

**CITY OF MARYSVILLE**  
**Marysville, Michigan**

**SUPPLEMENTARY INFORMATION TO**  
**FINANCIAL STATEMENTS**

**(FEDERAL AWARDS)**

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



# CITY OF MARYSVILLE

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**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Honorable Mayor and Members  
of the City Council  
City of Marysville  
Marysville, Michigan

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Marysville (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. We issued our report thereon dated November 25, 2015, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Stewart, Beauvais & Whipple*  
Certified Public Accountants

November 25, 2015

**CITY OF MARYSVILLE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<u>Passed Through St. Clair County:</u>			
Highway Safety Cluster- State and Community Highway Safety - Michigan Drive Safely Grant	20.600	N/A	\$ 7,190
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	N/A	4,952
National Priority Safety Programs	20.616	N/A	<u>2,687</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b><u>14,829</u></b>
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>			
<u>Direct Program:</u>			
Great Lakes Program - Chrysler Beach Stormwater Improvements	66.469	GL-00E01106-0	400,557
<u>Passed through the Michigan Department of Environmental Quality:</u>			
Great Lakes Program - Cuttle Creek Restoration	66.469	GL-00E01249	<u>1,389,203</u>
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			<b><u>1,789,760</u></b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<u>Passed Through St. Clair County:</u>			
Homeland Security Grant Program -	97.067		
Grant Program Year 2011		N/A	8,231
Grant Program Year 2012		N/A	119
Grant Program Year 2013		N/A	8,587
Grant Program Year 2012 - Operation Stonegarden		N/A	5,110
Grant Program Year 2013 - Operation Stonegarden		N/A	<u>13,775</u>
<b>TOTAL U.S. DEPARTMENT OF HOME LAND SECURITY</b>			<b><u>35,822</u></b>
<b>TOTAL FEDERAL AWARDS</b>			<b><u>\$ 1,840,411</u></b>

See Notes to Schedule of Expenditures of Federal Awards

**CITY OF MARYSVILLE**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

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

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Marysville (the "City") for the year ended June 30, 2015. Expenditures reported on the Schedule are reported on the same basis of accounting, the modified accrual basis, as the financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The City's basic financial statements include the City of Marysville Housing Commission as a discretely presented component unit. This entity is audited separately by other auditors and, if necessary, an audit in accordance with OMB Circular A-133 is issued. For 2015, an audit in accordance with OMB Circular A-133 was not required.

Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**NOTE 2 - NONCASH ASSISTANCE:**

The value of the noncash assistance (equipment) received was determined in accordance with the provisions of OMB Circular A-133. Information on the value of the equipment received was provided by the pass-thru entity.

**NOTE 3 - RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

Balance per Basic Financial Statements -	
Intergovernmental revenue - Federal/State	\$ 3,414,202
Less: State revenues	( 1,736,552)
Deferred inflows of resources in the prior year	( 7,434)
Add: Deferred inflows of resources in the current year	153,258
Equipment received	<u>16,937</u>
	<u>\$ 1,840,411</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

To the Honorable Mayor and Members  
of the City Council  
City of Marysville  
Marysville, Michigan

We have audited, in accordance with the 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, the 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 City of Marysville (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, and we have issued our report thereon dated November 25, 2015. Our report includes a reference to other auditors who audited the financial statements of City of Marysville Housing Commission, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting and on compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City of Marysville in a separate letter dated November 25, 2015.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Certified Public Accountants

November 25, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor and Members  
of the City Council  
City of Marysville  
Marysville, Michigan

**Report on Compliance for Each Major Program**

We have audited City of Marysville's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2015. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the City of Marysville Housing Commission as a discretely presented component unit. Our audit described below did not include the operations of the City of Marysville Housing Commission because the entity engaged other auditors to perform an audit under *Government Auditing Standards*, and an audit in accordance with OMB Circular A-133 was not required.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Marysville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

## ***Opinion on The Major Federal Program***

In our opinion, City of Marysville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

## **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Marysville's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

November 25, 2015

**CITY OF MARYSVILLE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Section I - Summary Of Auditor's Results:**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal controls over financial reporting:  
Material weakness(es) identified? \_\_\_\_\_ yes  no  
Significant deficiency(ies) identified not  
considered to be material weaknesses? \_\_\_\_\_ yes  none reported

Noncompliance material to financial  
statements noted? \_\_\_\_\_ yes  no

**Federal Awards**

Internal Control over major programs:  
Material weakness(es) identified? \_\_\_\_\_ yes  no  
Significant deficiency(ies) identified not  
considered to be material weaknesses? \_\_\_\_\_ yes  none reported

Type of auditor's report issued on compliance  
for major programs: Unmodified

Any audit findings disclosed that are required to  
be reported in accordance with Circular A - 133,  
Section 510(a)? \_\_\_\_\_ yes  no

Identification of Major Program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA #66.469	Great Lakes Program

Dollar threshold used to distinguish  
between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  no

**Section II - Financial Statement Findings:**

There were no financial statement findings.

**Section III - Federal Award Findings and Questioned Costs:**

There were no federal award findings and questioned costs.

**Section IV - Prior Years Findings and Questioned Costs:**

There were no prior years' findings and questioned costs.