Property, Plant and Equipment, net	11,667,192	27,036,603	1,290,499	39,994,294	416,042
Net OPEB asset	83,631	89,066	-	172,697	32,544
Total Non-Current Assets	11,750,823	27,125,669	1,290,499	40,166,991	448,586
Total Assets	12,593,219	30,030,698	1,339,981	43,963,898	1,164,782
<b>Deferred Outflows of Resources:</b>					
Related to pension plan	264,571	201,879	102,814	569,264	112,844

The accompanying notes are an integral part of these financial statements.

	Business Type Activities-Enterprise Funds				Governmental
	Water Supply System	Wastewater	Golf Course	Total	Internal Service Funds
<b>Liabilities:</b>					
Current Liabilities:					
Accounts payable	\$ 112,241	\$ 88,186	\$ 18,254	\$ 218,681	\$ 10,608
Accrued expenses	14,875	12,340	19,837	47,052	4,444
Accrued interest	13,189	78,777	-	91,966	-
Due to other funds	31,660	56,012	1,544	89,216	-
Capital lease payable (current portion)	-	-	43,195	43,195	-
Bonds payable (current portion)	43,111	472,800	-	515,911	-
Total Current Liabilities	<u>215,076</u>	<u>708,115</u>	<u>82,830</u>	<u>1,006,021</u>	<u>15,052</u>
Long-Term Liabilities (net of current portion):					
Advance from other funds	1,413,000	-	-	1,413,000	-
Net OPEB obligation	-	-	19,403	19,403	-
Net pension liability	924,424	705,376	359,237	1,989,037	394,283
Capital lease payable	-	-	89,391	89,391	-
Accrued vacation and sick	-	-	-	-	383,175
Bonds payable	1,271,768	11,965,687	-	13,237,455	-
Total Long-Term Liabilities	<u>3,609,192</u>	<u>12,671,063</u>	<u>468,031</u>	<u>16,748,286</u>	<u>777,458</u>
Total Liabilities	<u>3,824,268</u>	<u>13,379,178</u>	<u>550,861</u>	<u>17,754,307</u>	<u>792,510</u>
<b>Deferred Inflows of Resources:</b>					
Related to pension plan	44,777	34,167	17,401	96,345	19,098
<b>Net Position:</b>					
Net investment in capital assets	10,352,313	14,598,116	1,157,913	26,108,342	416,042
Restricted	6,000	488,128	-	494,128	-
Unrestricted	( 1,369,568)	1,732,988	( 283,380)	80,040	49,976
Total Net Position	<u>\$ 8,988,745</u>	<u>\$ 16,819,232</u>	<u>\$ 874,533</u>	<u>\$ 26,682,510</u>	<u>\$ 466,018</u>

**CITY OF MARYSVILLE, MICHIGAN**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Business Type Activities-Enterprise Funds				Governmental
	Water Supply System	Wastewater	Golf Course	Total	Activities Internal Service Funds
<b>Operating Revenues:</b>					
Charges for services -					
Service fees	\$ 1,864,439	\$ 2,600,176	\$ 312,819	\$ 4,777,434	\$ -
Rent income	-	-	148,992	148,992	449,327
Other	8,197	160	1,167	9,524	106
Total Operating Revenues	<u>1,872,636</u>	<u>2,600,336</u>	<u>462,978</u>	<u>4,935,950</u>	<u>449,433</u>
<b>Operating Expenses:</b>					
Personnel services	750,180	516,940	346,364	1,613,484	249,020
Supplies	136,262	101,794	68,655	306,711	78,130
Other services	425,103	482,561	133,493	1,041,157	166,509
Depreciation	537,119	976,699	54,115	1,567,933	105,297
Total Operating Expenses	<u>1,848,664</u>	<u>2,077,994</u>	<u>602,627</u>	<u>4,529,285</u>	<u>598,956</u>
Operating Income (Loss)	<u>23,972</u>	<u>522,342</u>	<u>( 139,649)</u>	<u>406,665</u>	<u>( 149,523)</u>
<b>Non-Operating Revenues (Expenses):</b>					
Loss on sale of assets	-	-	( 3,748)	( 3,748)	( 376)
Investment income	121,048	24,360	-	145,408	26,028
Interest expenses	<u>( 81,436)</u>	<u>( 320,284)</u>	<u>( 8,136)</u>	<u>( 409,856)</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>39,612</u>	<u>( 295,924)</u>	<u>( 11,884)</u>	<u>( 268,196)</u>	<u>25,652</u>
Net Income (Loss) Before Transfers	<u>63,584</u>	<u>226,418</u>	<u>( 151,533)</u>	<u>138,469</u>	<u>( 123,871)</u>
<b>Transfers:</b>					
Transfers from other funds	-	-	99,900	99,900	-
Transfers to other funds	<u>( 48,082)</u>	<u>( 46,857)</u>	<u>-</u>	<u>( 94,939)</u>	<u>( 46,857)</u>
	<u>( 48,082)</u>	<u>( 46,857)</u>	<u>99,900</u>	<u>4,961</u>	<u>( 46,857)</u>
Change in Net Position	15,502	179,561	( 51,633)	143,430	( 170,728)
Net Assets at beginning of year, restated	<u>8,973,243</u>	<u>16,639,671</u>	<u>926,166</u>	<u>26,539,080</u>	<u>636,746</u>
Net Position end of year	<u>\$ 8,988,745</u>	<u>\$ 16,819,232</u>	<u>\$ 874,533</u>	<u>\$ 26,682,510</u>	<u>\$ 466,018</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MARYSVILLE, MICHIGAN**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Business Type Activities-Enterprise Funds				Governmental
	Water Supply System	Wastewater	Golf Course	Total	Internal Service Funds
<b>Cash Flows From Operating Activities:</b>					
Cash receipts from customers	\$ 1,889,599	\$ 2,624,004	\$ 461,729	\$ 4,975,332	\$ -
Cash receipts from interfund services	-	-	-	-	432,991
Cash payments to suppliers	( 1,110,615)	( 494,882)	( 210,253)	( 1,815,750)	( 241,125)
Cash payments for interfund services	( 71,640)	( 49,271)	-	( 120,911)	-
Cash payments to employees	( 678,717)	( 455,034)	( 313,754)	( 1,447,505)	( 223,785)
Net Cash Provided by (Used for)					
Operating Activities	<u>28,627</u>	<u>1,624,817</u>	<u>( 62,278)</u>	<u>1,591,166</u>	<u>( 31,919)</u>
<b>Cash Flows From Noncapital Financing Activities:</b>					
Transfers from/to other funds	( 48,082)	( 46,857)	99,900	4,961	( 46,857)
Due from/to other funds	( 93,345)	193,586	33,049	133,290	-
Net Cash Provided by (Used for) Noncapital					
Financing Activities	<u>( 141,427)</u>	<u>146,729</u>	<u>132,949</u>	<u>138,251</u>	<u>( 46,857)</u>
<b>Cash Flows From Capital and Related</b>					
<b>Financing Activities:</b>					
Interest paid	( 81,856)	( 325,463)	( 8,136)	( 415,455)	-
Bond payments	( 43,110)	( 867,800)	-	( 910,910)	-
Capital lease payments	-	-	( 40,991)	( 40,991)	-
Repayment of advances from other funds	( 63,925)	-	-	( 63,925)	-
Proceeds from sale of assets	-	-	4,000	4,000	2,500
Acquisition and construction of capital assets	( 61,654)	( 888,851)	( 10,010)	( 960,515)	( 31,649)
Net Cash Used for Capital and Related					
Financing Activities	<u>( 250,545)</u>	<u>( 2,082,114)</u>	<u>( 55,137)</u>	<u>( 2,387,796)</u>	<u>( 29,149)</u>
<b>Cash Flows From Investing Activities:</b>					
Sales of investments	<u>358,360</u>	<u>287,097</u>	<u>-</u>	<u>645,457</u>	<u>93,470</u>
Net Increase (Decrease) in Cash and Cash					
Equivalents for the year	( 4,985)	( 23,471)	15,534	( 12,922)	( 14,455)
Cash and Cash Equivalents at					
Beginning of Year	<u>14,840</u>	<u>23,551</u>	<u>12,464</u>	<u>50,855</u>	<u>37,123</u>
Cash and Cash Equivalents at End of Year	<u>\$ 9,855</u>	<u>\$ 80</u>	<u>\$ 27,998</u>	<u>\$ 37,933</u>	<u>\$ 22,668</u>

Continued

The accompanying notes are an integral part of these financial statements.



	Business Type Activities-Enterprise Funds				Governmental
	Water Supply System	Wastewater	Golf Course	Total	Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>					
Operating income (loss) for the year	\$ 23,972	\$ 522,342	\$ ( 139,649)	\$ 406,665	\$ ( 149,523)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities -					
Depreciation	537,119	976,699	54,115	1,567,933	105,297
Change in assets and liabilities -					
Receivables	16,963	23,668	( 1,249)	39,382	2,304
Due to/from other funds	-	-	-	-	( 18,746)
Prepays and deposits	4,319	1,564	3,116	8,999	904
Inventories	-	-	( 2,946)	( 2,946)	4,459
Net OPEB asset	745	793	-	1,538	290
Net pension liability	293,636	224,057	114,109	631,802	125,241
Deferred outflows/inflows related to pension plan	( 219,794)	( 167,712)	( 85,413)	( 472,919)	( 93,746)
Accounts payable/accrued expenses	( 628,333)	43,406	( 4,361)	( 589,288)	( 8,399)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 28,627</u>	<u>\$ 1,624,817</u>	<u>\$ ( 62,278)</u>	<u>\$ 1,591,166</u>	<u>\$ ( 31,919)</u>

Concluded

**CITY OF MARYSVILLE, MICHIGAN**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015**

	<u>Employee Retirement Systems</u>		<u>Retiree's</u>		<u>Tax</u>
	<u>Police and</u>	<u>Other City</u>	<u>Health</u>	<u>Total</u>	<u>Agency</u>
	<u>Firefighters</u>	<u>Employees</u>	<u>Care</u>		<u>Fund</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 6,790	\$ 6,168	\$ 158	\$ 13,116	\$ 90
Investments, at fair value					
U.S. government securities	-	-	1,083,115	1,083,115	-
Cash/money market funds	923,249	875,083	445,498	2,243,830	-
Asset backed securities	-	-	621,609	621,609	-
Corporate bonds	-	-	1,783,253	1,783,253	-
Mutual funds	9,099,063	10,658,894	182,345	19,940,302	-
Stocks	4,362,406	5,658,808	8,869,270	18,890,484	-
Total Investments	<u>14,384,718</u>	<u>17,192,785</u>	<u>12,985,090</u>	<u>44,562,593</u>	<u>-</u>
Receivables -					
Taxes	-	-	-	-	94,199
Members	11,431	13,052	-	24,483	-
Interest and dividends	4,365	4,591	24,592	33,548	-
	<u>15,796</u>	<u>17,643</u>	<u>24,592</u>	<u>58,031</u>	<u>94,199</u>
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>352,000</u>
Prepayments	<u>-</u>	<u>-</u>	<u>66,416</u>	<u>66,416</u>	<u>-</u>
Total Assets	<u>14,407,304</u>	<u>17,216,596</u>	<u>13,076,256</u>	<u>44,700,156</u>	<u>\$ 446,289</u>
<b>Liabilities:</b>					
Accounts payable	9,829	5,950	52,380	68,159	\$ 2,573
Due to other governmental units	-	-	-	-	443,716
Due to other funds	-	-	158,000	158,000	-
	<u>9,829</u>	<u>5,950</u>	<u>210,380</u>	<u>226,159</u>	<u>\$ 446,289</u>
<b>Net Position:</b>					
Restricted for pension benefits	14,397,475	17,210,646	-	31,608,121	
Restricted for other postemployment benefits	<u>-</u>	<u>-</u>	<u>12,865,876</u>	<u>12,865,876</u>	
	<u>\$ 14,397,475</u>	<u>\$ 17,210,646</u>	<u>\$ 12,865,876</u>	<u>\$ 44,473,997</u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF MARYSVILLE, MICHIGAN**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Employee Retirement Systems</u>		<u>Retiree's</u>	
	<u>Police and</u>	<u>Other City</u>	<u>Health</u>	
	<u>Firefighters</u>	<u>Employees</u>	<u>Care</u>	<u>Total</u>
<b>Additions:</b>				
Contributions -				
Member contributions	\$ 143,863	\$ 160,854	\$ -	\$ 304,717
Employer contributions	583,248	460,017	738,423	1,781,688
Total Contributions	<u>727,111</u>	<u>620,871</u>	<u>738,423</u>	<u>2,086,405</u>
Investment income -				
Interest/dividends	1,018,324	1,275,892	298,528	2,592,744
Net appreciation (depreciation)	<u>( 1,499,536)</u>	<u>( 1,729,618)</u>	<u>184,199</u>	<u>( 3,044,955)</u>
Total investment income (loss)	<u>( 481,212)</u>	<u>( 453,726)</u>	482,727	<u>( 452,211)</u>
Less investment expenses	<u>( 70,372)</u>	<u>( 74,056)</u>	<u>( 88,222)</u>	<u>( 232,650)</u>
Net investment income (loss)	<u>( 551,584)</u>	<u>( 527,782)</u>	<u>394,505</u>	<u>( 684,861)</u>
Total Additions	<u>175,527</u>	<u>93,089</u>	<u>1,132,928</u>	<u>1,401,544</u>
<b>Deductions:</b>				
Retirement benefit payments	1,551,525	1,578,416	-	3,129,941
Health/life insurance	-	-	1,270,549	1,270,549
Professional fees	15,320	15,535	750	31,605
Other	6,431	6,871	-	13,302
Total Deductions	<u>1,573,276</u>	<u>1,600,822</u>	<u>1,271,299</u>	<u>4,445,397</u>
Net decrease	<u>( 1,397,749)</u>	<u>( 1,507,733)</u>	<u>( 138,371)</u>	<u>( 3,043,853)</u>
<b>Net position -</b>				
Beginning of year	<u>15,795,224</u>	<u>18,718,379</u>	<u>13,004,247</u>	<u>47,517,850</u>
End of year	<u>\$ 14,397,475</u>	<u>\$ 17,210,646</u>	<u>\$ 12,865,876</u>	<u>\$ 44,473,997</u>

The accompanying notes are an integral part of these financial statements.

## **COMPONENT UNITS**

**CITY OF MARYSVILLE, MICHIGAN**

**COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
JUNE 30, 2015**

	Housing Commission	Local Development Finance Authority District No. 1	Local Development Finance Authority District No. 2	Total
<b>Assets:</b>				
Cash and cash equivalents	\$ 101,090	\$ 15,657	\$ -	\$ 116,747
Investments	350,000	-	-	350,000
Receivables	10,241	-	-	10,241
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	341,245	-	-	341,245
Assets being depreciated	2,011,541	-	-	2,011,541
<b>Total Assets</b>	<b>2,814,117</b>	<b>15,657</b>	<b>-</b>	<b>2,829,774</b>
<b>Liabilities:</b>				
Payables and accrued liabilities	55,862	-	-	55,862
Unearned revenue	1,643	-	-	1,643
Advances and deposits	34,873	-	-	34,873
<b>Total Liabilities</b>	<b>92,378</b>	<b>-</b>	<b>-</b>	<b>92,378</b>
<b>Net Position:</b>				
Net investment in capital assets	2,352,786	-	-	2,352,786
Unrestricted	368,953	15,657	-	384,610
<b>Total Net Position</b>	<b>\$ 2,721,739</b>	<b>\$ 15,657</b>	<b>\$ -</b>	<b>\$ 2,737,396</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF MARYSVILLE, MICHIGAN**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution
<b>Housing Commission</b>				
Business-type activities:				
Low rent and capital fund program	\$ 848,873	\$ 399,489	\$ 230,050	\$ 167,712
<b>Local Development Finance Authority</b>				
District No. 1				
Governmental activities:				
Community and Economic Development	2,572	-	-	-
Interest on Long Term Debt	728	-	-	-
	<u>3,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
District No. 2				
Governmental activities:				
Community and Economic Development	2,571	-	-	-
Total Component Units	<u>\$ 854,744</u>	<u>\$ 399,489</u>	<u>\$ 230,050</u>	<u>\$ 167,712</u>

General Revenues:

Property taxes  
Unrestricted investment income  
Total general revenues

Change in net position

Net position at beginning of year, restated

Net position at end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Change in Net Position

Housing Commission	Local Development Finance Authority District No. 1	Local Development Finance Authority District No. 2	Total
\$( 51,622)			\$( 51,622)
	\$( 2,572)		
	( 728)		
	( 3,300)		( 3,300)
		\$( 2,571)	( 2,571)
			( 57,493)
-	83,098	832,594	915,692
1,671	-	-	1,671
1,671	83,098	832,594	917,363
( 49,951)	79,798	830,023	859,870
2,771,690	( 64,141)	( 830,023)	1,877,526
\$ 2,721,739	\$ 15,657	\$ -	\$ 2,737,396

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Reporting Entity -**

The City of Marysville, Michigan (the "City") was incorporated in 1924, under the provisions of Act 279, P.A. of 1909, as amended (Home Rule City Act). The City operates under a Council-Manager form of government and provides the following services as authorized by its charter, including public safety (police, fire, civil defense, and inspections), highways and streets, sanitation, community development, culture-recreation, public improvements, planning and zoning, water supply and sewage disposal systems, and general administrative services.

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate for the City.

**BLENDED COMPONENT UNIT -**

**CITY OF MARYSVILLE BUILDING AUTHORITY** - is governed by a five-person board which is appointed by the Mayor with the City Council confirmation. The main function of the Authority at the present time is to pay off building bonds and maintain buildings. The City of Marysville Building Authority is reported as if it were a part of the primary government because its sole purpose is to finance the construction of City facilities that require financing. The Authority activity is reported as a Debt Service Fund and Capital Project Fund captioned "Building Authority". Separate financial statements for the Authority are not published.

**DISCRETELY PRESENTED COMPONENT UNITS -**

**MARYSVILLE HOUSING COMMISSION** - is a Public Housing Agency established pursuant to the Authority of Act 18 of the Public Act of 1933, as amended, which is governed by a five (5) member board appointed by the City Manager. This is a legally separate entity, but is considered a component unit due to the City's ability to influence the Housing Commission's actions through representation on the Housing Commission's Board and because of their financial relationship.

The audited financial statements of the Marysville Housing Commission may be obtained at the following location:

Marysville Housing Commission  
1100 New York  
Marysville, Michigan 48040



# CITY OF MARYSVILLE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

**LOCAL DEVELOPMENT FINANCE AUTHORITIES** - were formed for the purpose of promoting and stimulating the local economy and operate with 11 members, 7 of which are appointed by the City, 2 by Marysville Public Schools District, 1 by St. Clair County Community College, and 1 by St. Clair County. This is a legally separate entity, but is considered a component unit due to the City's ability to influence the Authorities' actions through representation on the Authority's Board and because of their financial relationship. The main function of the Authorities at the present time is to provide aid to local businesses for economic growth and expansion and retirement of debt. The audited financial statements of the Local Development Finance Authorities are included with these statements.

**FISCAL YEAR ENDS** - All of the City Funds and component units operate and are reported on a June 30 year-end with the exception of the Marysville Housing Commission, which operates on a March 31 year-end.

#### **B. Government-wide and fund financial statements -**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

#### **C. Measurement focus, basis of accounting and financial statement presentation -**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and fiduciary fund financial statements. (Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.) Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# CITY OF MARYSVILLE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

State shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes, which are levied on July 1, and due on August 31, are recognized as revenue in the year for which they are levied. Also, only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

**General Fund** - is the City's primary operating fund. It accounts for all financial resources of the primary government, except those required to be accounted for in another fund.

**Motor Vehicle Highway Fund** - is used to account for the cost of certain capital improvements to the Streets and Highways.

**Public Improvement Fund** - is used to account for the funds earmarked for improvements to the City. Financing is generally from General Fund appropriations.

The City reports the following major proprietary funds:

**Water Supply System Fund** - is used to account for the treatment and distribution of water to residential and commercial users.

**Wastewater Fund** - is used to account for sanitary sewer services provided to the residential and commercial users.

**Golf Course Fund** - is used to account for the operations and activities of operating the City owned golf course.

Additionally, the City reports the following fund types:

#### **Governmental Fund Types -**

**Special Revenue Funds** - are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for a specified purpose other than for debt service or capital projects.

# CITY OF MARYSVILLE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

**Debt Service Funds** - are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

**Capital Projects Fund** - is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay including the acquisition or construction of capital facilities and other capital assets.

#### **Proprietary Fund Type -**

**Internal Service Funds** - are used to account for and report the costs of operating and maintaining the City's motor pool and for charging the cost of vested vacation and sick for qualified employees. Charges are made to other funds based on equipment used and when vacation and sick benefits are earned. The internal service funds of the City are the Equipment Rental and Employee Vacation and Sick Funds.

#### **Fiduciary Fund Types -**

**Pension Trust and Other Post-Employment Benefits Trust Funds** - are used to accumulate resources for pension and health and life benefits.

**Agency Fund** - is used to account for assets held by the City as an agent for other governments and other funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue 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 on-going operations. The principal operating revenues of the Enterprise and Internal Services Funds are charges to customers (other funds) for sales and services. Operating expenses from Enterprise and Internal Service Funds include costs of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

#### **D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance -**

##### **Deposits and Investments -**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amount which reasonably approximates fair value.

# CITY OF MARYSVILLE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

State statutes authorize the City to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

#### **Receivables and Payables -**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are reported as nonspendable to indicate that they are not available for appropriation and are not expendable available financial resources.

All accounts and property taxes receivables are shown net of an allowance for uncollectible.

The long-term receivables are for advance from the primary government to component units.

#### **Inventories and Prepaid Items -**

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### **Property Tax Calendar -**

The City's property tax is levied as of July 1 on the assessed valuation of property located in the City as of the preceding December 31. The taxes are due on July 31 with final collection date as of February 28, after which they are added to the delinquent tax roll. The City also collects taxes for other governmental units, which are recorded in the Tax Agency Fund. For the year, the City levied 16.11 mills for the General Fund.

#### **Capital Assets -**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives in years:

	Primary Government	Component Units
Buildings and improvements	7-50	15-40
Land improvements	7-40	-
Utility systems	10-50	-
Machinery and equipment	3-20	3-7
Bikepaths and sidewalks	30	-
Vehicles	3-10	-
Streets	20-30	-

**Compensated Absences -**

In accordance with contracts negotiated with the various employee groups of the City, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. The City has elected to fund vacation and sick time as it is earned. As a result, these amounts are appropriately accounted for in the Employees Vacation and Sick Pay Fund, an Internal Service Fund.

**Long-Term Obligations -**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts, if material, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Deferred Outflows/Inflows of Resources -**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statements element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. The City has the following items that qualify for reporting in this category: Deferred charges on refunding, pension related changes in assumptions, differences between expected and actual experience, and the net difference between expected and actual plan investment earnings, which are all reported on the government-wide statements of net position. The deferred charges on refunding result from the difference in the carrying value of refunded debt and its reacquisition price; this amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The pension related deferred outflows of resources are amortized over the expected remaining service lives of the participants, with the exception of the net difference between expected and actual plan investment earnings which are amortized over five (5) years.

# CITY OF MARYSVILLE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

In addition to liabilities, the statements of net position and balance sheet reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) so will not be recognized as an inflow of resources (revenue) until that time. The City has one item reported on the government-wide statement of net position for differences between expected and actual experience of the pension plan and another item on the governmental fund balance sheet for unavailable revenues primarily from delinquent personal property taxes, fees, and expense reimbursements grants. These amounts will be recognized as inflows of resources in the period the amounts become available. The pension related deferred inflows of resources are amortized over the expected remaining service lives of the participants.

#### **Fund Balance -**

In the fund financial statements, governmental funds reported fund balances in one or more of the following classifications:

*Nonspendable fund balance* – the portion of fund balance that is not in a spendable form or because it must remain intact.

*Restricted fund balance* – the portion of fund balance that has limitations imposed by external sources.

*Committed fund balance* – the portion of fund balance where amounts can only be used for specific purposes pursuant to constraints imposed by formal action via board resolution, (e.g., to establish, modify or rescind) of the highest level of decision-making authority (City Council).

*Assigned fund balance* – the portion of fund balance that reflects the City's intended use of resources, currently only the City Council can assign fund balance. Amounts in excess of nonspendable, restricted, and committed fund balance in funds other than the General Fund is reported as assigned.

*Unassigned fund balance* – the portion of fund balance in the General Fund that cannot be classified into one of the four categories above.

When different classifications of fund balance are present, it is the City's policy that expenditures are to be spent from restricted fund balance first, if appropriate, followed in order by committed fund balance, assigned fund balance and lastly, unassigned fund balance.

#### **Estimates -**

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

#### **Upcoming Accounting Pronouncements -**

The Governmental Accounting Standards Board (GASB) issued the following statements that could have an impact on the City's financial statements when adopted. The City is currently evaluating the implications of the pronouncements.

# CITY OF MARYSVILLE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

GASB Statement No. 72, *Fair Value Measurements and Application*, was issued in February 2015 and will become effective for the City's June 30, 2016 fiscal year. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statements users about the impact of fair value measurements on the City's financial position.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued in June 2015 and will become effective for the City's June 30, 2017 fiscal year. The statement establishes accounting and financial reporting as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The statement builds upon the existing framework for financial reports of defined benefit postemployment benefit plans and enhances note disclosures and required supplementary information for both defined benefit and defined contribution plans. The statement also requires the presentation of new information about annual rates of return in the notes to financial statements and in the ten year required supplementary information.

GASB Statement No. 75, *Accounting and Financial Reporting for postemployment Benefit Plan Other Than Pension Plans*, was issued in June 2015 and will become effective for the City's June 30, 2018 fiscal year. The statement requires governments providing defined benefit plans to report the net OPEB liability in their statement of net position. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets accumulated in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

GASB Statement No. 77, *Tax Abatement Disclosures*, was issued in August 2015 and will become effective for the City's June 30, 2016 fiscal year. The statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements, including the tax being abated, the authority under which abatements are provided, the gross dollar amount of taxes abated during the period, and commitments made by the government.

### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

#### **Budgetary Information -**

Annual budgets are adopted for the General and Special Revenue Funds on a basis consistent with accounting principles generally accepted in the United States of America and are not significantly different from the modified accrual basis used to reflect actual results.

In January, the department heads/responsible individuals are provided various information to prepare the budgets for their departments, which is due at the end of January. The City Manager and Finance Director assemble each of the department budgets and prepare one tentative overall budget. The budget is presented to the City Council in April for review. The City Council holds a public hearing and may make any revisions, which, in their opinion and as a result of the public hearing, is necessary.

The General Fund budget was approved at the activity level and the total expenditure level for the Special Revenue Funds. Michigan Public Act 621 of 1978 Section 18, as amended, provides that local governmental units shall not incur expenditures in excess of the amount appropriated at the legally enacted level.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - (cont'd):**

During the year the City incurred expenditures in the General Fund, which were in excess of the amount appropriated as follows:

Excess of Expenditures Over Appropriations -

<u>Fund/Function/Activity</u>	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
General Fund (Budgetary-basis) -			
General Government -			
Elections	\$ 16,041	\$ 18,128	\$ 2,087
City Manager	154,737	157,310	2,573
City Assessor/Clerk/Treasurer	375,841	378,163	2,322
Public Safety -			
Fire Department	1,313,459	1,313,503	44
Other	1,498,345	1,524,957	26,612
Debt Service -			
Interest	55,355	56,040	685
Drug Law Enforcement Fund -			
Public Safety	3,880	4,466	586

**Unrestricted Net Position Deficit -**

The Golf Course Fund of the primary government had an unrestricted net position deficit of \$33,348 at June 30, 2015.

**NOTE 3 - DEPOSITS AND INVESTMENTS:**

**Carrying Amount -**

At year-end, the carrying amount of the City of Marysville cash and investments is as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Petty Cash and Cash on Hand	\$ 2,205	\$ 100	\$ -	\$ 2,305
Deposits with Financial Institutions -				
Checking/Money Market	75,194	43,143	13,206	131,543
Savings/Certificates of Deposit	-	423,504	-	423,504
Total Deposits	<u>75,194</u>	<u>466,647</u>	<u>13,206</u>	<u>555,047</u>
Investments -				
Cash/Money Market Funds	-	-	2,243,830	2,243,830
Marketable CD's	250,063	-	-	250,063
U.S. Government Securities	12,567,260	-	1,083,115	13,650,375
Asset Backed Securities	-	-	621,609	621,609
Stocks - U.S. Market	-	-	18,890,484	18,890,484
Corporate Bond/Notes	282,456	-	1,783,253	2,065,709
Mutual Funds	-	-	19,940,302	19,940,302
Total Investments	<u>13,099,779</u>	<u>-</u>	<u>44,562,593</u>	<u>57,662,372</u>
Grand Total	<u>\$ 13,177,178</u>	<u>\$ 466,747</u>	<u>\$ 44,575,799</u>	<u>\$ 58,219,724</u>



**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Reconciliation to Statements of Net Position				
Reported as Cash and Cash Equivalents -				
Petty Cash	\$ 2,205	\$ 100	\$ -	\$ 2,305
Deposits with Financial Institutions	<u>75,194</u>	<u>116,647</u>	<u>13,206</u>	<u>205,047</u>
Total Cash and Cash Equivalents	<u>77,399</u>	<u>116,747</u>	<u>13,206</u>	<u>207,352</u>
Reported as Investments -				
Deposits with Financial Institutions	-	350,000	-	350,000
Cash/Money Market Funds	-	-	2,243,830	2,243,830
Marketable CD's	250,063	-	-	250,063
U.S. Government Securities	12,567,260	-	1,083,115	13,650,375
Asset Backed Securities	-	-	621,609	621,609
Stocks - U.S. Market	-	-	18,890,484	18,890,484
Corporate Bond/Notes	282,456	-	1,783,253	2,065,709
Mutual Funds	-	-	<u>19,940,302</u>	<u>19,940,302</u>
Total Investments	<u>13,099,779</u>	<u>350,000</u>	<u>44,562,593</u>	<u>58,012,372</u>
Grand Total – Statements of Net Position	<u>\$ 13,177,178</u>	<u>\$ 466,747</u>	<u>\$ 44,575,799</u>	<u>\$ 58,219,724</u>

**Deposits -**

Act 217 PA 1982, as amended, authorizes the City to deposit in certificates of deposit, savings accounts, depository accounts, or depository receipts of a state or nationally chartered bank or state or federal chartered savings and loan association, savings bank or credit union whose deposits are insured by an agency of the United States government and which maintain a principal office or branch office located in this State under the laws of this 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 belonging to the State under Section 5 or 6 of Act 105 of the Public Acts of 1855, as amended by section 21.145 and 21.146 of the Michigan Compiled Laws.

**Custodial Credit Risk - Deposits** - Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned. As an indication of the level of deposit custodial credit risk assumed by the City, as of June 30, 2015, the book value of the City's deposits, excluding the Housing Commission, was \$104,057 with a corresponding bank balance of \$1,648,934, of which \$263,004 was covered by depository insurance with the remaining \$1,385,930 uninsured and uncollateralized.

The book balance and bank balance of the Housing Commission's deposits was \$450,990, which was insured and/or collateralized. In accordance with state law, all uninsured deposits of the Housing Commission in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Housing Commission must have a written Depository Agreement. All deposits were fully insured or collateralized.

The City's investment policy allows for the use of bank deposits, including certificates of deposit. There are no limitations placed on the use of bank deposits.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

**Investments -**

The City’s investment policy and Act 20 of the Michigan Public Acts of 1943, as amended, authorizes the City to invest surplus funds in bonds, securities and other obligations of the United States government or an agency or instrumentality of the United States; certificates of deposits, savings accounts, deposit accounts or depository receipts of a bank or a savings and loan association which is a member of the Federal Deposit Insurance Corporation or a credit union which is insured by the National Credit Union Administration. The bank, savings and loan association, or credit union must be eligible to be a depository of surplus funds belonging to the State; bankers’ acceptance of United States banks; commercial paper rated at the time of purchase within the highest classifications established by not less than two standard rating services, which mature not more than 270 days after the date of purchase; mutual funds registered under the Investment Company Act of 1940, Title I of Michigan Chapter 686, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation; investment pools through an interlocal agreement under the Urban Cooperation Act of 1967; investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 3657, 129.111 to 129.118; and investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

Cash and investments of the City’s retirement system and retirees’ health care fund are subject to the requirements of the Public Employee Retirement System Investments Act (MCL 38.1132).

The Housing Commission investments are limited by state law to direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged, certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

***Credit Risk - Investments*** - is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organization. The City Employees’ Retirement System and the Police Officers’ and Firefighters’ Retirement System specifies that all debt securities must have a qualifying rating of Baa/BBB or above by at least two of its major rating agencies at the time of issue. The Retiree’s Healthcare System specifies that all debt securities must have an investment grade rating of bbb or better by Standard & Poor. The overall rating of the portfolio should be AA or better. As of June 30, 2015, the credit quality ratings of City’s investments in Corporate Bonds and Asset Backed Securities had the following Moody’s ratings:

Fair Value	Rating
\$ 336,755	A1
459,902	A2
399,412	A3
120,952	AA2
242,015	AA3
398,690	AAA
164,208	BAA1
565,384	Not Rated
\$ 2,687,318	

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

***Custodial Credit Risk - Investments*** - is the risk that, in the event of the failure of the counterparty, the City may not be able to recover the value of its investments that are in the possession of another party. The City's policy requires securities be held by a third party custodian designated by the treasurer and evidenced by safekeeping receipts. As of June 30, 2015, \$57,662,372 of investments was held in third-party safekeeping not in the City's name, however, evidenced by safekeeping receipts. Marketable CD's with a carrying amount of \$250,063 were federally insured.

***Concentration of Credit Risk - Investments*** - is the risk of loss attributed to the magnitude of the City's investment in a single issuer.

Primary Government - the City places no limits on the amounts the City may invest with any single issuer.

Fiduciary Fund - the General City Employees' Retirement System and the Police Officers' and Firefighters' Retirement System establish certain minimums and maximums that may be invested in any asset class (International Securities, Small/Mid Cap, Equity, Large Cap Equity, Core Bonds, Fixed Income and Cash). The managers may not invest more than 5% of the System's assets in the outstanding securities of an issue, except for Treasury and Agency securities. There is no policy that places limits on the amount any of the other pension-type funds may invest with any issuer.

Component Unit - the Housing Commission's investments are insured or registered with securities held by the Housing Commission or its agent in the Housing Commission's name.

As of June 30, 2015, the City had investments of 5% or more of the total investments as follows:

	<u>Primary Government</u>	<u>Fiduciary</u>
Ginnie Mae	10.7%	1.0%
American Europacific Growth Fund	-	8.5
JP Morgan Alerian MLP Index	-	5.2
Templeton Inst. Funds	-	9.0

***Interest Rate Risk - Investment*** - is the risk that the value of investments will decrease as a result of a rise in the interest rates. The investment policy adopted by the City for the primary government specifies the investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycle taking into account the investment risk contracts and cash flow characteristics of the portfolio. At year-end, the City's investments excluding the Housing Commission (component unit) had the following range of maturity dates:

<u>Investment Type</u>	<u>Fair Value</u>	<u>&lt;1</u>	<u>1-5</u>	<u>6-10</u>	<u>&gt;10</u>
U.S. Government Securities	\$ 13,650,375	\$ 245,483	\$ 884,770	\$ 6,109,226	\$ 6,410,896
Corporate Bonds/Notes	2,065,709	24,060	1,598,585	160,608	282,456
Asset Backed Securities	621,609	-	-	110,669	510,940
Marketable CD's	<u>250,063</u>	<u>250,063</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 16,587,756</u>	<u>\$ 519,606</u>	<u>\$ 2,483,355</u>	<u>\$ 6,380,503</u>	<u>\$ 7,204,292</u>

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

Negotiability - Negotiable certificate of deposits are usually in bearer form, and have secondary markets that are easily transferable and highly liquid. As of June 30, 2015, the City had negotiable Certificate of Deposits in the amount of \$250,063.

**NOTE 4 - RECEIVABLES:**

Receivables in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property Taxes	\$ 49,860	\$ -
Interest and accounts	227,413	882,575
Due from other governmental units	<u>887,883</u>	<u>-</u>
	1,165,156	882,575
Less - allowance for uncollectible	<u>( 66,794)</u>	<u>-</u>
	<u>\$ 1,098,362</u>	<u>\$ 882,575</u>

**NOTE 5 - CAPITAL ASSETS:**

**Primary Government**

Capital asset activity of the primary government for the year ended June 30, 2015 was as follows:

	<u>July 1, 2014 Balance</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>June 30, 2015 Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 917,470	\$ -	\$ -	\$ 917,470
Construction in progress	<u>130,970</u>	<u>2,151,454</u>	<u>790,292</u>	<u>1,492,132</u>
Total capital assets, not being depreciated	<u>1,048,440</u>	<u>2,151,454</u>	<u>790,292</u>	<u>2,409,602</u>
Capital assets, being depreciated:				
Buildings	6,099,980	-	-	6,099,980
Building improvements	628,710	-	-	628,710
Land improvements	6,327,679	790,483	-	7,118,162
Machinery and equipment	3,269,437	31,649	81,549	3,219,537
Vehicles	1,450,770	633,120	-	2,083,890
Bikepaths	794,584	-	-	794,584
Sidewalks	2,307,236	14,864	-	2,322,100
Streets	<u>38,899,924</u>	<u>435,815</u>	<u>-</u>	<u>39,335,739</u>
Total capital assets being depreciated	<u>59,778,320</u>	<u>1,905,931</u>	<u>81,549</u>	<u>61,602,702</u>
Less accumulated depreciation for:				
Buildings	2,880,982	99,948	-	2,980,930
Building improvements	530,330	14,076	-	544,406
Land improvements	2,484,923	206,860	-	2,691,783
Machinery and equipment	2,524,452	156,491	78,673	2,602,270
Vehicles	890,026	60,534	-	950,560
Bikepaths	274,339	29,130	-	303,469
Sidewalks	1,758,803	39,946	-	1,798,749
Streets	<u>30,690,552</u>	<u>768,902</u>	<u>-</u>	<u>31,459,454</u>
Total accumulated depreciation	<u>42,034,407</u>	<u>1,375,887</u>	<u>78,673</u>	<u>43,331,621</u>
Total capital assets being depreciated, net	<u>17,743,913</u>	<u>530,044</u>	<u>2,876</u>	<u>18,271,081</u>
Governmental activities capital assets, net	<u>\$ 18,792,353</u>	<u>\$ 2,681,498</u>	<u>\$ 793,168</u>	<u>\$ 20,680,683</u>

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5 - CAPITAL ASSETS - (cont'd):**

	July 1, 2014		Adjustments/	June 30, 2015
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 99,500	\$ -	\$ -	\$ 99,500
Land improvements	532,370	-	-	532,370
Construction in progress	61,828	885,833	947,661	-
Total capital assets, not being depreciated	<u>693,698</u>	<u>885,833</u>	<u>947,661</u>	<u>631,870</u>
Capital assets, being depreciated:				
Buildings	26,217,915	1,012,333	( 6,204,036)	33,434,284
Building improvements	6,757,965	-	5,983,057	774,908
Land Improvements	143,950	5,934	-	149,884
Utility systems	18,754,814	-	220,979	18,533,835
Machinery and equipment	<u>3,846,179</u>	<u>4,076</u>	<u>9,039</u>	<u>3,841,216</u>
Total capital assets being depreciated	<u>55,720,823</u>	<u>1,022,343</u>	<u>9,039</u>	<u>56,734,127</u>
Less accumulated depreciation for:				
Buildings	6,048,058	998,760	-	7,046,818
Building improvements	355,165	25,778	-	380,943
Land Improvements	65,780	6,514	-	72,294
Utility systems	7,052,579	365,735	-	7,418,314
Machinery and equipment	<u>2,283,479</u>	<u>171,146</u>	<u>1,291</u>	<u>2,453,334</u>
Total accumulated depreciation	<u>15,805,061</u>	<u>1,567,933</u>	<u>1,291</u>	<u>17,371,703</u>
Total capital assets being depreciated, net	<u>39,915,762</u>	<u>( 545,590)</u>	<u>7,748</u>	<u>39,362,424</u>
Total capital assets, net	<u>\$ 40,609,460</u>	<u>\$ 340,243</u>	<u>\$ 955,409</u>	<u>\$ 39,994,294</u>

The Business-type capital assets include \$286,626 of capitalized interest. Interest of \$409,856 was incurred in 2015 and expensed.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 12,898
Public Safety	169,897
Public Works	1,040,776
Recreation and Cultural	<u>47,019</u>
Total depreciation expense-governmental activities	<u>\$ 1,270,590</u>
Business-type activities:	
Golf Course	\$ 54,115
Water Supply System Fund	537,119
Wastewater Fund	<u>976,699</u>
Total depreciation expense-business-type activities	<u>\$ 1,567,933</u>

In addition there was depreciation of \$105,297 in the Motor Pool Fund.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5 - CAPITAL ASSETS - (cont'd):**

**Housing Commission** - Activity for the Housing Commission for the year ended March 31, 2015 was as follows:

	April 1, 2014			March 31, 2015	
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	
Capital assets, not being depreciated:					
Land	\$ 104,253	\$ -	\$ -	\$ 104,253	
Construction in progress	<u>-</u>	<u>236,992</u>	<u>-</u>	<u>236,992</u>	
	<u>104,253</u>	<u>236,992</u>	<u>-</u>	<u>341,245</u>	
Capital assets, being depreciated:					
Buildings and improvements	6,600,058	-	66,766	6,533,292	
Furniture and equipment	<u>240,377</u>	<u>-</u>	<u>73,107</u>	<u>167,270</u>	
Total Capital Assets being depreciated	6,840,435	-	139,873	6,700,562	
Less accumulated depreciation	<u>4,510,394</u>	<u>256,545</u>	<u>77,918</u>	<u>4,689,021</u>	
Total capital assets being depreciated, net	<u>2,330,041</u>	<u>( 256,545)</u>	<u>61,955</u>	<u>2,011,541</u>	
Housing Commission capital assets, net	<u>\$ 2,434,294</u>	<u>\$( 19,553)</u>	<u>\$ 61,955</u>	<u>\$ 2,352,786</u>	

Depreciation expense for the year ended March 31, 2015 was \$256,545.

**NOTE 6 - PAYABLES:**

Payables in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts payable/accrued liabilities	\$ 614,139	\$ 218,681
Accrued wages and fringe benefits	149,123	47,052
Due from fiduciary funds	<u>194,000</u>	<u>-</u>
	<u>\$ 957,262</u>	<u>\$ 265,733</u>

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 7 - INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS:**

The composition of interfund balances as of June 30, 2015 is as follows:

**Due To/From Other Funds -**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Wastewater Fund	\$ 55,812 (1)
	Golf Fund	698 (1)
	Water Supply System Fund	28,260 (1)
Motor Vehicle Highway Fund	General Fund	38,000 (1)
Employee Vacation and Sick Fund	General Fund	8,300 (1)
	Water Supply System Fund	3,400 (1)
	Wastewater Fund	200 (1)
	Golf Fund	846 (1)
	Retirees' Health Care Fund	6,000 (1)
Agency Fund	General Fund	200,000 (1)
	Retirees' Health Care Fund	<u>152,000 (1)</u>
		<u>\$ 493,516</u>

**Advance To/From Other Funds -**

General Fund	Water Supply System Fund	<u>\$ 1,413,000 (3)</u>
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**Due To/From Primary Government & Component Units -**

General Fund	Housing Commission	<u>\$ 2,150 (5)</u>
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The amount due for the Housing Commission does not agree with the liabilities reported in the Housing Commission since the Housing Commission is reported as of March 31, 2015.

**Transfers From/To Other Funds -**

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water Supply System	\$ 1,225 (5)
Local Streets Fund	Major Streets Fund	200,000 (2)
	Motor Vehicle Highway Fund	100,000 (2)
Public Improvement Fund	General Fund	300,000 (2)
Motor Vehicle Highway Fund	General Fund	125,000 (2)
Park and Recreation Fund	General Fund	76,115 (2)
Building Authority Debt Fund	Building Authority Capital Project Fund	70,247 (4)
	Wastewater Fund	46,857 (4)
	Water Supply System Fund	46,857 (4)
	Motor Pool Fund	46,857 (4)
Golf Course Fund	General Fund	<u>99,900 (2)</u>
		<u>\$ 1,113,058</u>

- (1) Cash Flow
- (2) Annual Appropriation
- (3) Advances for Construction

- (4) Rent
- (5) Reimbursement of Costs

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8 - LONG-TERM DEBT:**

**PRIMARY GOVERNMENT -**

The following is a summary of changes in the long-term debt (including current portions) for the year ended June 30, 2015:

	Restated Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
<u>Governmental Activities:</u>					
Governmental Funds -					
Building Authority Refunding					
Bonds	\$ 1,570,000	\$ -	\$ 150,000	\$ 1,420,000	\$ 175,000
2006 General Obligation Bond	1,388,798	-	44,090	1,344,708	44,089
Net OPEB Obligation	455,374	617,866	621,885	451,355	-
Net Pension Liability	11,169,994	4,989,516	-	16,159,510	-
Deferred Amounts for					
Bond Discount	( 37,800)	-	( 2,100)	( 35,700)	( 2,100)
Total Governmental Funds	<u>14,546,366</u>	<u>5,607,382</u>	<u>813,875</u>	<u>19,339,873</u>	<u>216,989</u>
Internal Service Funds -					
Net OPEB Obligation	( 32,834)	21,903	21,613	( 32,544)	-
Accrued Vacation and Sick	392,016	37,895	46,736	383,175	-
Net Pension Liability	<u>269,042</u>	<u>125,241</u>	<u>-</u>	<u>394,283</u>	<u>-</u>
Total Internal Service Funds	<u>628,224</u>	<u>185,039</u>	<u>68,349</u>	<u>744,914</u>	<u>-</u>
Total Governmental Activities	<u>15,174,590</u>	<u>5,792,421</u>	<u>882,224</u>	<u>20,084,787</u>	<u>216,989</u>
<u>Business-type Activities:</u>					
Enterprise Funds -					
Wastewater Fund -					
Michigan Municipal Bond					
Authority Wastewater Loans -					
Phase I 1993	30,000	-	30,000	-	-
Phase II 1996	930,000	-	225,000	705,000	230,000
2006 General Obligation Bond	403,213	-	12,800	390,413	12,800
Wastewater System Junior					
State Revolving Funds -					
Series 5303-01	2,090,000	-	100,000	1,990,000	100,000
Series 5366-01	8,293,074	-	375,000	7,918,074	-
Clean Water Program					
2003	1,560,000	-	125,000	1,435,000	130,000
Net OPEB Obligation	( 89,859)	33,127	32,334	( 89,066)	-
Net Pension Liability	<u>481,319</u>	<u>224,057</u>	<u>-</u>	<u>705,376</u>	<u>-</u>
Total Wastewater Fund	<u>13,697,747</u>	<u>257,184</u>	<u>900,134</u>	<u>13,054,797</u>	<u>472,800</u>
Water Fund -					
2006 General Obligation Bond	1,357,989	-	43,110	1,314,879	43,111
Net OPEB Obligation	( 84,376)	55,962	55,217	( 83,631)	-
Net Pension Liability	<u>630,788</u>	<u>293,636</u>	<u>-</u>	<u>924,424</u>	<u>-</u>
Total Water Fund	<u>1,904,401</u>	<u>349,598</u>	<u>98,327</u>	<u>2,155,672</u>	<u>43,111</u>
Golf Fund -					
Capital Lease	173,577	-	40,991	132,586	43,195
Net OPEB Obligation	19,577	7,200	7,374	19,403	-
Net Pension Liability	<u>245,128</u>	<u>114,109</u>	<u>-</u>	<u>359,237</u>	<u>-</u>
Total Golf Fund	<u>438,282</u>	<u>121,309</u>	<u>48,365</u>	<u>511,226</u>	<u>43,195</u>
Total Business-type Activities	<u>16,040,430</u>	<u>728,091</u>	<u>1,046,826</u>	<u>15,721,695</u>	<u>559,106</u>
Total Primary Government	<u>\$ 31,215,020</u>	<u>\$ 6,520,512</u>	<u>\$ 1,929,050</u>	<u>\$ 35,806,482</u>	<u>\$ 776,095</u>



**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8 - LONG-TERM DEBT - (cont'd):**

Significant details regarding outstanding long-term debt (including current portions) are presented as follows:

**Governmental Activities -**

**Bonds -**

On February 17, 2005, the City issued \$2,680,000 General Obligation - limited tax refunding bonds to purchase U.S. Government, State and Local Securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$3,225,000 of the 1996 Building Authority Bonds. As a result, the Refunding bonds have been removed from the City's financial statements. The reacquisition price was lower than the net carrying amount of the old debt by \$111,683. This amount is being capitalized and amortized over the remaining life of the refunding debt, which is the same as the life of the refunded debt. This advance refunding was undertaken to reduce the total debt service payments over 15 years and resulted in an economic loss of \$111,683. The bonds are due in annual installments ranging from \$175,000 to \$245,000 through October 2021, plus interest ranging from 3.75 to 4.375 percent, payable semi-annually.

\$ 1,420,000

On December 19, 2006, the City issued \$3,500,000, 2006 General Obligation capital improvements bonds. The bonds were used for construction of various capital improvements within governmental activities and water and wastewater systems. Principal and interest is payable from lawfully available monies of the City including ad valorem taxes, which may be levied in an amount sufficient to pay the annual obligations. The bonds are apportioned to each fund/activity based on their percentage of improvements completed with the bonds. The bonds are due in annual installments ranging from \$100,000 to \$250,000 through October 2031, plus interest ranging from 3.90% to 4.05% payable semi-annually of which the General Fund is responsible for 44.1%, the Wastewater Fund for 12.8%, and the Water Supply System for 43.1% of the payments.

1,344,708

\$ 2,764,708

**Compensated Absences -**

In accordance with contracts negotiated with various employee groups of the City of Marysville, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. Accrued vacation and sick of \$383,175 has been recorded as a long-term liability in the accrued vacation and sick fund (Internal Service Fund).

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8 - LONG-TERM DEBT - (cont'd):**

**Business-type Activities -**

**Bonds/Loans -**

Michigan Municipal Bond Authority Wastewater Loans were obtained for the purpose of separating the City's sanitary and storm sewer system. The debt and related interest is being repaid through operating revenues of the wastewater fund. The Phase II loan in the original amount of \$3,950,000 is due in annual installments ranging from \$230,000 to \$240,000 through October 1, 2017, plus interest of 2.25 percent, payable semi-annually. \$ 705,000

The Clean Water Program Loan for the purpose of eliminating discharge into the St. Clair River in the original amount of \$2,550,000 is due in annual installments ranging from \$130,000 to \$160,000 through October 1, 2024, plus interest of 2.50% payable semi-annually. 1,435,000

State Revolving Fund (SRF) Wastewater General Obligation Limited Tax Bonds were issued to finance the construction and improvement to the City's sanitary sewer system, of which 40% of the bonds were forgivable under the American Recovery and Reinvestment Act of 2009. The bonds are shown net of the forgivable portion.

2009 Bonds (Series 5303-01) in the original amount of \$3,955,000 is due in annual installments ranging from \$95,000 to \$150,000 through October 1, 2030 with interest of 2.50% payable semi-annually. 1,990,000

2010 Bonds (Series 5366-01) in the original amount of \$15,260,000 with interest of 2.5%. As of June 30, 2014 the City had spent \$15,123,074, of which \$6,104,000 was forgivable. Principal payments began in October 2012 with annual installments of \$375,000 to \$575,000 through October 2031. 7,918,074

On December 19, 2006, the City issued \$3,500,000, 2006 General Obligation capital improvements bonds (See detailed explanation regarding the bonds under Governmental-type Activities). The bonds are due in annual installments ranging from \$100,000 to \$250,000 and \$43,111 to \$107,777 for the water supply system) through October 2031, plus interest ranging from 3.90% to 4.05% payable semi-annually, of which the Wastewater Fund is responsible for 12.8%, the Water Supply System Fund for 43.1%, and the General Fund for 44.1%. 1,705,292

**Capital Lease -**

The City entered into a lease purchase agreement for grounds equipment in the amount of \$216,569. Payments are due in monthly installments of \$4,094, including interest of 5.25 percent through May 2018. The assets had a net book value of \$159,692 at June 30, 2015. 132,586

\$ 13,885,952

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8 - LONG-TERM DEBT - (cont'd):**

**Other Postemployment Benefits** - In accordance with Governmental Accounting Standards Board (GASB) Statement No. 45, the Net OPEB Obligation (Asset) as reported in the proprietary funds and business-type activities in the amount of \$(153,294) and governmental activities in the amount of \$418,811, including \$(32,544) related to the internal service funds. The governmental activities portion is generally liquidated by the General Fund or other governmental fund where the employee is charged. See Note 10 for additional information.

**Net Pension Liability** - In accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, the Net Pension Liability is reported in the proprietary funds and business-type activities in the amount of \$1,989,037 and governmental activities in the government-wide financial statement in the amount of \$16,553,793, including \$394,283 related to the internal service funds. See Note 9 for additional information. The governmental activities' portion is generally liquidated by the General Fund of other governmental fund where the employee is charged.

The annual requirements to pay the debt outstanding at June 30, 2015 (excluding Net Pension Liability, Net OPEB Obligation and accrued compensated absences):

Year Ending June 30,	Governmental Activities			
	Refunding Bonds		G.O. Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 175,000	\$ 54,093	\$ 44,089	\$ 53,072
2017	180,000	47,218	44,089	51,308
2018	200,000	39,968	44,089	49,545
2019	200,000	32,218	66,132	47,340
2020	200,000	24,343	66,132	44,695
2021-2025	465,000	20,890	374,756	182,032
2026-2030	-	-	484,978	96,031
2031-2032	-	-	220,443	8,928
	<u>\$ 1,420,000</u>	<u>\$ 218,730</u>	<u>\$ 1,344,708</u>	<u>\$ 532,951</u>

Year Ending June 30,	Business-type Activities							
	Municipal Bond Authority Loans		G.O. Bond		State Revolving Fund/ Clean Water Bond		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 230,000	\$ 13,275	\$ 55,911	\$ 67,303	\$ 230,000	\$ 82,686	\$ 43,195	\$ 5,931
2017	235,000	8,044	55,911	65,067	235,000	76,873	45,518	3,608
2018	240,000	2,700	55,911	62,830	245,000	70,873	43,873	1,160
2019	-	-	83,868	60,035	250,000	64,686	-	-
2020	-	-	83,868	56,680	255,000	58,373	-	-
2021-2025	-	-	475,244	230,843	1,370,000	192,086	-	-
2026-2030	-	-	615,022	121,782	690,000	62,750	-	-
2031-2032	-	-	279,557	11,323	150,000	1,875	-	-
	<u>\$ 705,000</u>	<u>\$ 24,019</u>	<u>\$ 1,705,292</u>	<u>\$ 675,863</u>	<u>\$ 3,425,000</u>	<u>\$ 610,202</u>	<u>\$ 132,586</u>	<u>\$ 10,699</u>

The above annual requirements do not include the State Revolving Fund Bonds, Series 5366-01 since payments have not been finalized as of June 30, 2015.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8 - LONG-TERM DEBT - (cont'd):**

**COMPONENT UNITS -**

	Balance July 1, 2014	<u>Additions</u>	<u>Deductions</u>	Balance June 30, 2015	Due Within One Year
Local Development Finance Authority - District No. 1					
Land Contracts	\$ 34,736	\$ -	\$ 34,736	\$ -	\$ -
Notes Payable	<u>29,405</u>	<u>-</u>	<u>29,405</u>	<u>-</u>	<u>-</u>
	<u>64,141</u>	<u>-</u>	<u>64,141</u>	<u>-</u>	<u>-</u>
Local Development Finance Authority - District No. 2					
County Promissory Note	321,251	-	321,251	-	-
Notes Payable	<u>573,854</u>	<u>-</u>	<u>573,854</u>	<u>-</u>	<u>-</u>
	<u>895,105</u>	<u>-</u>	<u>895,105</u>	<u>-</u>	<u>-</u>
Total Component Units	<u>\$ 959,246</u>	<u>\$ -</u>	<u>\$ 959,246</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 9 - RETIREMENT PLANS:**

The City has two single employer defined benefit retirement plans covering substantially all employees as follows:

- General City Employee Retirement System
- Police Officers and Firefighters Retirement System

**Summary of Significant Accounting Policies**

*Basis of Accounting*

The plans utilize the accrual basis of accounting and are reported within the City's reporting entity as separate Pension Trust Funds. Contributions from employees are recognized as revenues in the period in which employees provide the services.

*Method Used to Value Investments*

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9 - RETIREMENT PLANS - (cont'd):**

**General City Employee Retirement System -**

*Plan Description*

General City Employee Retirement System (GCERS) - was established by City Council in 1945 for the purpose of continuing and providing retirement income to certain employees and retired employees and survivor benefits to their eligible beneficiaries. The system is administered, managed and operated by a five (5) member board of trustees, which is composed of the Mayor of the City of Marysville, one (1) council member selected by the City Council, a citizen who is not a member and two (2) members of the retirement system. The plan may be amended by the Board of Trustees as listed. The Plan is audited within the scope of the audit of the basic financial statements; separate audited financial statements are not issued.

The membership at June 30, 2015 was comprised of 38 active participants, 51 retirees and beneficiaries, and 11 other vested inactive participants.

In general, all employees are eligible for retirement on attainment of age 60 or 62 with 5 years of service or age 55 with 25 years of service. The annual normal pension payable is equal to 2.25% of final average compensation multiplied by the number of years of credited service.

*Pension Plan Investments - Policy and Rate of Return*

**Investment Policy** - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that manages risk through diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of June 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap Equity	40 %
US Small/Mid Cap Equity	20
International Equity	15
US Core Bonds	20
Cash Equivalents	5

**Rate of Return** - For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (2.99) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Contributions and Funding Policy*

Participants contribute 8% of compensation with the remaining amount contributed by the City based on actuarially determined amounts. Most administrative costs of the plan are paid with plan assets.

For fiscal year 2015, the annual required contribution (actuarially determined) and actual contribution was \$460,017 (23.44% of actual payroll).

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9 - RETIREMENT PLANS - (cont'd):**

*Net Pension Liability of the GCERS*

The net pension liability of the GCERS has been measured as of June 30, 2015 and is composed of the following:

	<u>Total Pension Liability</u>	<u>Plan's Net Position</u>	<u>Net Pension Liability</u>
Beginning balance	\$ 24,638,057	\$ 18,718,379	\$ 5,919,678
Service cost	245,629	-	245,629
Interest on total pension liability	1,857,804	-	1,857,804
Net investment income	-	( 527,782)	527,782
Expected and actual differences	( 595,306)	-	( 595,306)
Contributions from employer	-	460,017	( 460,017)
Contributions from employees	-	160,854	( 160,854)
Assumption changes	1,318,205	-	1,318,205
Benefit payments	( 1,578,416)	( 1,578,416)	-
Administrative costs	-	( 22,406)	22,406
	<u>\$ 25,885,973</u>	<u>\$ 17,210,646</u>	<u>\$ 8,675,327</u>

Plan fiduciary net position as a percentage of the total pension liability 66.49%

*Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2015, the City recognized pension expense of \$1,152,998 for the GCERS in the government-wide and proprietary fund financial statements of the primary government. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the GCERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected actual experience	\$ -	\$ 420,216
Changes of assumptions	930,498	-
Net difference between projected and actual earnings on pension plan investments	<u>1,552,386</u>	<u>-</u>
	<u>\$ 2,482,884</u>	<u>\$ 420,216</u>

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9 - RETIREMENT PLANS - (cont'd):**

The amounts of deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Deferred Outflows Of Resources	Deferred Inflows of Resources
2016	\$ 775,804	\$ 175,090
2017	775,804	175,090
2018	543,181	70,036
2019	388,095	-
	\$ 2,482,884	\$ 420,216

*Actuarial Assumptions* - The total pension liability was determined by an actuarial valuation as of June 30, 2015. The valuation used the following actuarial assumptions, included in the measurement:

Salary increases	4.00%
Investment rate of return	7.75%

Mortality rates were based on the RP 2014 Health Annuitant Mortality Table in 2015 and on the RP2000 combined Healthy Mortality Table in previous years.

*Discount Rate* - The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

*Projected Cash Flows* - Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2015 for each asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

Asset Class	Long-term Expected Real Rate of Return
Global Equity	5.0 - 10.0%
Global Fixed Income/Credit	2.2 - 8.0%
Real Assets	4.5 - 10.0%
Diversifying Strategies	4.0 - 5.5%
Money Markets	1.5%

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9 - RETIREMENT PLANS - (cont'd):**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* - The following presents the net pension liability of the GCERS, calculated using the discount rate of 7.75 percent, as well as what the GCERS' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1 % Increase <u>(8.75%)</u>
Net pension liability of the GCERS	\$ <u>11,635,268</u>	\$ <u>8,675,327</u>	\$ <u>6,186,474</u>

**Police Officer's and Firefighter's Retirement System**

*Plan Description*

The Police Officers and Firefighters Retirement System (POFRS) was established by City Charter in 1965 for the purpose of providing pensions for Police Officers and Firefighters who retire on account of superannuation or total and permanent disability, and to provide survivor pensions to certain dependents. The system is administered, managed, and operated by a five (5) member board of trustees, which is comprised of the Mayor or his appointee (must be a Council member), one (1) council member selected by the City Council, a citizen who is not a member, one (1) police officer member, and one (1) firefighter member. The plan may be amended by the Board of Trustees as listed. The plan is audited within the scope of the audit of the basic financial statements; separate audited financial statements are not issued.

The membership at June 30, 2015 was comprised of 22 active participants and 31 retirees and beneficiaries.

In general, all employees are eligible for normal retirement on attainment of age 55 and 5 years of service. The annual normal pension payable is equal to 2.5% of final salary multiplied by the number of years of credited service, subject to a maximum of 25 years, plus 2% of final average salary multiplied by the number of years of credited service in excess of 25 years.

*Pension Plan Investments - Policy and Rate of Return*

**Investment Policy** - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that manages risk through diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of June 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap Equity	40 %
US Small/Mid Cap Equity	20
International Equity	15
US Core Bonds	20
Cash Equivalents	5



**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9 - RETIREMENT PLANS - (cont'd):**

**Rate of Return** - For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (3.68) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Contributions and Funding Policy*

Participants contribute 8% of compensation with the remaining amount contributed by the City based on actuarially determined amounts. Most administrative costs of the plan are paid with plan assets.

For fiscal year 2015, the annual required contribution (actuarially determined) and actual contribution was \$583,248 (33.01% of actual payroll).

*Net Pension Liability of the POFRS*

The net pension liability of the POFRS has been measured as of June 30, 2015 and is composed of the following:

	Total Pension Liability	Plan's Net Position	Net Pension Liability
Beginning balance	\$ 22,671,817	\$ 15,795,224	\$ 6,876,593
Service cost	300,240	-	300,240
Interest on total pension liability	1,708,579	-	1,708,579
Net investment income	-	( 551,584)	551,584
Expected and actual differences	87,539	-	87,539
Contributions from employer	-	583,248	( 583,248)
Contributions from employees	-	143,863	( 143,863)
Assumption changes	1,048,328	-	1,048,328
Benefit payments	( 1,551,525)	( 1,551,525)	-
Administrative costs	-	( 21,751)	21,751
	<u>\$ 24,264,978</u>	<u>\$ 14,397,475</u>	<u>\$ 9,867,503</u>
Ending balance			
Plan fiduciary net position as a percentage of the total pension liability			59.33%

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9 - RETIREMENT PLANS - (cont'd):**

*Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2015, the City recognized pension expense of \$1,320,994 for the POFRS in the government-wide financial statements of the primary government. At June 30, 2015, the City reported deferred outflows of resources related to pensions for the POFRS from the following sources:

Differences between expected actual experience	\$	66,188
Changes of assumptions		792,638
Net difference between projected and actual earnings on pension plan investments		<u>1,394,338</u>
	<u>\$</u>	<u>2,253,164</u>

The amounts of deferred outflows of resources related to pension will be recognized in pension expense as follows:

2016	\$	625,626
2017		625,626
2018		625,626
2019		<u>376,286</u>
	<u>\$</u>	<u>2,253,164</u>

*Actuarial Assumptions* - The total pension liability was determined by an actuarial valuation as of June 30, 2015. The valuation used the following actuarial assumptions in the measurement:

Salary increases		4.00%
Investment rate of return		7.75%

Mortality rates were based on the RP 2014 Health Annuitant Mortality Table in 2015 and on the RP2000 combined Healthy Mortality Table in previous years.

*Discount Rate* - The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9 - RETIREMENT PLANS - (cont'd):**

*Projected Cash Flows* - Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2015 for each asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	5.0 - 10.0%
Global Fixed Income/Credit	2.2 - 8.0%
Real Assets	4.5 - 10.0%
Diversifying Strategies	4.0 - 5.5%
Money Markets	1.5%

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* - The following presents the net pension liability of the POFRS, calculated using the discount rate of 7.75 percent, as well as what the POFRS' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1 % Increase (8.75%)</u>
Net pension liability of the POFRS	\$ 12,685,769	\$ 9,867,503	\$ 7,504,670

**NOTE 10 - POSTEMPLOYMENT BENEFITS:**

**Plan Description**

In addition to the pension benefits described in Note 9, the City of Marysville provides postemployment benefits consisting of health, dental, vision, life, and prescription drug coverage to eligible employees. Employees hired prior to December 1, 2005 who retire directly from the City are eligible for retiree health for themselves, their spouse, and their eligible dependents. Employees hired prior to December 1, 2005 who terminate employment with 10 or more years of continuous service and defer retirement until normal retirement age are eligible at normal retirement for benefits for themselves only. Employees hired after December 1, 2005 and who retire directly, not deferred, after 20 years of continuous employment are eligible for retiree health benefits.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (cont'd):**

The Plan is a single-employer defined benefit plan, established by the City Council who has the authority to establish and amend benefit provisions. The financial statement for the Plan is included within this report as a fiduciary fund; separate financial statements are not issued.

**Summary of Significant Accounting Policies**

The basis of accounting and method used to value investments are the same as the Retirement Plans, outlined in Note 9.

**Contribution and Funding Policy**

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. During the year ended June 30, 2015, actuarially determined and actual contributions of \$738,423 were made. The actuarial valuation dated June 30, 2013 determined a required contribution of 19.80% (7.24% for normal costs and 12.56% for the amortization of unfunded actuarial liabilities) of covered payroll using an assumed rate of increase of health care costs as follows:

2014	8.0 %
2015	7.5
2016	7.0
2017	6.5
2018	6.0
2019 and after	5.5 - 4.0

The contribution requirement of a plan member and the City are established by each Retirement Board and may be amended by the City Council. Most administrative costs of the plan are paid with plan assets.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The required contribution was determined as part of the June 30, 2013 actuarial valuation using the individual entry age actuarial cost method. The actuarial assumption includes (a) 8% net investment rate of return, (b) projected salary increase of 4.0% and (c) projected health care cost increase of 8.0% reduced to 4.0% in .5% increments over 8 years. The Plans unfunded actuarial accrued liability is being amortized by level percent of payroll over an open period of 30 years.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subjected to continual revision as actual results are compared to past expectations and new estimates are made about the future.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (cont'd):**

The required schedule of funding progress immediately following the notes presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefits (OPEB) cost is based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding necessary to cover the normal costs each year and the amortization of any unfunded actuarial liabilities (or funding excess) amortized over a period of thirty years. The City's annual OPEB cost for the year, the amount actually contributed, and change in the net OPEB obligation are as follows:

Annual required contribution	\$ 738,423
Interest on net OPEB obligation	21,430
Adjustments to annual required contribution	<u>( 23,795)</u>
Annual OPEB cost (expense)	736,058
Contributions made	<u>( 738,423)</u>
Decrease in net OPEB obligation	<u>( 2,365)</u>
Net OPEB obligation - beginning of year	<u>267,882</u>
Net OPEB obligation - end of year	<u>\$ 265,517</u>

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) Accrued Liability (UAAL) (b-a)	Funded Ratio (AAL) (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
6/30/2008	\$ 10,920,906	\$ 23,538,730	\$ 12,617,824	46.4%	\$ 4,059,663	310%
6/30/2011	13,297,910	21,941,437	8,643,527	60.6	3,783,203	228
6/30/2013	13,382,676	21,834,793	8,452,117	61.3	3,746,991	226

**Schedule of Employer Contributions**

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2013	\$ 976,681	103 %	\$ 491,508
2014	737,565	130	267,882
2015	736,058	100	265,517

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 11 - DEFERRED COMPENSATION:**

The City offers their employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

A trust, custodial account, or annuity contract exists, assets are owned or held by the trust, custodian, or insurer for the exclusive benefit of participants and beneficiaries, and are not subject to the claims of public employer creditors nor can they be used by the public employer for any purpose other than the payment of benefits to those individuals participating in the plan or their designated beneficiaries.

**NOTE 12 - RISK MANAGEMENT:**

**General Liability and Property**

The City's liability and property insurance plan carries \$9,000,000 of liability coverage and approximately \$37,000,000 of property insurance with a \$5,000 per claim deductible on property and \$1,000 on liability.

**Workers Compensation**

The City participates in the Michigan Municipal Workers' Compensation Self-Insurance Fund administered by the Michigan Municipal League. The fund provides coverage of workers compensation claims subject to a maximum of \$500,000 per occurrence.

**Health Insurance/Pharmacy Charges**

Effective September 2005, the City became self-insured for health care benefits with the administered services of the program being performed on a contracted basis by a third party. The City pays claims up to \$25,000 per contract, per year. Stop loss insurance has been purchased to insure the City against losses in excess of these limits. Based on past history, the City has estimated the accrual for health care claims, including an estimate for claims incurred but not reported (IBNR) of \$57,387, which is recorded as a current liability in the various funds.

Effective November 1, 2005, the City is self-insured for Pharmacy Charges with the administrative services of the program being performed on a contractual basis by a third party. There were not significant accrued claims, including an estimate for claims incurred but not reported (IBNR) at June 30, 2015.

Changes in the balance of claim liability during the past two years are as follows:

	Health Care		Pharmacy	
	2015	2014	2015	2014
Unpaid claims, beginning of year	\$ 31,849	\$ 98,652	\$ -	\$ -
Insured claims (including IBNR's)	1,542,458	1,279,899	516,163	469,565
Claims Paid	( 1,516,920)	( 1,346,702)	( 516,163)	( 469,565)
Unpaid claims, end of year	<u>\$ 57,387</u>	<u>\$ 31,849</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 13 - MAJOR TAXPAYER:**

The City is economically dependent upon ZF Marysville, LLC that has real and personal property within the City with a taxable value of \$60,298,200. This represents approximately 13.2 percent of the taxable value for the City.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 14 - SUMMARY OF INSPECTION DEPARTMENT:**

The following schedule presents the City's inspection department revenues and expenditures in accordance with Public Act 245 of 1999:

Revenues:	\$ <u>244,965</u>
Expenditures:	
Salaries and Wages	34,774
Benefits	2,853
Contractual Services	44,163
Supplies	7,765
Utilities	4,115
Maintenance	760
Miscellaneous	<u>1,440</u>
	<u>95,870</u>
Revenues over expenditures	149,095
Over expenditure in prior years	<u>( 243,135)</u>
Remaining deficit	<u><u>\$( 94,040)</u></u>

**NOTE 15 - FUND BALANCE/NET POSITION:**

**RESTRICTED FUND BALANCE/NET POSITION:**

The fund balances and net position of the Primary Government have been restricted for the following purposes at June 30, 2015:

Governmental Funds/Activities:	
General Government –	
Perpetual Care – Expendable	\$ <u>235,612</u>
Streets –	
Motor Vehicle Highway	910,418
Major Street	841,937
Local Street	<u>1,319,236</u>
	<u>3,071,591</u>
Acquisition/construction of assets –	
Public Improvement	<u>106,675</u>
Public Safety –	
Public Education/Bike Rodeo/Explorers	21,711
Drug Law Enforcement	<u>29,624</u>
	<u>51,335</u>
Recreation and Cultural – Beautification and Historical	<u>9,389</u>
Total Restricted Fund Balance – Governmental Funds	3,474,602
Perpetual Care – Nonexpendable	<u>262,638</u>
Total Restricted Net Position – Governmental Activities	<u><u>\$ 3,737,240</u></u>
Business-Type Activities:	
Waterfront improvements	\$ 6,000
Acquisition/construction of assets	<u>488,128</u>
Total Restricted Net Position – Business-Type Activities	<u><u>\$ 494,128</u></u>

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 15 - FUND BALANCE/NET POSITION - (cont'd):**

**COMMITTED FUND BALANCE:**

At June 30, 2015, City Council had committed the following fund balances:

Industrial Development – General Fund	<u>\$ 273,562</u>
Capital Projects –	
General Fund	233,850
Ambulance	286,938
Building Authority	<u>77,381</u>
	<u>598,169</u>
Fringe Benefits – General Fund	<u>425,000</u>
Tax Tribunal – General Fund	<u>2,288</u>
Recreation and Cultural –	
General Fund	19,348
Parks and Recreation	<u>213,871</u>
	<u>233,219</u>
Total Committed Fund Balance	<u>\$ 1,532,238</u>

**ASSIGNED FUND BALANCE:**

At June 30, 2015, City Council had assigned \$175,000 of the General Fund balance for construction of capital assets.

**NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENT:**

**Primary Government -**

During the year, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The statements require the net pension liability and related deferred outflows of resources and deferred inflows of resources for the City to be reported on the statement of net position within the note disclosures. The effect of implementing this statement decreased net position at June 30, 2014 of governmental activities by \$11,439,036, including \$269,042 relating to the Internal Services Funds, and business-type activities and the proprietary funds by \$1,357,235 (\$630,788 for Water Supply System Fund, \$481,319 for Wastewater Fund, and \$245,128 for Golf Course Fund).

**Component Unit - Housing Commission -**

The Housing Commission had reported capital assets in the prior year that, upon re-evaluation in 2015, should have been classified as expenses. The beginning net position decreased by \$23,626 as a result.



**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MARYSVILLE, MICHIGAN**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 5,941,800	\$ 6,143,800	\$ 6,153,596	\$ 9,796
Licenses and permits	279,700	279,700	405,151	125,451
Intergovernmental - Federal/State	1,003,100	1,003,100	1,008,862	5,762
Charges for services	352,400	352,400	380,563	28,163
Fines and forfeits	15,000	15,000	9,780	( 5,220)
Interest and rents	178,075	178,075	112,631	( 65,444)
Other	66,000	66,000	57,425	( 8,575)
Total Revenues	<u>7,836,075</u>	<u>8,038,075</u>	<u>8,128,008</u>	<u>89,933</u>
<b>Expenditures:</b>				
Current -				
General Government -				
Legislative	17,274	17,274	17,225	49
Elections	16,041	16,041	18,128	( 2,087)
City Manager	154,737	154,737	157,310	( 2,573)
City Assessor/Clerk/Treasurer	354,841	375,841	378,163	( 2,322)
Board of review	1,820	1,820	1,454	366
Cemetery	126,004	126,004	112,919	13,085
Community development	61,273	61,273	28,302	32,971
General administration	332,515	332,515	262,653	69,862
	<u>1,064,505</u>	<u>1,085,505</u>	<u>976,154</u>	<u>109,351</u>
Less: Reimbursement from other funds	<u>( 278,777)</u>	<u>( 351,777)</u>	<u>( 158,281)</u>	<u>( 193,496)</u>
Total General Government	<u>785,728</u>	<u>733,728</u>	<u>817,873</u>	<u>( 84,145)</u>
Public Safety -				
Fire department	1,288,459	1,313,459	1,313,503	( 44)
Police department	1,555,199	1,560,199	1,546,535	13,664
Emergency management	11,105	11,105	8,826	2,279
Building inspections	85,128	100,128	95,870	4,258
	<u>2,939,891</u>	<u>2,984,891</u>	<u>2,964,734</u>	<u>20,157</u>
Public Works -				
Department of public works	701,688	701,688	640,393	61,295
Street lighting	235,750	235,750	228,546	7,204
Dial-A-Ride	66,000	66,000	64,416	1,584
Sanitation	620,000	620,000	553,675	66,325
	<u>1,623,438</u>	<u>1,623,438</u>	<u>1,487,030</u>	<u>136,408</u>
Less: Reimbursement from other funds	<u>( 91,995)</u>	<u>( 241,995)</u>	<u>( 150,553)</u>	<u>( 91,442)</u>
Total Public Works	<u>1,531,443</u>	<u>1,381,443</u>	<u>1,336,477</u>	<u>44,966</u>

Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Recreational and Cultural-				
Parks	\$ 258,368	\$ 258,368	\$ 207,846	\$ 50,522
Beautification committee	16,130	16,130	11,745	4,385
Library	17,253	17,253	14,724	2,529
Historical commission	6,675	6,675	6,069	606
	<u>298,426</u>	<u>298,426</u>	<u>240,384</u>	<u>58,042</u>
Other	<u>1,498,345</u>	<u>1,498,345</u>	<u>1,524,957</u>	<u>( 26,612)</u>
Capital Outlay	<u>20,000</u>	<u>108,250</u>	<u>96,402</u>	<u>11,848</u>
Debt Service -				
Principal	33,833	44,090	44,090	-
Interest	-	55,355	56,040	( 685)
	<u>33,833</u>	<u>99,445</u>	<u>100,130</u>	<u>( 685)</u>
Total Expenditures	<u>7,107,666</u>	<u>7,104,528</u>	<u>7,080,957</u>	<u>23,571</u>
Revenues over expenditures	<u>728,409</u>	<u>933,547</u>	<u>1,047,051</u>	<u>113,504</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In -				
Water	-	-	1,225	1,225
Transfers Out -				
Motor Vehicle Highway	( 125,000)	( 125,000)	( 125,000)	-
Public Improvement	( 300,000)	( 300,000)	( 300,000)	-
Parks and Recreation	( 76,115)	( 76,115)	( 76,115)	-
Golf Course	( 73,600)	( 99,900)	( 99,900)	-
	<u>( 574,715)</u>	<u>( 601,015)</u>	<u>( 599,790)</u>	<u>1,225</u>
Net Change in Fund Balance	153,694	332,532	447,261	114,729
Fund Balance at beginning of year	<u>6,010,291</u>	<u>6,010,291</u>	<u>6,010,291</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 6,163,985</u>	<u>\$ 6,342,823</u>	<u>\$ 6,457,552</u>	<u>\$ 114,729</u>

**Reconciliation of Budget-Basis to GAAP-Basis Reporting:**

Net Change in General Fund	
Fund Balance - Budgetary-Basis	\$ 447,261
Perspective difference -	
Other Budgeted Fund Net Change allocated to the General Fund for GAAP-Basis General Fund	
Industrial Development Fund	( 14,339)
Net Change in Fund Balance - GAAP-Basis	<u>\$ 432,922</u>

**CITY OF MARYSVILLE, MICHIGAN**

**GENERAL CITY EMPLOYEES RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENT RETURNS  
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013-2005*</u>
Annual money-weighted rate of return, net of investment expenses	-2.99%	14.84%	0%

\* GASB 67 was implemented for fiscal year ended June 30, 2014 and does not require retroactive implementation.

**CITY OF MARYSVILLE, MICHIGAN**

**GENERAL CITY EMPLOYEES RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013*</u>	<u>2012-2006*</u>
<b>Total Pension Liability</b>				
Service Cost	\$ 245,629	\$ 217,247	\$ -	\$ -
Interest	1,857,804	1,846,179	-	-
Differences between expected and actual experience	( 595,306)	( 333,882)	-	-
Change in assumptions	1,318,205	-	-	-
Benefit payments, including refunds	<u>( 1,578,416)</u>	<u>( 1,609,048)</u>	-	-
 Change in total pension liability	1,247,916	120,496	-	-
 Total pension liability, beginning of year	<u>24,638,057</u>	<u>24,517,561</u>	-	-
 Total pension liability, end of year	<u><u>\$ 25,885,973</u></u>	<u><u>\$ 24,638,057</u></u>	<u><u>\$ 24,517,561</u></u>	<u><u>\$ -</u></u>
 <b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 460,017	\$ 402,234	\$ -	\$ -
Contributions - Member	160,854	169,379	-	-
Net investment income	( 527,782)	2,472,730	-	-
Benefit payments, including refunds	( 1,578,416)	( 1,609,048)	-	-
Administrative expenses	( 15,535)	( 17,149)	-	-
Other	<u>( 6,871)</u>	<u>( 6,316)</u>	-	-
 Net change in plan fiduciary net position	( 1,507,733)	1,411,830	-	-
 Plan fiduciary net position, beginning of year	<u>18,718,379</u>	<u>17,306,549</u>	-	-
 Plan fiduciary net position, end of year	<u><u>\$ 17,210,646</u></u>	<u><u>\$ 18,718,379</u></u>	<u><u>\$ 17,306,549</u></u>	<u><u>\$ -</u></u>
 <b>City's Net Pension Liability - Ending</b>	<u><u>\$ 8,675,327</u></u>	<u><u>\$ 5,919,678</u></u>	<u><u>\$ 7,211,012</u></u>	<u><u>\$ -</u></u>
 <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	66.49%	75.97%	70.59%	0.00%
 <b>Covered Employee Payroll</b>	\$ 2,100,013	\$ 1,962,528	\$ 1,828,337	
 <b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	413.1%	301.6%	394.4%	0.00%

\* GASB 67 was implemented for fiscal year ended June 30, 2014 and does not require retroactive implementation.

**CITY OF MARYSVILLE, MICHIGAN**

**GENERAL CITY EMPLOYEES RETIREMENT SYSTEM  
SCHEDULE OF CITY CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contributions	\$ 460,017	\$ 402,234	\$ 373,304	\$ 425,214	\$ 407,469
Contributions in relation to the actuarially determined contribution	<u>460,017</u>	<u>402,234</u>	<u>373,304</u>	<u>425,214</u>	<u>407,469</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Covered Payroll</b>	\$ 2,100,013	\$ 1,828,337	\$ 1,864,481	\$ 1,906,790	\$ 2,132,230
<b>Contributions as a Percentage of Covered Employee Payroll</b>	21.91%	22.00%	20.02%	22.30%	19.11%

**Valuation Date** June 30 of the previous fiscal year

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Individual Entry Age
Amortization method	Level percent of payroll, closed
Remaining amortization period	29 years
Asset valuation method	5-year smoothed market value
Salary increases	4.00%
Investment rate of return	7.75% for 2014 and thereafter, 8.0% for previous years
Retirement age	Earliest age participant becomes eligible for normal retirement
Mortality	RP2014 Healthy Annuitant Mortality Table in 2015 RP2000 Combined Healthy Mortality Table for previous years

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 497,771	\$ 443,123	\$ 340,030	\$ 431,758	\$ 402,441
<u>497,771</u>	<u>443,123</u>	<u>340,030</u>	<u>431,758</u>	<u>402,441</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,284,401	\$ 2,242,526	\$ 2,118,567	\$ 2,278,405	\$ 2,153,245
21.79%	19.76%	16.05%	18.95%	18.69%

**CITY OF MARYSVILLE, MICHIGAN**  
**POLICE OFFICERS AND FIREFIGHTERS RETIREMENT SYSTEM**  
**SCHEDULE OF INVESTMENT RETURNS**  
**LAST TEN FISCAL YEARS**

	2015	2014	2013-2006*
Annual money-weighted rate of return, net of investment expenses	-3.68%	15.35%	0.00%

\* GASB 67 was implemented for fiscal year ended June 30, 2014 and does not require retroactive implementation.



**CITY OF MARYSVILLE, MICHIGAN**

**POLICE OFFICERS AND FIREFIGHTERS RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS**

	2015	2014	2013*	2012-2006*
<b>Total Pension Liability</b>				
Service Cost	\$ 300,240	\$ 304,469	\$ -	\$ -
Interest	1,708,579	1,684,480	-	-
Differences between expected and actual experience	87,539	( 185,876)	-	-
Changes in assumptions	1,048,328	-	-	-
Benefit payments, including refunds	( 1,551,525)	( 1,428,491)	-	-
	1,593,161	374,582	-	-
Change in total pension liability				
Total pension liability, beginning of year	22,671,817	22,297,235	-	-
Total pension liability, end of year	\$ 24,264,978	\$ 22,671,817	\$ 22,297,235	\$ -
 <b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 583,248	\$ 544,898	\$ -	\$ -
Contributions - Member	143,863	162,383	-	-
Net investment income	( 551,584)	2,128,427	-	-
Benefit payments, including refunds	( 1,551,525)	( 1,428,491)	-	-
Administrative expenses	( 15,320)	( 17,670)	-	-
Other	( 6,431)	( 5,900)	-	-
	( 1,397,749)	1,383,647	-	-
Net change in plan fiduciary net position				
Plan fiduciary net position, beginning of year	15,795,224	14,411,577	-	-
Plan fiduciary net position, end of year	\$ 14,397,475	\$ 15,795,224	\$ 14,411,577	\$ -
<b>City's Net Pension Liability - Ending</b>	<b>\$ 9,867,503</b>	<b>\$ 6,876,593</b>	<b>\$ 7,885,658</b>	<b>\$ -</b>
 <b>Plan Fiduciary Net Position as a % of Total Pension Liability</b>	59.33%	69.67%	64.63%	0.00%
 <b>Covered Employee Payroll</b>	\$ 1,775,066	\$ 1,766,882	\$ 1,918,654	\$ -
 <b>City's Net Pension Liability as a % of Covered Employee Payroll</b>	555.9%	389.2%	411.0%	0.0%

\* GASB 67 was implemented for fiscal year ended June 30, 2014 and does not require retroactive implementation.

**CITY OF MARYSVILLE, MICHIGAN**

**POLICE OFFICERS AND FIREFIGHTERS RETIREMENT SYSTEM  
SCHEDULE OF CITY CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contributions	\$ 583,248	\$ 544,898	\$ 571,900	\$ 528,398	\$ 577,252
Contributions in relation to the actuarially determined contribution	<u>583,248</u>	<u>544,898</u>	<u>571,900</u>	<u>528,398</u>	<u>577,252</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Covered Payroll</b>	1,775,066	\$ 1,918,654	\$ 1,908,243	\$ 1,876,414	\$ 1,823,285
<b>Contributions as a Percentage of Covered Employee Payroll</b>	32.86%	28.40%	29.97%	28.16%	31.66%

**Valuation Date** June 30 of the previous fiscal year

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Individual Entry Age
Amortization method	Level percent of payroll, closed
Remaining amortization period	29 years
Asset valuation method	5-year smoothed market value
Salary increases	4.00%
Investment rate of return	7.75% for 2014 and thereafter, 8.0% for previous years
Retirement age	Earliest age participant becomes eligible for normal retirement
Mortality	RP 2000 Combined Healthy Mortality Table in 2015 RP 2000 Healthy Annuitant Mortality for previous years

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 580,811	\$ 491,172	\$ 468,500	\$ 491,802	\$ 536,961
<u>580,811</u>	<u>491,172</u>	<u>468,500</u>	<u>491,802</u>	<u>536,961</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,882,693	\$ 1,817,138	\$ 1,696,850	\$ 1,742,742	\$ 1,639,076
30.85%	27.03%	27.61%	28.22%	32.76%

**CITY OF MARYSVILLE, MICHIGAN**

**RETIREE HEALTH BENEFITS**

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
06/30/08	\$ 10,920,906	\$ 23,538,730	\$ 12,617,824	46.40%	\$ 4,059,663	310.81%
06/30/11	13,297,910	21,941,437	8,643,527	60.61%	3,783,203	228.47%
06/30/13	13,382,676	21,834,793	8,452,117	61.29%	3,746,991	225.57%

**Schedule of Employer Contributions**

<u>Year Ended June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2009	\$ 1,275,546	95.32%
2010	1,309,301	77.39%
2011	1,242,823	83.78%
2012	984,011	102.59%
2013	981,285	102.59%
2014	741,904	129.56%
2015	738,423	100.00%

## **SUPPLEMENTARY INFORMATION**

**CITY OF MARYSVILLE, MICHIGAN**

**GENERAL FUND  
COMBINING BALANCE SHEET  
JUNE 30, 2015**

	General Fund (Budgetary - Basis)	Industrial Development	General Fund (GAAP-Basis)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,441	\$ 600	\$ 2,041
Investments	5,200,566	272,321	5,472,887
Receivables, net of allowance -			
Property taxes	24,860	-	24,860
Accounts and interest	95,827	641	96,468
Due from other governmental units	178,952	-	178,952
Due from other funds	84,770	-	84,770
Due from component units	2,150	-	2,150
Advance to other funds	1,413,000	-	1,413,000
Prepaid expenditures	75,496	-	75,496
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 7,077,062</u>	<u>\$ 273,562</u>	<u>\$ 7,350,624</u>
<b>Liabilities:</b>			
Accounts payable	\$ 197,791	\$ -	\$ 197,791
Accrued liabilities	124,562	-	124,562
Due to other funds	246,300	-	246,300
Unearned revenue	7,917	-	7,917
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>576,570</u>	<u>-</u>	<u>576,570</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues -			
Property taxes	24,860	-	24,860
Other	18,080	-	18,080
	<u>          </u>	<u>          </u>	<u>          </u>
Total Deferred Inflows of Resources	<u>42,940</u>	<u>-</u>	<u>42,940</u>
<b>Fund Balance:</b>			
Nonspendable -			
Prepaid expenditures	75,496	-	75,496
Advance to other funds	1,413,000	-	1,413,000
Restricted	31,100	-	31,100
Committed	680,486	273,562	954,048
Assigned	175,000	-	175,000
Unassigned	4,082,470	-	4,082,470
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balance	<u>6,457,552</u>	<u>273,562</u>	<u>6,731,114</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 7,077,062</u>	<u>\$ 273,562</u>	<u>\$ 7,350,624</u>

**CITY OF MARYSVILLE, MICHIGAN**

**GENERAL FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund (Budgetary - Basis)	Industrial Development	General Fund (GAAP - Basis)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Revenues:</b>			
Taxes	\$ 6,153,596	\$ -	\$ 6,153,596
Licenses and permits	405,151	-	405,151
Intergovernmental - Federal/State	1,008,862	-	1,008,862
Charges for services	380,563	-	380,563
Fines and forfeits	9,780	-	9,780
Interest and rents	112,631	5,581	118,212
Other	57,425	-	57,425
Total Revenues	<u>8,128,008</u>	<u>5,581</u>	<u>8,133,589</u>
<b>Expenditures:</b>			
Current -			
General Government	817,873	19,920	837,793
Public Safety	2,964,734	-	2,964,734
Public Works	1,336,477	-	1,336,477
Recreation and Cultural	240,384	-	240,384
Other	1,524,957	-	1,524,957
Capital outlay	96,402	-	96,402
Debt Service -			
Principal	44,090	-	44,090
Interest	56,040	-	56,040
Total Expenditures	<u>7,080,957</u>	<u>19,920</u>	<u>7,100,877</u>
Revenues over (under) expenditures	<u>1,047,051</u>	<u>( 14,339)</u>	<u>1,032,712</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	1,225	-	1,225
Transfers out	<u>( 601,015)</u>	<u>-</u>	<u>( 601,015)</u>
	<u>( 599,790)</u>	<u>-</u>	<u>( 599,790)</u>
Net Change in Fund Balances	447,261	( 14,339)	432,922
Fund Balance at beginning of year	<u>6,010,291</u>	<u>287,901</u>	<u>6,298,192</u>
Fund Balance at end of year	<u>\$ 6,457,552</u>	<u>\$ 273,562</u>	<u>\$ 6,731,114</u>

**CITY OF MARYSVILLE, MICHIGAN**

**INDUSTRIAL DEVELOPMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2015**

	Original/ Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Revenues:</b>			
Interest	\$          9,000	\$          5,581	\$(          3,419)
<b>Expenditures:</b>			
Current -			
General Government -			
Professional fees	<u>          20,000</u>	<u>          19,920</u>	<u>                  80</u>
Net Change in Fund Balance	(          11,000)	(          14,339)	(          3,339)
Fund Balance at beginning of year	<u>          287,901</u>	<u>          287,901</u>	<u>                  -</u>
Fund Balance at end of year	<u><u>          276,901</u></u>	<u><u>          273,562</u></u>	<u><u>          \$(          3,339)</u></u>



**CITY OF MARYSVILLE, MICHIGAN**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2015**

Special Revenue Funds

	<u>Major Street</u>	<u>Local Street</u>	<u>Drug Law Enforcement</u>	<u>Parks and Recreation</u>	<u>Ambulance</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 931	\$ 1,451	\$ 872	\$ 4,669	\$ 532
Investments	766,339	1,257,501	21,740	250,764	252,351
Accounts and interest receivable, net	4,412	5,786	7,012	701	66,949
Due from other governmental units	78,056	69,305	-	-	-
Prepaid expenditures	-	-	-	3,076	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 849,738</u>	<u>\$ 1,334,043</u>	<u>\$ 29,624</u>	<u>\$ 259,210</u>	<u>\$ 319,832</u>
<b>Liabilities:</b>					
Accounts payable	\$ 4,456	\$ 11,090	\$ -	\$ 9,226	\$ 681
Accrued liabilities	3,345	3,717	-	13,055	-
Unearned revenue	-	-	-	19,982	-
Total Liabilities	<u>7,801</u>	<u>14,807</u>	<u>-</u>	<u>42,263</u>	<u>681</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenues - charges for services	-	-	-	-	32,213
<b>Fund Balance:</b>					
Nonspendable -					
Prepaid expenditures	-	-	-	3,076	-
Perpetual Care	-	-	-	-	-
Restricted	841,937	1,319,236	29,624	-	-
Committed	-	-	-	213,871	286,938
Total Fund Balance	<u>841,937</u>	<u>1,319,236</u>	<u>29,624</u>	<u>216,947</u>	<u>286,938</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 849,738</u>	<u>\$ 1,334,043</u>	<u>\$ 29,624</u>	<u>\$ 259,210</u>	<u>\$ 319,832</u>

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	
<u>Building Authority</u>	<u>Building Authority</u>	<u>Cemetery Perpetual Care</u>	<u>Total</u>
\$ -	\$ 1,407	\$ 2,510	\$ 12,372
-	75,779	494,598	3,119,072
-	195	1,142	86,197
-	-	-	147,361
-	-	-	3,076
<u>\$ -</u>	<u>\$ 77,381</u>	<u>\$ 498,250</u>	<u>\$ 3,368,078</u>
\$ -	\$ -	\$ -	\$ 25,453
-	-	-	20,117
-	-	-	19,982
<u>-</u>	<u>-</u>	<u>-</u>	<u>65,552</u>
-	-	-	32,213
-	-	-	3,076
-	-	262,638	262,638
-	-	235,612	2,426,409
-	77,381	-	578,190
<u>-</u>	<u>77,381</u>	<u>498,250</u>	<u>3,270,313</u>
<u>\$ -</u>	<u>\$ 77,381</u>	<u>\$ 498,250</u>	<u>\$ 3,368,078</u>

**CITY OF MARYSVILLE, MICHIGAN**

**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015**

Special Revenue Funds

	<u>Major Street</u>	<u>Local Street</u>	<u>Drug Law Enforcement</u>	<u>Parks and Recreation</u>	<u>Ambulance</u>
<b>Revenues:</b>					
Intergovernmental -					
Federal/State	\$ 486,978	\$ 263,781	\$ -	\$ -	\$ -
Local	-	-	-	41,335	-
Charges for services	-	-	-	-	218,352
Interest and rent	7,822	8,102	435	2,340	10,055
Other	12,718	13,461	10,942	140,692	-
Total Revenues	<u>507,518</u>	<u>285,344</u>	<u>11,377</u>	<u>184,367</u>	<u>228,407</u>
<b>Expenditures:</b>					
Current -					
Public Safety	-	-	4,466	-	-
Public Works	220,844	377,438	-	-	-
Recreation and Culture	-	-	-	219,627	-
Capital outlay	-	-	-	-	546,712
Debit service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>220,844</u>	<u>377,438</u>	<u>4,466</u>	<u>219,627</u>	<u>546,712</u>
Revenues over (under) expenditures	<u>286,674</u>	<u>( 92,094)</u>	<u>6,911</u>	<u>( 35,260)</u>	<u>( 318,305)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	300,000	-	76,115	-
Transfers out	<u>( 200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>( 200,000)</u>	<u>300,000</u>	<u>-</u>	<u>76,115</u>	<u>-</u>
Net Change in Fund Balances	86,674	207,906	6,911	40,855	( 318,305)
Fund Balances at beginning of year	<u>755,263</u>	<u>1,111,330</u>	<u>22,713</u>	<u>176,092</u>	<u>605,243</u>
Fund Balances at end of year	<u>\$ 841,937</u>	<u>\$ 1,319,236</u>	<u>\$ 29,624</u>	<u>\$ 216,947</u>	<u>\$ 286,938</u>

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	
<u>Building Authority</u>	<u>Building Authority</u>	<u>Cemetery Perpetual Care</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 750,759
-	-	-	41,335
-	-	7,420	225,772
-	5,709	8,629	43,092
-	-	-	177,813
<u>-</u>	<u>5,709</u>	<u>16,049</u>	<u>1,238,771</u>
-	-	-	4,466
-	76	-	598,358
-	-	-	219,627
-	-	-	546,712
150,000	-	-	150,000
60,818	-	-	60,818
<u>210,818</u>	<u>76</u>	<u>-</u>	<u>1,579,981</u>
<u>( 210,818)</u>	<u>5,633</u>	<u>16,049</u>	<u>( 341,210)</u>
210,818	-	-	586,933
-	( 70,247)	-	( 270,247)
<u>210,818</u>	<u>( 70,247)</u>	<u>-</u>	<u>316,686</u>
-	( 64,614)	16,049	( 24,524)
-	141,995	482,201	3,294,837
<u>\$ -</u>	<u>\$ 77,381</u>	<u>\$ 498,250</u>	<u>\$ 3,270,313</u>

**CITY OF MARYSVILLE, MICHIGAN**

**MAJOR STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	Original/ Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 445,000	\$ 486,978	\$ 41,978
Interest	17,000	7,822	( 9,178)
Other	17,500	12,718	( 4,782)
	<u>479,500</u>	<u>507,518</u>	<u>28,018</u>
<b>Expenditures:</b>			
Current -			
Public Works-			
Routine maintenance	208,765	97,556	111,209
Traffic services maintenance	25,023	11,325	13,698
Winter maintenance	101,800	90,815	10,985
Administration/engineering	11,739	9,471	2,268
Construction	168,000	11,677	156,323
	<u>515,327</u>	<u>220,844</u>	<u>294,483</u>
Revenues over (under) expenditures	( 35,827)	286,674	322,501
<b>Other Financing (Uses):</b>			
Transfers out	( 200,000)	( 200,000)	-
Net Change in Fund Balance	( 235,827)	86,674	322,501
Fund Balance at beginning of year	<u>755,263</u>	<u>755,263</u>	-
Fund Balance at end of year	<u><u>\$ 519,436</u></u>	<u><u>\$ 841,937</u></u>	<u><u>\$ 322,501</u></u>

**CITY OF MARYSVILLE, MICHIGAN**

**LOCAL STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	Original/ Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 188,000	\$ 263,781	\$ 75,781
Interest	25,000	8,102	( 16,898)
Other	<u>7,500</u>	<u>13,461</u>	<u>5,961</u>
Total Revenues	<u>220,500</u>	<u>285,344</u>	<u>64,844</u>
<b>Expenditures:</b>			
Current -			
Public Works-			
Routine maintenance	337,374	180,087	157,287
Traffic services maintenance	30,097	14,939	15,158
Winter maintenance	164,328	161,024	3,304
Administration/engineering	11,739	9,471	2,268
Construction	<u>182,000</u>	<u>11,917</u>	<u>170,083</u>
Total Expenditures	<u>725,538</u>	<u>377,438</u>	<u>348,100</u>
Revenues under expenditures	( 505,038)	( 92,094)	412,944
<b>Other Financing Sources:</b>			
Transfers in	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net Change in Fund Balance	( 205,038)	207,906	412,944
Fund Balance at beginning of year	<u>1,111,330</u>	<u>1,111,330</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 906,292</u>	<u>\$ 1,319,236</u>	<u>\$ 412,944</u>

**CITY OF MARYSVILLE, MICHIGAN**

**DRUG LAW ENFORCEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2015**

	Original/ Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Interest	\$      350	\$      435	\$      85
Other	4,500	10,942	6,442
Total Revenues	<u>4,850</u>	<u>11,377</u>	<u>6,527</u>
 <b>Expenditures:</b>			
Current -			
Public Safety-			
Supplies	<u>3,880</u>	<u>4,466</u>	<u>(   586)</u>
 Net Change in Fund Balance	970	6,911	5,941
 Fund Balance at beginning of year	<u>22,713</u>	<u>22,713</u>	<u>          -</u>
 Fund Balance at end of year	<u><u>\$  23,683</u></u>	<u><u>\$  29,624</u></u>	<u><u>\$    5,941</u></u>

**CITY OF MARYSVILLE, MICHIGAN**

**RECREATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2015**

	Original/ Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Intergovernmental - Local	\$ 43,000	\$ 41,335	\$( 1,665)
Interest	-	2,340	2,340
Other	<u>153,950</u>	<u>140,692</u>	<u>( 13,258)</u>
 Total Revenues	 <u>196,950</u>	 <u>184,367</u>	 <u>( 12,583)</u>
 <b>Expenditures:</b>			
Current -			
Recreation and culture-			
Salaries and wages	53,700	39,917	13,783
Fringe benefits	51,245	42,975	8,270
Materials and supplies	6,840	11,041	( 4,201)
Program expense	136,795	110,489	26,306
Travel	2,500	1,500	1,000
Insurance	6,770	6,790	( 20)
Contracted services	1,765	2,815	( 1,050)
Maintenance	6,500	2,459	4,041
Miscellaneous	<u>6,950</u>	<u>1,641</u>	<u>5,309</u>
 Total Expenditures	 <u>273,065</u>	 <u>219,627</u>	 <u>53,438</u>
 Revenues under expenditures	 ( 76,115)	 ( 35,260)	 40,855
 <b>Other Financing Sources:</b>			
Transfers in	<u>76,115</u>	<u>76,115</u>	<u>-</u>
 Net Change in Fund Balance	 -	 40,855	 40,855
 Fund Balance at beginning of year	 <u>176,092</u>	 <u>176,092</u>	 <u>-</u>
 Fund Balance at end of year	 <u><u>\$ 176,092</u></u>	 <u><u>\$ 216,947</u></u>	 <u><u>\$ 40,855</u></u>



**CITY OF MARYSVILLE, MICHIGAN**

**AMBULANCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Charges for services	\$ 263,200	\$ 218,352	\$( 44,848)
Interest	<u>20,000</u>	<u>10,055</u>	<u>( 9,945)</u>
Total Revenues	283,200	228,407	( 54,793)
<b>Expenditures:</b>			
Capital Outlay	<u>600,000</u>	<u>546,712</u>	<u>53,288</u>
Net Change in Fund Balance	( 316,800)	( 318,305)	( 1,505)
Fund Balance at beginning of year	<u>605,243</u>	<u>605,243</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 288,443</u></u>	<u><u>\$ 286,938</u></u>	<u><u>\$( 1,505)</u></u>

## **INTERNAL SERVICE FUNDS**

**CITY OF MARYSVILLE, MICHIGAN**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2015**

	Equipment Rental	Employee Vacation and Sick	Total
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 12,266	\$ 10,402	\$ 22,668
Investments	316,016	354,027	670,043
Accounts and interest receivable	760	-	760
Due from other funds	-	18,746	18,746
Inventories	2,227	-	2,227
Prepaid expenses	1,752	-	1,752
	333,021	383,175	716,196
Non-Current Assets:			
Property, Plant and Equipment, net	416,042	-	416,042
Net OPEB asset	32,544	-	32,544
	448,586	-	448,586
Total Non-Current Assets	448,586	-	448,586
Total Assets	781,607	383,175	1,164,782
<b>Deferred Outflows of Resources:</b>			
Related to pension plan	112,844	-	112,844
	112,844	-	112,844
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	10,608	-	10,608
Accrued expenses	4,444	-	4,444
Total Current Liabilities	15,052	-	15,052
Long-Term Liabilities (net of current portion):			
Net pension liability	394,283	-	394,283
Accrued vacation and sick	-	383,175	383,175
	394,283	383,175	777,458
Total Liabilities	409,335	383,175	792,510
<b>Deferred Inflows of Resources:</b>			
Related to pension plan	19,098	-	19,098
	19,098	-	19,098
<b>Net Position:</b>			
Net investment in capital assets	416,042	-	416,042
Unrestricted	49,976	-	49,976
	466,018	-	466,018
Total Net Position	\$ 466,018	\$ -	\$ 466,018

**CITY OF MARYSVILLE, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Equipment Rental	Employee Vacation and Sick	Total
<b>Operating Revenues:</b>			
Rent income	\$ 449,327	\$ -	\$ 449,327
Other	106	-	106
Total Operating Revenues	449,433	-	449,433
<b>Operating Expenses:</b>			
Personnel services	242,604	6,416	249,020
Supplies	78,130	-	78,130
Other services	166,509	-	166,509
Depreciation	105,297	-	105,297
Total Operating Expenses	592,540	6,416	598,956
Operating Loss	( 143,107)	( 6,416)	( 149,523)
<b>Non-Operating Revenues (Expenses):</b>			
Loss on disposal of assets	( 376)	-	( 376)
Investment income	19,612	6,416	26,028
Total Non-Operating Revenues (Expenses)	19,236	6,416	25,652
Net Loss Before Transfers	( 123,871)	-	( 123,871)
<b>Transfers:</b>			
Transfers to other funds	( 46,857)	-	( 46,857)
Change in Net Position	( 170,728)	-	( 170,728)
Net Assets at beginning of year, restated	636,746	-	636,746
Net Position end of year	\$ 466,018	\$ -	\$ 466,018

**CITY OF MARYSVILLE, MICHIGAN**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Equipment Rental	Employee Vacation and Sick	Total
<b>Cash Flows From Operating Activities:</b>			
Cash receipts from interfund services	\$ 451,737	\$( 18,746)	\$ 432,991
Cash payments to suppliers	( 241,125)	-	( 241,125)
Cash payments to employees	( 208,528)	( 15,257)	( 223,785)
Net Cash Provided by (Used for) Operating Activities	2,084	( 34,003)	( 31,919)
<b>Cash Flows From Noncapital Financing Activities:</b>			
Transfers to other funds	( 46,857)	-	( 46,857)
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Proceeds from sale of assets	2,500	-	2,500
Acquisition and construction of capital assets	( 31,649)	-	( 31,649)
Net Cash Used for Capital and Related Financing Activities	( 29,149)	-	( 29,149)
<b>Cash Flows From Investing Activities:</b>			
Net sale of investments	83,686	9,784	93,470
Net Increase (Decrease) in Cash and Cash Equivalents for the year	9,764	( 24,219)	( 14,455)
Cash and Cash Equivalents at Beginning of Year	2,502	34,621	37,123
Cash and Cash Equivalents at End of Year	\$ 12,266	\$ 10,402	\$ 22,668
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating loss for the year	\$( 143,107)	\$( 6,416)	\$( 149,523)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities -			
Depreciation	105,297	-	105,297
Change in assets and liabilities -			
Receivables	2,304	-	2,304
Due from other funds	-	( 18,746)	( 18,746)
Prepaid expenses	904	-	904
Inventories	4,459	-	4,459
Net OPEB asset	290	-	290
Net pension liability	125,241	-	125,241
Deferred outflows/inflows related to pension plan	( 93,746)	-	( 93,746)
Accounts payable/accrued expenses	442	( 8,841)	( 8,399)
Net Cash Provided by (Used for) Operating Activities	\$ 2,084	\$( 34,003)	\$( 31,919)

## **COMPONENT UNITS**

**CITY OF MARYSVILLE, MICHIGAN**

**BALANCE SHEET/STATEMENT OF NET POSITION  
LOCAL DEVELOPMENT FINANCE AUTHORITY - DISTRICT NO. 1  
JUNE 30, 2015**

	General	GASB 34 Adjustments	Statement of Net Position
<b>Current Assets:</b>			
Cash	\$ 15,657	\$ -	\$ 15,657
<b>Fund Balance:</b>			
Unassigned	\$ 15,657	( 15,657)	-
<b>Net Position:</b>			
Unrestricted		15,657	15,657
Total Net Position		\$ 15,657	\$ 15,657

**CITY OF MARYSVILLE, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN  
FUND BALANCE/STATEMENT OF ACTIVITIES  
LOCAL DEVELOPMENT FINANCE AUTHORITY - DISTRICT NO. 1  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues:</b>			
Taxes	\$ 83,098	\$ -	\$ 83,098
<b>Expenditures/Expenses:</b>			
Current -			
Community and Economic Development	2,572	-	2,572
Debt Service-			
Principal	64,141	( 64,141)	-
Interest and fiscal charges	728	-	728
	<u>67,441</u>	<u>( 64,141)</u>	<u>3,300</u>
Net Change in Fund Balance/Net Position	15,657	64,141	79,798
Fund Balance/Net Position at beginning of year	<u>-</u>	<u>( 64,141)</u>	<u>( 64,141)</u>
Fund Balance/Net Position at end of year	<u>\$ 15,657</u>	<u>\$ -</u>	<u>\$ 15,657</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGE IN FUND BALANCE OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
LOCAL DEVELOPMENT FINANCE AUTHORITY - DISTRICT NO. 1  
FOR THE YEAR ENDED JUNE 30, 2015**

Net change in fund balance - Local Development Finance Authority - District No. 1	\$ 15,657
<p>The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net position.</p>	
Principal payments on long term liabilities	<u>64,141</u>
Change in net position of Local Development Finance Authority - District No. 1 activities	<u>\$ 79,798</u>



**CITY OF MARYSVILLE, MICHIGAN**

**BALANCE SHEET/STATEMENT OF NET POSITION  
LOCAL DEVELOPMENT FINANCE AUTHORITY - DISTRICT NO. 2  
JUNE 30, 2015**

	General	GASB 34 Adjustments	Statement of Net Position
<b>Assets:</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
<b>Liabilities:</b>			
Non-current liabilities - Note payable - more than one year	\$ -	-	-
<b>Fund Balance:</b>			
Unassigned	-	-	-
Total Liabilities and Fund Balance	\$ -		
<b>Net Position:</b>			
Unrestricted		-	-
Total Net Position		\$ -	\$ -

**CITY OF MARYSVILLE, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN  
FUND BALANCE/STATEMENT OF ACTIVITIES  
LOCAL DEVELOPMENT FINANCE AUTHORITY - DISTRICT NO. 2  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues:</b>			
Taxes	\$ 832,594	\$ -	\$ 832,594
<b>Expenditures/Expenses:</b>			
Current -			
Community and Economic Development	2,571	-	2,571
Debt Service -			
Principal	<u>895,105</u>	<u>( 895,105)</u>	<u>-</u>
	<u>897,676</u>	<u>( 895,105)</u>	<u>2,571</u>
Net Change in Fund Balance/Net Position	( 65,082)	895,105	830,023
Fund Balance/Net Position at beginning of year	<u>65,082</u>	<u>( 895,105)</u>	<u>( 830,023)</u>
Fund Balance/Net Position at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGE IN FUND BALANCE OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
LOCAL DEVELOPMENT FINANCE AUTHORITY - DISTRICT NO. 2  
FOR THE YEAR ENDED JUNE 30, 2015**

Net change in fund balance - Local Development Finance Authority - District No. 2	\$ ( 65,082)
<p>The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net position.</p>	
Principal payments on long-term liability	<u>895,105</u>
Change in net position of Local Development Finance Authority - District No. 2 activities	<u><u>\$ 830,023</u></u>