

**CITY OF MARYSVILLE, MICHIGAN**

**ANNUAL FINANCIAL REPORT  
with Supplementary Information**

**FOR THE YEAR ENDED  
JUNE 30, 2013**

**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 as of and for the year ended June 30, 2013, 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 97 percent, 187 percent, and 43 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***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 3-8 and retirement system and retiree health benefits schedules of funding progress and employee contribution and the budgetary comparison information on pages 53-57, 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 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 58-76 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 22, 2013 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 22, 2013

**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, 2013. 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 liabilities. 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 liabilities, 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 14 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 \$52,990,892. This is an increase of \$1,029,912 over 2012. Government-type activities comprise \$24,397,996, and business-type activities make up \$28,592,896 of the total net position. In a condensed format, the table below shows net position at of the June 30, 2013 and 2012.

	Governmental Activities		Business-type Activities	
	2013	Restated 2012	2013	2012
<b>Assets</b>				
Current and other assets	\$ 12,320,707	\$ 12,648,579	\$ 6,507,883	\$ 6,369,811
Capital assets	<u>18,701,211</u>	<u>18,236,630</u>	<u>36,241,466</u>	<u>36,738,966</u>
Total Assets	<u>31,021,918</u>	<u>30,885,209</u>	<u>42,749,349</u>	<u>43,108,777</u>
<b>Liabilities</b>				
Current liabilities	677,879	567,593	262,099	832,803
Non-current liabilities	<u>5,946,043</u>	<u>6,181,027</u>	<u>13,894,354</u>	<u>14,451,583</u>
Total Liabilities	<u>6,623,922</u>	<u>6,748,620</u>	<u>14,156,453</u>	<u>15,284,386</u>
<b>Net Position</b>				
Net investment in capital assets	14,213,125	13,974,121	22,205,873	22,144,885
Restricted	2,931,076	2,583,107	392,128	341,128
Unrestricted	<u>7,253,795</u>	<u>7,579,361</u>	<u>5,994,895</u>	<u>5,338,378</u>
Total Net Position	<u>\$ 24,397,996</u>	<u>\$ 24,136,589</u>	<u>\$ 28,592,896</u>	<u>\$ 27,824,391</u>

The City's governmental activities experienced an increase in net position of \$261,407. The business-type activities experienced an increase in net position of \$768,505 due to a reduction in costs.

The following table shows the changes in net position for 2013 and 2012:

	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
<b>Revenue</b>				
Program Revenue				
Charges for services	\$ 900,216	\$ 900,694	\$ 4,829,863	\$ 4,951,615
Operating grants and contributions	893,155	724,190	-	-
Capital grants and Contributions	1,301,285	236,414	-	-
General Revenue				
Property taxes	5,964,502	6,008,058	-	-
Franchise fees	145,302	135,290	-	-
Grants and contributions not restricted to specific programs	1,063,196	891,837	-	-
Unrestricted investment income	( 251,997)	300,037	( 170,863)	98,705
Total Revenue	<u>10,015,659</u>	<u>9,196,520</u>	<u>4,659,000</u>	<u>5,050,320</u>
<b>Program Expenses</b>				
General government	997,826	958,138	-	-
Public safety	4,294,956	4,349,521	-	-
Public works	3,481,119	3,487,187	-	-
Recreation and culture	591,534	544,199	-	-
Other	-	11,489	-	-
Interest on long-term debt	203,298	210,476	-	-
Water supply system	-	-	1,415,768	1,489,601
Wastewater	-	-	2,118,841	1,408,509
Golf Course	-	-	541,405	550,640
Total Program Expenses	<u>9,568,733</u>	<u>9,561,010</u>	<u>4,076,014</u>	<u>3,448,750</u>
Increase (Decrease) in Net Position before transfers	446,926	( 364,490)	582,986	1,601,570
Transfers	( 185,519)	( 391,362)	185,519	391,362
<b>Changes in Net Position</b>	<u>\$ 261,407</u>	<u>\$( 755,852)</u>	<u>\$ 768,505</u>	<u>\$ 1,992,932</u>

### *Governmental Activities*

Revenues for governmental activities totaled \$10 million in 2013. Of this amount approximately \$6.0 million or 60% of total revenue was received from taxes followed by capital grants and contributions of \$1.3 million or 13% 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 facility and a golf course. The water supply and wastewater service funds had a net increase in net position of \$587,301 and \$251,714, respectively. The golf course fund had a net decrease of \$70,510.

## FINANCIAL ANALYSIS OF MAJOR FUNDS

The General Fund ended 2013 with a fund balance of \$5,490,723, of which \$654,473 was nonspendable, \$29,386 was restricted, \$1,028,546 was committed, with the remaining amount of \$3,778,318 was classified as unassigned. This is an increase of \$15,417 from the prior year.

The City's other major funds, the Motor Vehicle Highway Fund and the Public Improvement Fund, ended 2013 with fund balances of \$718,306 and \$497,011, respectively. This is an increase of \$311,523 for the Motor Vehicle Highway Fund due to new tax levy and transfer in from the General Fund and a decrease of \$163,633 in the Public Improvement Fund due to the City's portion of projects.

The other major 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. During the year no amendments were made.

The General Fund revenues for the year were under budget by \$293,702 or 3.77% due to the investment market and the City's investment earnings coming in under budget by \$242,760. The General Fund expenditures for the year were under budget by \$339,118 or 4.56% due to a number of factors including general government expenditures were under budget by \$197,951 due to reductions in costs for legal fees, no contingency used and higher than expected reimbursements from other funds; and public safety expenditures were under budget by \$113,073 due to reductions in costs including no motor pool rental and no contractual services needed in 2013.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City had \$54.9 million dollars invested in capital assets for its governmental and business-type activities (net of accumulated depreciation) as of June 30, 2013. 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 \$1,850,885 of capital assets in the governmental activities and \$809,734 in the business-type activities before taking into account depreciation. Depreciation for the year was \$1,375,169 for governmental activities and \$1,307,234 for business-type activities. The following table shows the capital assets at June 30, 2013 and 2012:

	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Land	\$ 917,470	\$ 917,470	\$ 91,500	\$ 91,500
Land improvements	6,231,950	4,488,256	676,320	676,320
Buildings and improvements	6,705,395	6,671,557	26,752,346	12,739,232
Machinery and equipment	3,030,951	3,010,743	3,442,621	3,248,929
Vehicles	1,450,770	1,450,770	-	-
Infrastructure	40,991,062	40,878,892	-	-
Utility systems	-	-	18,533,835	18,533,835
Construction in progress	76,910	175,872	1,215,337	14,651,325
	<u>59,404,508</u>	<u>57,593,560</u>	<u>50,711,959</u>	<u>49,941,141</u>
Accumulated depreciation	( 40,703,297)	( 39,356,930)	( 14,470,493)	( 13,202,175)
	<u>\$ 18,701,211</u>	<u>\$ 18,236,630</u>	<u>\$ 36,241,466</u>	<u>\$ 36,738,966</u>

The City's major additions were land improvements for the shoreline restoration of \$1,743,694 in the governmental activities and lawn care equipment of \$232,608 and Water Plant improvements of \$427,236 in the business-type activities.

The City has committed \$4,680,360 for Phase I of the Water Plant Improvement project, of which \$427,236 has been spent in 2013.

### Long-term Debt

At June 30, 2013, the City had \$19,840,397 in long-term debt compared to \$20,632,610 at June 30, 2012.

	Governmental Activities		Business-type Activities	
	2013	Restated 2012	2013	2012
General Obligation Bonds	\$ 3,250,000	\$ 3,300,000	\$ -	\$ -
Capital Improvement Bonds	1,730,000	1,890,000	-	-
Michigan Municipal Bond Authority Loans	-	-	1,315,000	1,665,000
State Revolving Funds	-	-	10,828,118	11,129,081
Clean Water Program	-	-	1,680,000	1,800,000
Capital Lease	-	-	212,475	-
Refunding loss and bond discount	( 83,597)	( 91,939)	-	-
Other Postemployment Benefits	632,747	664,033	( 141,239)	( 142,498)
Compensated Absences	416,893	418,933	-	-
	<u>\$ 5,946,043</u>	<u>\$ 6,181,027</u>	<u>\$ 13,894,354</u>	<u>\$ 14,451,583</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:

2013	79.8%
2012	75.9%
2011	81.4%
2010	79.9%
2009	76.6%
2008	75.9%
2007	74.5%
2006	76.3%

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 2013-14, 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 2013-14 year decreased by 0.15% or \$11,900 (not factoring any fund draws) and expenditures and transfers budgeted for the 2013-2014 year in the General Fund decreased by 0.25% or \$20,328 from the amended 2012-2013 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, 2013**

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,122,460	\$ 361,521	\$ 1,483,981	\$ 376,609
Investments	9,401,904	5,235,753	14,637,657	325,000
Receivables (net of allowance)	861,050	1,033,140	1,894,190	111,527
Prepaid expenses	62,171	4,687	66,858	-
Internal balances	149,046	( 149,046)	-	-
Due from component units	45,273	-	45,273	-
Inventory	12,087	21,752	33,839	-
Deferred charges	69,987	-	69,987	-
Long-term notes receivable	596,729	-	596,729	-
Restricted assets - accounts receivable	-	76	76	-
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	994,380	1,839,207	2,833,587	127,879
Assets being depreciated	17,706,831	34,402,259	52,109,090	2,518,655
Total Assets	<u>31,021,918</u>	<u>42,749,349</u>	<u>73,771,267</u>	<u>3,459,670</u>
<b>LIABILITIES:</b>				
Payables and accrued liabilities	600,584	177,203	777,787	208,524
Accrued interest	50,005	84,820	134,825	2,280
Advances and deposits	7,550	-	7,550	35,272
Unearned revenue	19,740	-	19,740	74,877
Liabilities payable from restricted assets -				
Accounts payable	-	76	76	-
Non-current liabilities -				
Net OPEB obligation	632,747	( 141,239)	491,508	-
Due within one year	251,658	608,899	860,557	44,339
Due in more than one year	5,061,638	13,426,694	18,488,332	1,473,170
Total Liabilities	<u>6,623,922</u>	<u>14,156,453</u>	<u>20,780,375</u>	<u>1,838,462</u>
<b>NET POSITION:</b>				
Net investment in capital assets	14,213,125	22,205,873	36,418,998	2,646,534
Restricted -				
Acquisition/construction of capital assets	-	386,128	386,128	-
Waterfront improvements	-	6,000	6,000	-
Cemetery perpetual care -				
Expendable	222,321	-	222,321	-
Nonexpendable	247,481	-	247,481	-
Streets	2,417,046	-	2,417,046	-
Parks and recreation	9,389	-	9,389	-
Public safety	34,839	-	34,839	-
Unrestricted (deficit)	7,253,795	5,994,895	13,248,690	( 1,025,326)
Total Net Position	<u>\$ 24,397,996</u>	<u>\$ 28,592,896</u>	<u>\$ 52,990,892</u>	<u>\$ 1,621,208</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, 2013**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General Government	\$ 997,826	\$ 101,822	\$ 4,497	\$ -
Public Safety	4,294,956	337,405	84,438	-
Public Works	3,481,119	358,842	762,335	1,301,285
Recreation and Culture	591,534	102,147	41,885	-
Interest on Long Term Debt	203,298	-	-	-
Total governmental activities	<u>9,568,733</u>	<u>900,216</u>	<u>893,155</u>	<u>1,301,285</u>
Business type activities:				
Water Supply System	1,415,768	1,748,410	-	-
Wastewater	2,118,841	2,634,558	-	-
Golf Course	541,405	446,895	-	-
Total business type activities	<u>4,076,014</u>	<u>4,829,863</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 13,644,747</u>	<u>\$ 5,730,079</u>	<u>\$ 893,155</u>	<u>\$ 1,301,285</u>
<b>Component Units</b>				
Housing Commission	\$ 866,756	\$ 404,507	\$ 147,579	\$ 79,606
Local Development Finance Authority				
District No. 1	8,015	-	-	-
District No. 2	35,340	-	-	-
Total Component Units	<u>\$ 910,111</u>	<u>\$ 404,507</u>	<u>\$ 147,579</u>	<u>\$ 79,606</u>

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

Change in net position  
Net position at beginning of year  
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
\$( 891,507)	\$ -	\$( 891,507)	\$ -
( 3,873,113)	-	( 3,873,113)	-
( 1,058,657)	-	( 1,058,657)	-
( 447,502)	-	( 447,502)	-
( 203,298)	-	( 203,298)	-
<u>( 6,474,077)</u>	<u>-</u>	<u>( 6,474,077)</u>	<u>-</u>
-	332,642	332,642	-
-	515,717	515,717	-
-	( 94,510)	( 94,510)	-
<u>-</u>	<u>753,849</u>	<u>753,849</u>	<u>-</u>
<u>( 6,474,077)</u>	<u>753,849</u>	<u>( 5,720,228)</u>	<u>-</u>
-	-	-	( 235,064)
-	-	-	( 8,015)
<u>-</u>	<u>-</u>	<u>-</u>	<u>( 35,340)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>( 278,419)</u>
5,964,502	-	5,964,502	832,215
145,302	-	145,302	-
1,063,196	-	1,063,196	-
( 251,997)	( 170,863)	( 422,860)	2,071
( 185,519)	185,519	-	-
<u>6,735,484</u>	<u>14,656</u>	<u>6,750,140</u>	<u>834,286</u>
261,407	768,505	1,029,912	555,867
<u>24,136,589</u>	<u>27,824,391</u>	<u>51,960,980</u>	<u>1,065,341</u>
<u>\$ 24,397,996</u>	<u>\$ 28,592,896</u>	<u>\$ 52,990,892</u>	<u>\$ 1,621,208</u>

**CITY OF MARYSVILLE, MICHIGAN**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	General	Capital Projects Funds		Other Governmental Funds	Total Governmental Funds
		Motor Vehicle Highway	Public Improvement		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 165,795	\$ 208,009	\$ 4,027	\$ 721,124	\$ 1,098,955
Investments	4,456,449	509,760	535,025	2,849,250	8,350,484
Receivables, net of allowance -					
Property taxes	28,600	-	-	-	28,600
Interest and accounts	101,545	1,280	1,462	51,419	155,706
Due from other governmental units -					
Federal/State	344,760	-	167,696	104,843	617,299
Local	14,357	-	-	41,885	56,242
Due from other funds	145,790	-	-	-	145,790
Due from component units	45,273	-	-	-	45,273
Prepaid expenditures	57,744	-	-	3,045	60,789
Long-term notes receivable	596,729	-	-	-	596,729
<b>Total Assets</b>	<u>\$ 5,957,042</u>	<u>\$ 719,049</u>	<u>\$ 708,210</u>	<u>\$ 3,771,566</u>	<u>\$ 11,155,867</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 168,225	\$ 743	\$ 182,667	\$ 116,489	\$ 468,124
Accrued liabilities	106,341	-	-	15,072	121,413
Advances and deposits	7,550	-	-	-	7,550
Deferred revenue	184,203	-	28,532	35,810	248,545
<b>Total Liabilities</b>	<u>466,319</u>	<u>743</u>	<u>211,199</u>	<u>167,371</u>	<u>845,632</u>
<b>Fund Balances:</b>					
Nonspendable -					
Prepaid expenditures	57,744	-	-	3,045	60,789
Long-term notes receivable	596,729	-	-	-	596,729
Perpetual Care	-	-	-	247,481	247,481
Restricted -					
Streets	-	718,306	-	1,698,740	2,417,046
Acquisition/construction of assets	-	-	-	408,317	408,317
Cemetery	-	-	-	222,321	222,321
Public Safety	19,997	-	-	14,842	34,839
Recreation and Cultural	9,389	-	-	-	9,389
Committed -					
Industrial development	304,791	-	-	-	304,791
Capital projects	235,000	-	497,011	860,835	1,592,846
Fringe benefits	425,000	-	-	-	425,000
Tax tribunal	44,407	-	-	-	44,407
Recreation and Cultural	19,348	-	-	148,614	167,962
Unassigned	3,778,318	-	-	-	3,778,318
<b>Total Fund Balances</b>	<u>5,490,723</u>	<u>718,306</u>	<u>497,011</u>	<u>3,604,195</u>	<u>10,310,235</u>
<b>Total Liabilities and     Fund Balances</b>	<u>\$ 5,957,042</u>	<u>\$ 719,049</u>	<u>\$ 708,210</u>	<u>\$ 3,771,566</u>	<u>\$ 11,155,867</u>

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, 2013**

Fund Balances - total governmental funds		\$ 10,310,235
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Capital assets		57,526,987
Accumulated depreciation		( 39,107,329)
<p>Other long - term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.</p>		
Delinquent personal property taxes	\$ 28,122	
State Shared Revenue	149,676	
Grants	34,937	
Other	16,070	228,805
<p>Internal Service Fund used by management to charge cost of the City's motor pool activities. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.</p>		
		974,057
<p>Long - term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Bonds payable	( 4,980,000)	
Postemployment benefits	( 658,338)	
Accrued interest	( 50,005)	( 5,688,343)
<p>Bond Issuance costs reported as debt retirement in the governmental funds, where are they deferred and amortized for net position.</p>		
		69,987
<p>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).</p>		
		39,900
<p>Losses on refunding are not reported in the governmental funds, where they are capitalized and amortized for net position (netted against bonds payable)</p>		
		43,697
Net Position of governmental activities		\$ 24,397,996

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, 2013**

	General	Capital Projects Funds		Other Governmental Fund	Total Governmental Funds
		Motor Vehicle Highway	Public Improvement		
<b>Revenues:</b>					
Taxes	\$ 5,963,799	\$ -	\$ -	\$ -	\$ 5,963,799
Licenses and permits	218,355	-	-	-	218,355
Intergovernmental -					
Federal/State	961,654	-	1,301,285	663,977	2,926,916
Local	-	98,358	-	41,885	140,243
Charges for services	376,065	-	-	221,908	597,973
Fines and forfeits	14,225	-	-	-	14,225
Interest and rent	( 119,617)	( 17,779)	( 17,988)	( 88,813)	( 244,197)
Other	63,360	-	24,000	120,478	207,838
Total Revenues	<u>7,477,841</u>	<u>80,579</u>	<u>1,307,297</u>	<u>959,435</u>	<u>9,825,152</u>
<b>Expenditures:</b>					
Current -					
General Government	739,795	-	-	-	739,795
Public Safety	2,952,536	-	-	-	2,952,536
Public Works	1,395,431	19,056	-	598,278	2,012,765
Recreation and Cultural	270,416	-	-	238,857	509,273
Other Activities	1,745,210	-	-	-	1,745,210
Capital outlay	7,474	-	1,670,930	41,972	1,720,376
Debt service -					
Principal	-	-	-	210,000	210,000
Interest	-	-	-	205,126	205,126
Total Expenditures	<u>7,110,862</u>	<u>19,056</u>	<u>1,670,930</u>	<u>1,294,233</u>	<u>10,095,081</u>
Revenues over (under) expenditures	<u>366,979</u>	<u>61,523</u>	<u>( 363,633)</u>	<u>( 334,798)</u>	<u>( 269,929)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	250,000	250,000	200,000	712,377	1,412,377
Transfers out	( 601,562)	-	-	( 944,414)	( 1,545,976)
Total Other Financing Sources (Uses)	<u>( 351,562)</u>	<u>250,000</u>	<u>200,000</u>	<u>( 232,037)</u>	<u>( 133,599)</u>
Net Change in Fund Balances	15,417	311,523	( 163,633)	( 566,835)	( 403,528)
Fund Balances at beginning of year	<u>5,475,306</u>	<u>406,783</u>	<u>660,644</u>	<u>4,171,030</u>	<u>10,713,763</u>
Fund Balances at end of year	<u>\$ 5,490,723</u>	<u>\$ 718,306</u>	<u>\$ 497,011</u>	<u>\$ 3,604,195</u>	<u>\$ 10,310,235</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, 2013**

Net change in fund balances - total governmental funds \$( 403,528)

Governmental funds report capital outlays 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.

Capital outlay		1,795,879
Depreciation expense	(	1,304,290)

Governmental funds do not report the fair value of donated assets as revenues and expenditures. However, the fair value is reported as both revenues and expenses in the statement of activities.

Fair value of donated assets		5,864
Fair value of donated assets	(	5,864)

Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

184,643

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.

Principal payment on bonds	\$	210,000	
Amortization of bond discount	(	2,100)	
Amortization of deferred issuance cost	(	12,874)	
Amortization of deferred loss on refunding	(	6,242)	
Decrease in accrued interest		1,828	190,612

Internal service funds used by management to charge costs of the City's motor pool activities. The net revenues (expenses) attributable to those funds is reported with governmental activities.

( 233,421)

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.

Decrease in postemployment benefits payable		31,512
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Change in net position of governmental activities		\$ 261,407
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The accompanying notes are an integral part of these financial statements.

**CITY OF MARYSVILLE, MICHIGAN**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013**

	Business Type Activities-Enterprise Funds				Governmental
	Water Supply System	Wastewater	Golf Course	Total	Internal Service Funds
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 151,904	\$ 198,012	\$ 11,605	\$ 361,521	\$ 23,505
Investments	2,857,633	2,378,120	-	5,235,753	1,051,420
Accounts and interest receivable	377,672	524,644	7,216	909,532	3,203
Due from other funds	54	45	-	99	3,256
Inventories	-	-	21,752	21,752	12,087
Prepaid expenses	2,839	1,848	-	4,687	1,382
<b>Total Current Assets</b>	<b>3,390,102</b>	<b>3,102,669</b>	<b>40,573</b>	<b>6,533,344</b>	<b>1,094,853</b>
<b>Restricted Assets:</b>					
Due from other governmental units - State	-	123,684	-	123,684	-
<b>Non-Current Assets:</b>					
Property, plant and equipment	14,161,228	34,334,674	2,216,057	50,711,959	1,877,521
Less - accumulated depreciation	( 7,365,663)	( 6,279,295)	( 825,535)	( 14,470,493)	( 1,595,968)
<b>Total Property, Plant and Equipment, net</b>	<b>6,795,565</b>	<b>28,055,379</b>	<b>1,390,522</b>	<b>36,241,466</b>	<b>281,553</b>
Net OPEB asset	84,409	79,111	-	163,520	25,591
<b>Total Non-Current Assets</b>	<b>6,879,974</b>	<b>28,134,490</b>	<b>1,390,522</b>	<b>36,404,986</b>	<b>307,144</b>
<b>Total Assets</b>	<b>10,270,076</b>	<b>31,360,843</b>	<b>1,431,095</b>	<b>43,062,014</b>	<b>1,401,997</b>

Continued

	Business Type Activities-Enterprise Funds				Governmental
	Water Supply System	Wastewater	Golf Course	Total	Activities Internal Service Funds
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$ 30,698	\$ 89,474	\$ 11,627	\$ 131,799	\$ 7,575
Accrued expenses	14,035	6,408	15,554	35,997	3,472
Accrued interest	-	84,820	-	84,820	-
Capital lease payable (current portion)	-	-	38,899	38,899	-
Notes payable (current portion)	-	570,000	-	570,000	-
Due to other funds	-	-	34,944	34,944	-
Total Current Liabilities	<u>44,733</u>	<u>750,702</u>	<u>101,024</u>	<u>896,459</u>	<u>11,047</u>
<b>Current Liabilities - (payable from restricted assets):</b>					
Accounts payable	-	76	-	76	-
Due to other funds	-	123,608	-	123,608	-
	<u>-</u>	<u>123,684</u>	<u>-</u>	<u>123,684</u>	<u>-</u>
<b>Long-Term Liabilities (net of current portion):</b>					
Net OPEB obligation	-	-	22,281	22,281	-
Capital lease payable	-	-	173,576	173,576	-
Accrued vacation and sick	-	-	-	-	416,893
Notes payable	-	13,253,118	-	13,253,118	-
Total Long-Term Liabilities	<u>-</u>	<u>13,253,118</u>	<u>195,857</u>	<u>13,448,975</u>	<u>416,893</u>
Total Liabilities	<u>44,733</u>	<u>14,127,504</u>	<u>296,881</u>	<u>14,469,118</u>	<u>427,940</u>
<b>NET POSITION:</b>					
Net investment in capital assets	6,795,565	14,232,261	1,178,047	22,205,873	281,553
Restricted -					
Capital acquisition/replacement	-	386,128	-	386,128	-
Waterfront improvements	6,000	-	-	6,000	-
Unrestricted (deficit)	<u>3,423,778</u>	<u>2,614,950</u>	<u>( 43,833)</u>	<u>5,994,895</u>	<u>692,504</u>
Total Net Position	<u>\$ 10,225,343</u>	<u>\$ 17,233,339</u>	<u>\$ 1,134,214</u>	<u>\$ 28,592,896</u>	<u>\$ 974,057</u>

Continued

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

**CITY OF MARYSVILLE, MICHIGAN**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	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	\$ 1,743,354	\$ 2,614,392	\$ 313,817	\$ 4,671,563	\$ 18,723
Rent income	-	-	129,682	129,682	302,056
Other	5,056	13,166	3,396	21,618	4,285
Total Operating Revenues	<u>1,748,410</u>	<u>2,627,558</u>	<u>446,895</u>	<u>4,822,863</u>	<u>325,064</u>
<b>Operating Expenses:</b>					
Personnel services	543,867	356,633	284,977	1,185,477	194,798
Supplies	134,336	81,338	76,801	292,475	71,948
Other services	433,288	361,417	154,164	948,869	128,863
Depreciation	304,277	977,494	25,463	1,307,234	70,879
Total Operating Expenses	<u>1,415,768</u>	<u>1,776,882</u>	<u>541,405</u>	<u>3,734,055</u>	<u>466,488</u>
Operating Income (Loss)	<u>332,642</u>	<u>850,676</u>	<u>( 94,510)</u>	<u>1,088,808</u>	<u>( 141,424)</u>
<b>Non-Operating Revenues (Expenses):</b>					
Gain (loss) on sale of assets	-	-	7,000	7,000	( 4,970)
Investment income (loss)	( 93,345)	( 77,518)	-	( 170,863)	( 35,107)
Interest expenses	-	( 341,959)	-	( 341,959)	-
Total Non-Operating Revenues (Expenses)	<u>( 93,345)</u>	<u>( 419,477)</u>	<u>7,000</u>	<u>( 505,822)</u>	<u>( 40,077)</u>
Net Income (Loss) Before Transfers	<u>239,297</u>	<u>431,199</u>	<u>( 87,510)</u>	<u>582,986</u>	<u>( 181,501)</u>
<b>Transfers:</b>					
Transfers from other funds	427,235	-	17,000	444,235	-
Transfers to other funds	( 79,231)	( 179,485)	-	( 258,716)	( 51,920)
	<u>348,004</u>	<u>( 179,485)</u>	<u>17,000</u>	<u>185,519</u>	<u>( 51,920)</u>
Change in Net Position	587,301	251,714	( 70,510)	768,505	( 233,421)
Net Position at beginning of year	<u>9,638,042</u>	<u>16,981,625</u>	<u>1,204,724</u>	<u>27,824,391</u>	<u>1,207,478</u>
Net Position end of year	<u>\$ 10,225,343</u>	<u>\$ 17,233,339</u>	<u>\$ 1,134,214</u>	<u>\$ 28,592,896</u>	<u>\$ 974,057</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, 2013**

	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	\$ 1,804,947	\$ 2,723,136	\$ 439,168	\$ 4,967,251	\$ -
Cash receipts from interfund services	-	-	-	-	322,098
Cash payments to suppliers	( 532,440)	( 413,879)	( 219,347)	( 1,165,666)	( 177,166)
Cash payments to employees	( 538,381)	( 358,208)	( 282,747)	( 1,179,336)	( 195,940)
Net Cash Provided by (Used for)					
Operating Activities	<u>734,126</u>	<u>1,951,049</u>	<u>( 62,926)</u>	<u>2,622,249</u>	<u>( 51,008)</u>
<b>Cash Flows From Noncapital Financing Activities:</b>					
Transfers from/to other funds	348,004	( 179,485)	17,000	185,519	( 51,920)
Due from/to other funds	( 65,540)	144,398	63,808	142,666	-
Net Cash Provided by (Used for) Noncapital					
Financing Activities	<u>282,464</u>	<u>( 35,087)</u>	<u>80,808</u>	<u>328,185</u>	<u>( 51,920)</u>
<b>Cash Flows From Capital and Related</b>					
<b>Financing Activities:</b>					
Interest paid	-	( 344,309)	-	( 344,309)	-
Bond proceeds	-	554,003	-	554,003	-
Bond payments	-	( 926,000)	-	( 926,000)	-
Capital lease proceeds	-	-	216,569	216,569	-
Capital lease payments	-	-	( 4,094)	( 4,094)	-
Proceeds from sale of assets	-	-	7,000	7,000	6,165
Acquisition and construction of capital assets	( 427,236)	( 724,748)	( 232,608)	( 1,384,592)	( 55,006)
Net Cash Used for Capital and Related					
Financing Activities	<u>( 427,236)</u>	<u>( 1,441,054)</u>	<u>( 13,133)</u>	<u>( 1,881,423)</u>	<u>( 48,841)</u>
<b>Cash Flows From Investing Activities:</b>					
Sale (purchase) of investments	( 500,673)	( 400,610)	-	( 901,283)	84,759
Net Increase (Decrease) in Cash and Cash					
Equivalents for the year	88,681	74,298	4,749	167,728	( 67,010)
Cash and Cash Equivalents at Beginning of Year	<u>63,223</u>	<u>123,714</u>	<u>6,856</u>	<u>193,793</u>	<u>90,515</u>
Cash and Cash Equivalents at End of Year	<u>\$ 151,904</u>	<u>\$ 198,012</u>	<u>\$ 11,605</u>	<u>\$ 361,521</u>	<u>\$ 23,505</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	\$ 332,642	\$ 850,676	\$( 94,510)	\$ 1,088,808	\$( 141,424)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities -					
Depreciation	304,277	977,494	25,463	1,307,234	70,879
Change in assets and liabilities -					
Receivables	56,537	95,578	( 5,027)	147,088	481
Due to/from other funds	-	-	-	-	( 3,447)
Prepays and deposits	29,649	32,036	10,747	72,432	23,476
Inventories	-	-	8,331	8,331	( 4,105)
Net OPEB asset	748	710	-	1,458	226
Accounts payable/accrued expenses	10,273	( 5,445)	( 5,230)	( 402)	2,906
Deferred revenue	-	-	( 2,700)	( 2,700)	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 734,126</u>	<u>\$ 1,951,049</u>	<u>\$( 62,926)</u>	<u>\$ 2,622,249</u>	<u>\$( 51,008)</u>

Concluded

**CITY OF MARYSVILLE, MICHIGAN**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013**

	<u>Employee Retirement Systems</u>		<u>Retiree's</u>		<u>Agency</u>
	<u>Police and</u>	<u>Other City</u>	<u>Health</u>		<u>Funds</u>
	<u>Firefighters</u>	<u>Employees</u>	<u>Care</u>	<u>Total</u>	
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 6,790	\$ 6,168	\$ 46,465	\$ 59,423	\$ 24,912
Investments, at fair value					
Marketable CD's	-	-	864,611	864,611	-
U.S. government securities	1,179,341	1,313,098	11,644,161	14,136,600	-
Cash/money market funds	940,295	848,194	10,719	1,799,208	-
Municipal bonds	-	-	106,355	106,355	-
Corporate bonds	2,753,118	3,483,484	566,802	6,803,404	-
Mutual funds	4,287,201	5,364,906	-	9,652,107	-
Stocks	5,186,849	6,220,700	149,687	11,557,236	-
Total Investments	<u>14,346,804</u>	<u>17,230,382</u>	<u>13,342,335</u>	<u>44,919,521</u>	<u>-</u>
Receivables -					
Taxes	-	-	-	-	104,219
Interest and dividends	68,433	86,007	37,753	192,193	-
	<u>68,433</u>	<u>86,007</u>	<u>37,753</u>	<u>192,193</u>	<u>104,219</u>
Due from other funds	<u>-</u>	<u>-</u>	<u>9,407</u>	<u>9,407</u>	<u>-</u>
Prepayments	<u>5,650</u>	<u>6,065</u>	<u>41,225</u>	<u>52,940</u>	<u>-</u>
Total Assets	<u>14,427,677</u>	<u>17,328,622</u>	<u>13,477,185</u>	<u>45,233,484</u>	<u>\$ 129,131</u>
<b>LIABILITIES:</b>					
Accounts payable	16,100	22,073	56,467	94,640	\$ 12,868
Due to other governmental units	-	-	-	-	116,263
	<u>16,100</u>	<u>22,073</u>	<u>56,467</u>	<u>94,640</u>	<u>\$ 129,131</u>
<b>NET POSITION:</b>					
Restricted for pension benefits	14,411,577	17,306,549	-	31,718,126	
Restricted for other postemployment benefits	<u>-</u>	<u>-</u>	<u>13,420,718</u>	<u>13,420,718</u>	
	<u>\$ 14,411,577</u>	<u>\$ 17,306,549</u>	<u>\$ 13,420,718</u>	<u>\$ 45,138,844</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, 2013**

	<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	\$ 140,689	\$ 140,971	\$ -	\$ 281,660
Employer contributions	571,900	373,304	1,006,708	1,951,912
Total Contributions	<u>712,589</u>	<u>514,275</u>	<u>1,006,708</u>	<u>2,233,572</u>
Investment income -				
Interest/dividends	503,694	608,722	410,180	1,522,596
Unrealized gain (loss)	684,856	862,082	( 794,766)	752,172
Gain (loss) on sale of investments	<u>204,965</u>	<u>209,175</u>	<u>15,007</u>	<u>429,147</u>
Total investment income (loss)	1,393,515	1,679,979	( 369,579)	2,703,915
Less investment expenses	( 65,171)	( 79,604)	-	( 144,775)
Net investment income (loss)	<u>1,328,344</u>	<u>1,600,375</u>	<u>( 369,579)</u>	<u>2,559,140</u>
Total Additions	<u>2,040,933</u>	<u>2,114,650</u>	<u>637,129</u>	<u>4,792,712</u>
<b>Deductions:</b>				
Retirement benefit payments	1,297,754	1,570,259	-	2,868,013
Health/life insurance	-	-	1,101,079	1,101,079
Professional fees	31,395	38,443	750	70,588
Other	<u>5,474</u>	<u>6,095</u>	<u>-</u>	<u>11,569</u>
Total Deductions	<u>1,334,623</u>	<u>1,614,797</u>	<u>1,101,829</u>	<u>4,051,249</u>
Net increase (decrease)	706,310	499,853	( 464,700)	741,463
<b>Net position -</b>				
Beginning of year	<u>13,705,267</u>	<u>16,806,696</u>	<u>13,885,418</u>	<u>44,397,381</u>
End of year	<u>\$ 14,411,577</u>	<u>\$ 17,306,549</u>	<u>\$ 13,420,718</u>	<u>\$ 45,138,844</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, 2013**

	Housing Commission	Local Development Finance Authority District No. 1	Local Development Finance Authority District No. 2	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 265,408	\$ -	\$ 111,201	\$ 376,609
Investments	325,000	-	-	325,000
Receivables	111,527	-	-	111,527
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	127,879	-	-	127,879
Assets being depreciated	2,518,655	-	-	2,518,655
<b>Total Assets</b>	<b>3,348,469</b>	<b>-</b>	<b>111,201</b>	<b>3,459,670</b>
<b>LIABILITIES:</b>				
Payables and accrued liabilities	208,524	-	-	208,524
Accrued interest	-	-	2,280	2,280
Unearned revenue	74,877	-	-	74,877
Advances and deposits	35,272	-	-	35,272
Non-current liabilities				
Due within one year	-	44,339	-	44,339
Due in more than one year	-	57,611	1,415,559	1,473,170
<b>Total Liabilities</b>	<b>318,673</b>	<b>101,950</b>	<b>1,417,839</b>	<b>1,838,462</b>
<b>NET POSITION:</b>				
Net investment in capital assets	2,646,534	-	-	2,646,534
Unrestricted (deficit)	383,262	( 101,950)	( 1,306,638)	( 1,025,326)
<b>Total Net Position</b>	<b>\$ 3,029,796</b>	<b>\$( 101,950)</b>	<b>\$( 1,306,638)</b>	<b>\$ 1,621,208</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, 2013**

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	\$ 866,756	\$ 404,507	\$ 147,579	\$ 79,606
<b>Local Development Finance Authority</b>				
District No. 1				
Governmental activities:				
Community and Economic Development	2,911	-	-	-
Interest on Long Term Debt	5,104	-	-	-
	<u>8,015</u>	<u>-</u>	<u>-</u>	<u>-</u>
District No. 2				
Governmental activities:				
Community and Economic Development	2,911	-	-	-
Interest on Long Term Debt	32,429	-	-	-
	<u>35,340</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Component Units	<u>\$ 910,111</u>	<u>\$ 404,507</u>	<u>\$ 147,579</u>	<u>\$ 79,606</u>

General Revenues:

    Property taxes  
    Unrestricted investment income  
    Total general revenues

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

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

Net (Expense) Revenue and Change in Net Position

<u>Housing Commission</u>	<u>Local Development Finance Authority District No. 1</u>	<u>Local Development Finance Authority District No. 2</u>	<u>Total</u>
\$( 235,064)			\$( 235,064)
	\$( 2,911)		
	( 5,104)		
	<u>( 8,015)</u>		( 8,015)
		\$( 2,911)	
		( 32,429)	
		<u>( 35,340)</u>	<u>( 35,340)</u>
			<u>( 278,419)</u>
-	50,676	781,539	832,215
2,071	-	-	2,071
<u>2,071</u>	<u>50,676</u>	<u>781,539</u>	<u>834,286</u>
( 232,993)	42,661	746,199	555,867
3,262,789	( 144,611)	( 2,052,837)	1,065,341
<u>\$ 3,029,796</u>	<u>\$( 101,950)</u>	<u>\$( 1,306,638)</u>	<u>\$ 1,621,208</u>

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**A. Reporting Entity -**

The City of Marysville, Michigan 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 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

**LOCAL DEVELOPMENT FINANCE AUTHORITIES** - were formed for the purpose of promoting and stimulating the local economy. 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.

# CITY OF MARYSVILLE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

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

#### **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.

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.

# CITY OF MARYSVILLE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

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

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 general government, except those required to be accounted for in another fund.

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

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

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.

**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.

# CITY OF MARYSVILLE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

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

#### **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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 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.

# CITY OF MARYSVILLE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

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

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.

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". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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 two years. 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, 2013**

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

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

	<u>Primary Government</u>	<u>Component Units</u>
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, as well as issuance costs, if significant, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 financial uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**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 cannot be spent based on its 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).

# CITY OF MARYSVILLE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

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

*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.

#### **Reclassification -**

At June 30, 2012 and for the years prior to that date, the Employee Vacation and Sick Fund was classified as a fiduciary fund. During the year, the fund was evaluated and was determined that it would be better classified as an internal service fund. There is no change in the net position of the internal service funds or governmental activities, as the Employee Vacation and Sick Fund is consistently fully funded.

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

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

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* was issued in March 2012 and is effective for the City’s June 30, 2014 fiscal year. The statement provides additional guidance to GASB 63, establishing accounting and financial reporting standard that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 67, *Financial Reporting for Pension Plans* was issued in June 2012 and will become effective for the City’s June 30, 2014 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 pension plans and enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension 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.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* was issued in June 2012 and will become effective for the City's June 30, 2015 fiscal year. The statement requires governments providing defined benefit plans to report the net pension liability in their statement of net position. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The Statement will improve the comparability and consistency of how governments calculate the pension liabilities and expenses.

**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 department, which are due at the end of January. The City Manager and Finance Director assemble each of the department budgets and prepares 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.

During the year the City incurred expenditures in the General and Special Revenue Funds, 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>
<b>General Fund (GAAP – basis) -</b>			
General Fund (Budgetary – basis)			
General Government			
City manager	\$ 184,141	\$ 187,959	\$ 3,818
Public Safety			
Fire department	1,265,919	1,274,091	8,172
Public Works			
Street lighting	237,600	248,121	10,521
Recreation and Cultural			
Parks	208,338	226,014	17,676
Other	1,737,504	1,745,210	7,706
Capital Outlay	6,800	7,474	674
Industrial Development Fund			
General Government	19,368	20,918	1,550
<b>Nonmajor Special Revenue Fund -</b>			
Ambulance Fund			
Capital Outlay	-	1,500	1,500

**Unrestricted Net Position Deficit -**

The Golf Course Fund of the primary government had an unrestricted net position deficit of \$43,833 at June 30, 2013.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 3 - DEPOSITS AND INVESTMENTS:**

**Carrying Amount -**

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

	Primary Government	Component Units	Fiduciary Units	Reporting Entity
Petty Cash and Cash on Hand	\$ 2,205	\$ 100	\$ -	\$ 2,305
Deposits with Financial Institutions -				
Checking/Money Market	1,481,776	320,720	84,335	1,886,831
Savings/Certificates of Deposit	-	380,789	-	380,789
Total Deposits	<u>1,481,776</u>	<u>701,509</u>	<u>84,335</u>	<u>2,267,620</u>
Investments -				
Cash/Money Market Funds	3,995	-	1,799,208	1,803,203
Marketable CD's	497,477	-	864,611	1,362,088
U.S. Government Securities	14,136,185	-	14,136,600	28,272,785
Municipal Bonds	-	-	106,355	106,355
Stocks - U.S. Market	-	-	11,557,236	11,557,236
Corporate Bond/Notes	-	-	6,803,404	6,803,404
Mutual Funds	-	-	9,652,107	9,652,107
Total Investments	<u>14,637,657</u>	<u>-</u>	<u>44,919,521</u>	<u>59,557,178</u>
Grand Total	<u>\$ 16,121,638</u>	<u>\$ 701,609</u>	<u>\$ 45,003,856</u>	<u>\$ 61,827,103</u>
Reconciliation to Statements of Net Position				
Reported as Cash and Cash Equivalents -				
Petty Cash	\$ 2,205	\$ 100	\$ -	\$ 2,305
Deposits with Financial Institutions	1,481,776	376,509	84,335	1,942,620
Total Cash and Cash Equivalents	<u>1,483,981</u>	<u>376,609</u>	<u>84,335</u>	<u>1,944,925</u>
Reported as Investments -				
Deposits with Financial Institutions	-	325,000	-	325,000
Cash/Money Market Funds	3,995	-	1,799,208	1,803,203
Marketable CD's	497,477	-	864,611	1,362,088
U.S. Government Securities	14,136,185	-	14,136,600	28,272,785
Municipal Bonds	-	-	106,355	106,355
Stocks - U.S. Market	-	-	11,557,236	11,557,236
Corporate Bond/Notes	-	-	6,803,404	6,803,404
Mutual Funds	-	-	9,652,107	9,652,107
Total Investments	<u>14,637,657</u>	<u>325,000</u>	<u>44,919,521</u>	<u>59,882,178</u>
Grant Total – Statements of Net Position	<u>\$ 16,121,638</u>	<u>\$ 701,609</u>	<u>\$ 45,003,856</u>	<u>\$ 61,827,103</u>

**Deposits -**

Act 217 PA 1982, as amended, authorizes the City to deposit in certificates of deposit, saving 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.

# CITY OF MARYSVILLE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

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

***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 deposits custodial credit risk assumed by the City, as of June 30, 2013, the book value of the City's deposits, excluding the Housing Commission, was \$1,677,312 with a corresponding bank balance of \$1,501,940, of which \$250,000 was covered by depository insurance with the remaining \$1,251,940 uninsured and uncollateralized.

The book balance of the Housing Commission's deposits was \$590,308 with a corresponding bank balance of \$601,490 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.

#### **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 direct 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 financial institution only if the bank, savings and loan association, or credit union is eligible to be a depository of funds belonging to the State; bankers' acceptance of United States banks; commercial paper rated at the time of purchase within the highest classification 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, 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; 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.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

State law limits investments in commercial paper to the top two ratings issued by 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 overall rating of the portfolio should be AA or better. As of June 30, 2013, the credit quality ratings of City's Fiduciary Units investments in Corporate Bonds and Municipal Bonds had the following Moody's ratings:

<u>Fair Value</u>	<u>Rating</u>	<u>Organization</u>
\$ 1,055,929	A1	Moody's
1,271,769	A2	Moody's
1,215,950	A3	Moody's
106,355	AA	Moody's
140,479	AA2	Moody's
1,187,271	AA3	Moody's
1,674,127	AAA	Moody's
95,951	BAA1	Moody's
161,928	BAA2	Moody's
\$ 6,909,759		

**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, 2013, \$59,557,178 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 \$1,362,088 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 Unit** - 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.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

As of June 30, 2013, the City had investments of 5% or more of the total investments as follows:

	<u>Governmental</u>	<u>Fiduciary</u>
Government National Mtg. Assn. (GNMA)	15.1 %	8.5 %
Federal Home Loan Mtg. Corp.	2.5	7.6
Federal National Mtg. Assn. (FNMA)	3.7	5.6
IShares	-	6.4

**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>1-5</u>	<u>6-10</u>	<u>&gt;10</u>
U.S. Government Securities	\$ 28,272,785	\$ 89,714	\$ 2,949,814	\$ 25,233,257
Corporate Bonds/Notes				
U.S. Market	6,803,404	4,789,780	1,351,965	661,659
Municipal Bonds	106,355	-	106,355	-
Certificates of Deposit	<u>1,362,088</u>	<u>317,512</u>	<u>1,044,576</u>	-
Total Investments	<u>\$ 36,544,632</u>	<u>\$ 5,197,006</u>	<u>\$ 5,452,710</u>	<u>\$ 25,894,916</u>

Negotiability - Negotiable certificate of deposits are usually in bearer form, and have secondary market that are easily transferable and highly liquid. As of June 30, 2013, the City had negotiable Certificate of Deposits in the amount of \$1,362,088.

**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	\$ 53,600	\$ -
Interest and accounts	186,987	909,532
Due from other governmental units -		
Federal/State	617,299	123,684
Local	<u>56,242</u>	-
	914,128	1,033,216
Less - allowance for uncollectible	<u>( 53,078)</u>	-
	<u>\$ 861,050</u>	<u>\$ 1,033,216</u>

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 4 - RECEIVABLES - (cont'd):**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

		<u>Unavailable</u>	<u>Unearned</u>
Governmental Activities -			
General Fund	Property Taxes	\$ 28,122	\$ -
	Grants	6,405	-
	State Shared Revenue	149,676	-
Public Improvement Fund	Grants	28,532	-
Ambulance Fund	EMS Billing	16,070	-
Parks and Recreation Fund	Fees	-	19,740
		<u>\$ 228,805</u>	<u>\$ 19,740</u>

**NOTE 5 - CAPITAL ASSETS:**

**Primary Government**

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

	<u>July 1, 2012</u>			<u>June 30, 2013</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 917,470	\$ -	\$ -	\$ 917,470
Construction in progress	<u>175,872</u>	<u>1,644,732</u>	<u>1,743,694</u>	<u>76,910</u>
Total capital assets, not being depreciated	<u>1,093,342</u>	<u>1,644,732</u>	<u>1,743,694</u>	<u>994,380</u>
Capital assets, being depreciated:				
Buildings	6,076,685	-	-	6,076,685
Building improvements	594,872	33,838	-	628,710
Land improvements	4,488,256	1,743,694	-	6,231,950
Machinery and equipment	3,010,743	60,145	39,937	3,030,951
Vehicles	1,450,770	-	-	1,450,770
Bikepaths	794,584	-	-	794,584
Sidewalks	2,250,776	43,438	-	2,294,214
Streets	<u>37,833,532</u>	<u>68,732</u>	-	<u>37,902,264</u>
Total capital assets being depreciated	<u>56,500,218</u>	<u>1,949,847</u>	<u>39,937</u>	<u>58,410,128</u>
Less accumulated depreciation for:				
Buildings	2,685,743	97,620	-	2,783,363
Building improvements	496,025	16,715	-	512,740
Land improvements	2,096,290	175,925	-	2,272,215
Machinery and equipment	2,322,430	144,207	28,802	2,437,835
Vehicles	755,714	67,156	-	822,870
Bikepaths	216,079	29,130	-	245,209
Sidewalks	1,680,941	38,207	-	1,719,148
Streets	<u>29,103,708</u>	<u>806,209</u>	-	<u>29,909,917</u>
Total accumulated depreciation	<u>39,356,930</u>	<u>1,375,169</u>	<u>28,802</u>	<u>40,703,297</u>
Total capital assets being depreciated, net	<u>17,143,288</u>	<u>574,678</u>	<u>11,135</u>	<u>17,706,831</u>
Governmental activities capital assets, net	<u>\$ 18,236,630</u>	<u>\$ 2,219,410</u>	<u>\$ 1,754,829</u>	<u>\$ 18,701,211</u>

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

	July 1, 2012			June 30, 2013
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 91,500	\$ -	\$ -	\$ 91,500
Land improvements	532,370	-	-	532,370
Construction in progress	<u>14,651,325</u>	<u>525,157</u>	<u>13,961,145</u>	<u>1,215,337</u>
Total capital assets, not being depreciated	<u>15,275,195</u>	<u>525,157</u>	<u>13,961,145</u>	<u>1,839,207</u>
Capital assets, being depreciated:				
Buildings	12,185,302	14,013,114	-	26,198,416
Building improvements	553,930	-	-	553,930
Land Improvements	143,950	-	-	143,950
Utility systems	18,533,835	-	-	18,533,835
Machinery and equipment	<u>3,248,929</u>	<u>232,608</u>	<u>38,916</u>	<u>3,442,621</u>
Total capital assets being depreciated	<u>34,665,946</u>	<u>14,245,722</u>	<u>38,916</u>	<u>48,872,752</u>
Less accumulated depreciation for:				
Buildings	4,469,325	789,470	-	5,258,795
Building improvements	321,922	17,207	-	339,129
Land Improvements	46,972	11,138	-	58,110
Utility systems	6,314,112	372,504	-	6,686,616
Machinery and equipment	<u>2,049,844</u>	<u>116,915</u>	<u>38,916</u>	<u>2,127,843</u>
Total accumulated depreciation	<u>13,202,175</u>	<u>1,307,234</u>	<u>38,916</u>	<u>14,470,493</u>
Total capital assets being depreciated, net	<u>21,463,771</u>	<u>12,938,488</u>	<u>-</u>	<u>34,402,259</u>
Total capital assets, net	<u>\$ 36,738,966</u>	<u>\$ 13,463,645</u>	<u>\$ 13,961,145</u>	<u>\$ 36,241,466</u>

The Business-type capital assets include \$286,626 of capitalized interest.

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

Governmental activities:

General Government	\$ 22,944
Public Safety	191,859
Public Works	1,046,636
Recreation and Cultural	<u>42,851</u>
Total depreciation expense-governmental activities	<u>\$ 1,304,290</u>

Business-type activities:

Golf Course	\$ 25,463
Water Supply System Fund	304,277
Wastewater Fund	<u>977,494</u>
Total depreciation expense-business-type activities	<u>\$ 1,307,234</u>

In addition there was depreciation of \$70,879 in the Motor Pool Fund.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Housing Commission** - Activity for the Housing Commission for the year ended March 31, 2013 was as follows:

	April 1, 2012		March 31, 2013	
	<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>10,800</u>	<u>12,826</u>	-	<u>23,626</u>
	<u>115,053</u>	<u>12,826</u>	-	<u>127,879</u>
Capital assets, being depreciated:				
Buildings	3,768,997	-	-	3,768,997
Furniture and equipment	233,326	5,144	-	238,470
Building improvements	<u>2,611,913</u>	<u>165,566</u>	-	<u>2,777,479</u>
Total Capital Assets being depreciated	6,614,236	170,710	-	6,784,946
Less accumulated depreciation	<u>4,026,813</u>	<u>239,478</u>	-	<u>4,266,291</u>
Total capital assets being depreciated, net	<u>2,587,423</u>	<u>( 68,768)</u>	-	<u>2,518,655</u>
Housing Commission capital assets, net	<u>\$ 2,702,476</u>	<u>\$ 55,942</u>	<u>\$ -</u>	<u>\$ 2,646,534</u>

Depreciation expense for the year ended March 31, 2013 was \$239,478.

**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	\$ 479,171	\$ 131,875
Accrued wages and fringe benefits	121,413	35,997
Due to fiduciary funds	<u>-</u>	<u>9,407</u>
	<u>\$ 600,584</u>	<u>\$ 177,279</u>

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

The composition of interfund balances as of June 30, 2013:

**Transfers From/To Other Funds -**

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Ambulance Fund	\$ 250,000 (2)
Local Streets Fund	Major Streets Fund	190,000 (5)
Public Improvement Fund	General Fund	200,000 (2)
Motor Vehicle Highway Fund	General Fund	250,000 (2)
Park and Recreation Fund	General Fund	107,251 (2)
Building Authority Debt Fund	Building Authority Capital Project Fund	77,179 (4)
	Wastewater Fund	51,920 (4)
	Water Supply System Fund	51,920 (4)
	Motor Pool Fund	51,920 (4)
Golf Course Fund	General Fund	17,000 (2)
06 Debt Service	General Fund	27,311 (3)
	Wastewater Fund	127,565 (3)
	Water Supply System Fund	27,311 (3)
Water Supply System Fund	2006 Construction Fund	<u>427,235 (5)</u>
		<u>\$ 1,856,612</u>

**Due To/From Other Funds -**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Wastewater Fund	\$ 123,608 (1)
	Golf Course Fund	22,182 (1)
Water Supply System Fund	Golf Course Fund	54 (1)
Wastewater Fund	Golf Course Fund	45 (1)
Equipment Rental Fund	Golf Course Fund	278 (1)
Employee Vacation and Sick Fund	Golf Course Fund	2,978 (1)
Retirees Healthcare Fund	Golf Course Fund	<u>9,407 (1)</u>
		<u>\$ 158,552</u>



**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

	Restated Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
<u>Business-type Activities:</u>					
Enterprise Funds -					
Wastewater Fund -					
Michigan Municipal Bond					
Authority Wastewater Loans -					
Phase I 1993	\$ 300,000	\$ -	\$ 135,000	\$ 165,000	\$ 135,000
Phase II 1996	1,365,000	-	215,000	1,150,000	220,000
Wastewater System Junior					
State Revolving Funds -					
Series 5303-01	2,280,000	-	95,000	2,185,000	95,000
Series 5366-01	8,849,081	155,037	361,000	8,643,118	-
Clean Water Program					
2003	1,800,000	-	120,000	1,680,000	120,000
Net OPEB Obligation	( 79,821)	41,867	41,157	( 79,111)	-
Total Wastewater Fund	<u>14,514,260</u>	<u>196,904</u>	<u>967,157</u>	<u>13,744,007</u>	<u>570,000</u>
Water Fund -					
Net OPEB Obligation	( 85,157)	44,542	43,794	( 84,409)	-
Golf Fund -					
Capital Lease	-	216,569	4,094	212,475	38,899
Net OPEB Obligation	22,480	9,208	9,407	22,281	-
Total Golf Fund	<u>22,480</u>	<u>225,777</u>	<u>13,501</u>	<u>234,756</u>	<u>38,899</u>
Total Business-type Activities	<u>14,451,583</u>	<u>467,223</u>	<u>1,024,452</u>	<u>13,894,354</u>	<u>608,899</u>
Total Primary Government	<u>\$ 20,632,610</u>	<u>\$ 1,348,287</u>	<u>\$ 2,140,500</u>	<u>\$ 19,840,397</u>	<u>\$ 860,557</u>

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 Service Securities that were placed in an irrevocable trust for the purpose of generating resources for future debt services 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 \$160,000 to \$245,000 through October 2020, plus interest ranging from 4.00 to 4.375 percent, payable semi-annually

\$ 1,730,000

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

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. 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 due in annual installments ranging from \$60,000 to \$250,000 through October 2031, plus interest ranging from 3.75% to 4.05% payable semi-annually

\$ 3,250,000

\$ 4,980,000

**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 \$416,893 has been recorded as a long-term liability in the accrued vacation and sick fund (Internal Service Fund).

**Business-type Activities -**

**Wastewater Fund 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 I loan in the original amount of \$2,375,181 is due in annual installments ranging from \$30,000 to \$135,000 through October 1, 2014, plus interest of 2.0 percent, payable semi-annually

\$ 165,000

The Phase II loan in the original amount of \$3,950,000 is due in annual installments ranging from \$220,000 to \$240,000 through October 1, 2017, plus interest of 2.25 percent, payable semi-annually

1,150,000

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 \$120,000 to \$160,000 through October 1, 2024, plus interest of 2.50% payable semi-annually

1,680,000

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

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. \$ 2,185,000

2010 Bonds (Series 5366-01) in the original amount of \$15,260,000 with interest of 2.5%. As of June 30, 2013 the City had spent \$15,108,118 of which \$6,104,000 was forgivable. Principal payments began in October 2012 with annual installments of \$365,000 to \$575,000 through October 2031. 8,643,118  
13,823,118

**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. The asset has a net book value of \$223,569 at June 30, 2013. 212,475  
\$ 14,035,593

**Other Postemployment Benefits** - In accordance with Governmental Accounting Standards Board (GASB) Statement No. 45, the Net OPEB Obligation as reported in the proprietary funds and governmental activities amounts to \$491,508. See Note 10 for additional information.

The annual requirements to pay the debt outstanding at June 30, 2013 (excluding Net OPEB Obligation and accrued compensated absences):

Year Ending June 30,	Governmental		Business-type Activities					
	Activity Bonds		Municipal Bond Authority Loans		State Revolving Fund/ Clean Water Bond		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 260,000	\$ 194,943	\$ 355,000	\$ 25,350	\$ 215,000	\$ 93,874	\$ 38,899	\$ 10,228
2015	250,000	184,918	255,000	18,694	225,000	88,373	40,991	8,136
2016	275,000	174,468	230,000	13,275	230,000	82,686	43,195	5,931
2017	280,000	163,593	235,000	8,044	235,000	76,873	45,518	3,608
2018	300,000	152,343	240,000	2,700	245,000	70,873	43,872	1,160
2019-2023	1,615,000	554,326	-	-	1,305,000	258,866	-	-
2024-2028	1,000,000	301,875	-	-	975,000	104,341	-	-
2029-2032	<u>1,000,000</u>	<u>80,939</u>	<u>-</u>	<u>-</u>	<u>435,000</u>	<u>16,563</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,980,000</u>	<u>\$ 1,807,405</u>	<u>\$ 1,315,000</u>	<u>\$ 68,063</u>	<u>\$ 3,865,000</u>	<u>\$ 792,449</u>	<u>\$ 212,475</u>	<u>\$ 29,063</u>

The above annual requirements do not include the State Revolving Fund Bonds, Series 5366-01 since all payments have not been finalized as of June 30, 2013.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**COMPONENT UNITS -**

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013	Due Within One Year
Local Development Finance Authority - District No. 1					
Land Contracts	\$ 121,256	\$ -	\$ 42,181	\$ 79,075	\$ 44,339
Notes Payable	<u>-</u>	<u>22,875</u>	<u>-</u>	<u>22,875</u>	<u>-</u>
	<u>121,256</u>	<u>22,875</u>	<u>42,181</u>	<u>101,950</u>	<u>44,339</u>
Local Development Finance Authority - District No. 2					
Promissory Note	1,626,705	-	785,000	841,705	-
Notes Payable	<u>-</u>	<u>573,854</u>	<u>-</u>	<u>573,854</u>	<u>-</u>
	<u>1,626,705</u>	<u>573,854</u>	<u>785,000</u>	<u>1,415,559</u>	<u>-</u>
<b>Total Component Units</b>	<u><b>\$ 1,747,961</b></u>	<u><b>\$ 596,729</b></u>	<u><b>\$ 827,181</b></u>	<u><b>\$ 1,517,509</b></u>	<u><b>\$ 44,339</b></u>

The Local Development Finance Authority - District No. 1 purchased property and issued a note for \$371,512 that will be repaid in monthly installments of \$3,940, including interest of 5% through April 4, 2015. The outstanding balance of June 30, 2013 was \$79,075.

On May 31, 2007, the City issued a promissory note in amount of \$3,500,000. The funds borrowed from Citizens First Bank (now Talmer Bank & Trust) were borrowed by the City to advance Marysville Local Development Finance Authority - District No. 2 (LDFA), which in turn used the funds to acquire and install infrastructure for the industrial development for the Chrysler Plant. The note was amended on October 30, 2009 to reflect an option to extend the maturity date. The funds are subject to and will be repaid by LDFA pursuant to a repayment agreement between the LDFA and the City. The promissory note and interest were payable on May 31, 2012 with interest rate of 4.08%; however, the City had an option to extend the note, which was exercised in March 2012. The note is now due on March 31, 2015 with interest of 3.24% payable semi-annually. The outstanding balance of the note as of June 30, 2013 was \$841,705.

During 2013, the City's Local Development Finance Authority issued notes to the General Fund of the City of \$22,875 and \$573,854 for District No. 1 and District No. 2, respectively. The notes are non-interest bearing and are scheduled to be repaid in 2017 for District No. 1 and 2016 for District No. 2. The balances outstanding for District No. 1 and 2 at June 30, 2013 were \$22,875 and \$573,854, respectively.

**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

# CITY OF MARYSVILLE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

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

#### **Plan Descriptions**

##### *General City Employee Retirement System -*

General City Employee Retirement System - 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, 2012 was comprised of 35 active participants, 52 retirees and beneficiaries, and 7 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.

##### *Police Officers and Firefighters Retirement System*

The Police Officers and Firefighters Retirement System 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, 2012 was comprised of 24 active participants, and 28 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.

#### **Summary of Significant Accounting Policy**

##### *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, 2013**

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

**Contributions and Funding Policy**

Participants of the General City Employees' Retirement System and the Police Officers' and Firefighters' Retirement System 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.

*General City Employee Retirement System -*

For fiscal 2013, the annual required contribution (actuarially determined) and actual contribution was \$373,304 (20.02% of covered payroll).

The required contribution was determined as part of the June 30, 2012 actuarial valuation using the individual entry age actuarial cost method. The actuarial assumptions include (a) a rate of return of 8.0% (b) projected salary increases of 4.00% per year, and (c) the RP2000 Combined Healthy Mortality Table. The actuarial value was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open period of 20 years.

**Schedule of Employer Contribution**

Fiscal Year Ending <u>June 30.</u>	Annual Pension Costs (APC)	Percentage of APC <u>Contribution</u>	Net Pension <u>Obligation</u>
2011	\$ 407,469	100 %	\$ -
2012	425,214	100	-
2013	373,304	100	-

**Schedule of Funding Progress**

Valuation Date	Actuarial Value of Assets (a)	Unfunded Actuarial Accrued Liability (AAL) Entry Age (b)	(Overfunded) Accrued Liability (UAAL) (b-a)	UAAL Funded Ratio (AAL) (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
2010	\$ 19,685,258	\$ 22,872,797	\$ 3,187,539	86.06 %	\$ 2,132,230	149.49 %
2011	19,385,974	23,661,130	4,275,156	81.93	1,906,790	224.21
2012	18,672,826	22,895,219	4,222,393	81.56	1,864,481	226.46

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.

*Police Officers' and Firefighters' Retirement System*

For fiscal 2013, the annual required contribution (actuarially determined) and actual contribution was \$571,900 (29.97% of covered payroll).

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

The required contribution was determined as part of the June 30, 2012 actuarial valuation using the individual entry age actuarial cost method. The actuarial assumptions include (a) a rate of return of 8.0% (b) projected salary increases of 4.0% per year, and (c) the RP 2000 Healthy Annuitant Mortality Table. The actuarial value was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open period of 20 years.

**Schedule of Employer Contributions**

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 577,252	100 %	\$ -
2012	528,398	100	-
2013	571,900	100	-

**Schedule of Funding Progress**

<u>Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Unfunded Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>(Overfunded) Accrued Liability (UAAL) (b-a)</u>	<u>UAAL Funded Ratio (AAL) (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll (b-a)/(c)</u>
2010	\$ 15,802,957	\$ 20,894,397	\$ 5,091,440	75.63 %	\$ 1,823,285	279.25 %
2011	15,657,192	20,397,994	4,740,802	76.76	1,876,414	252.65
2012	15,214,758	21,178,733	5,963,975	71.84	1,908,243	312.54

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.

**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.

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.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Summary of Significant Accounting Policy -**

The basis of accounting and method used to value investments are the same as the Retirement Plan, 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, 2013, contributions of \$1,006,708 were made. Employer contributions were 26.69% of covered payroll. The actuarial valuation dated June 30, 2011 determined a required contribution of \$981,285 or 26.01% (13.29% for normal costs and 12.72% for the amortization of unfunded actuarial liabilities) of covered payroll using an assumed rate of increase of health care costs as follows:

2012	8.0 %
2013	7.5
2014	7.0
2015	6.5
2016	6.0
2017 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, 2011 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.

The actuarial assumptions and determined amounts are subjected to continual revision as actual results are compared to past experience and new estimates are made about the future.

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.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**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	\$ 981,285
Interest on net OPEB obligation	41,723
Adjustments to annual required contribution	( 46,327)
Annual OPEB cost (expense)	976,681
Contributions made	( 1,006,708)
Decrease in net OPEB obligation	( 30,027)
Net OPEB obligation - beginning of year	<u>521,535</u>
Net OPEB obligation - end of year	<u>\$ 491,508</u>

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of 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)
2008	\$ 10,920,906	\$ 23,538,730	\$ 12,617,824	46.4%	\$ 4,059,663	310%
2011	13,297,910	21,941,437	8,643,527	60.6	3,783,203	228

**Schedule of Employer Contributions**

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed
2011	\$ 1,238,334	84 %
2012	979,138	103
2013	976,681	103

**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.

**CITY OF MARYSVILLE, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 12 - RISK MANAGEMENT - (cont'd):**

**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 subjected 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 \$98,652, 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, 2013.

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

	Health Care		Pharmacy	
	2013	2012	2013	2012
Unpaid claims, beginning of year	\$ 79,057	\$ 40,030	\$ -	\$ -
Insured claims (including IBNR's)	1,423,458	1,260,835	416,552	484,541
Claims Paid	( 1,403,863)	( 1,221,808)	( 416,552)	( 484,541)
Unpaid claims, end of year	<u>\$ 98,652</u>	<u>\$ 79,057</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 13 - CONTINGENT LIABILITIES:**

There are certain City taxpayers appealing their 2009 through 2012 real and personal property tax assessments that could have an impact on the City's revenues. (Some of these taxpayers are also appealing their 2013 tax assessment that was levied on July 1, 2013). Should these taxpayers all prevail the City would be required to refund approximately \$44,407 from the General Fund. The City intends to vigorously defend these matters and has committed that amount in the general fund to cover the City's portion should the taxpayers prevail.

**NOTE 14 - 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 \$49,511,645. This represents approximately 14 percent of the taxable value for the City.

**NOTE 15 - CONSTRUCTION/PURCHASE COMMITMENTS:**

The City has committed to the following contracts for improvements and purchases at June 30, 2013. (These commitments do not include contracts, which have been agreed to, and all contractual payments have been made or change orders made after June 30, 2013):

	Contract Amount	Expensed Through 6/30/13	Remaining Balance
Chrysler Beach Stormwater Improvement Project	\$ 100,000	\$ 32,765	\$ 67,235
Water Treatment Plant – Phase I	4,680,360	427,236	4,253,124

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MARYSVILLE, MICHIGAN**

**REQUIRED SUPPLEMENTARY INFORMATION  
EMPLOYEE RETIREMENT SYSTEM**

**GENERAL CITY EMPLOYEES RETIREMENT SYSTEM**

**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>
06/30/03	\$ 16,803,758	\$ 17,831,503	\$ 1,027,745	94.24%	\$ 2,300,897	44.67%
06/30/04	17,172,124	18,776,905	1,604,781	91.45%	2,289,952	70.08%
06/30/05	17,857,731	19,593,933	1,736,202	91.14%	2,153,245	80.63%
06/30/06	18,783,632	20,814,117	2,030,485	90.24%	2,278,405	89.12%
06/30/07	20,043,092	21,644,008	1,600,916	92.60%	2,118,567	75.57%
06/30/08	20,291,835	23,682,028	3,390,193	85.68%	2,242,526	151.18%
06/30/09 *	19,981,016	24,475,812	4,494,796	81.64%	2,284,401	196.76%
06/30/10	19,685,258	22,872,797	3,187,539	86.06%	2,132,230	149.49%
06/30/11	19,385,974	23,661,130	4,275,156	81.93%	1,906,790	224.21%
06/30/12	18,672,826	22,895,219	4,222,393	81.56%	1,864,481	226.46%

\* Certain assumptions and methods changed

**Schedule of Employer Contributions**

<u>Year Ended June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2004	\$ 365,510	100.00%
2005	366,690	100.00%
2006	402,441	100.00%
2007	431,758	100.00%
2008	340,030	100.00%
2009	443,123	100.00%
2010	497,771	100.00%
2011	407,469	100.00%
2012	425,214	100.00%
2013	373,304	100.00%

**CITY OF MARYSVILLE, MICHIGAN**

**REQUIRED SUPPLEMENTARY INFORMATION  
EMPLOYEE RETIREMENT SYSTEM**

**POLICE OFFICERS AND FIREFIGHTERS RETIREMENT SYSTEM**

**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>
06/30/03	\$ 14,578,126	\$ 15,195,489	\$ 617,363	95.94%	\$ 1,733,318	35.62%
06/30/04	14,683,776	18,025,358	3,341,582	81.46%	1,602,030	208.58%
06/30/05	15,015,228	18,728,091	3,712,863	80.18%	1,639,076	226.52%
06/30/06	15,544,392	19,612,395	4,068,003	79.27%	1,742,742	233.43%
06/30/07	16,359,155	19,810,294	3,451,139	82.58%	1,696,850	203.39%
06/30/08	16,363,541	20,074,706	3,711,165	81.51%	1,817,138	204.23%
06/30/09	16,032,814	21,133,862	5,101,048	75.86%	1,882,693	270.94%
06/30/10	15,802,957	20,894,397	5,091,440	75.63%	1,823,285	279.25%
06/30/11	15,657,192	20,397,994	4,740,802	76.76%	1,876,414	252.65%
06/30/12	15,214,758	21,178,733	5,963,975	71.84%	1,908,243	312.54%

**Schedule of Employer Contributions**

<u>Year Ended June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2004	\$ 289,907	100.00%
2005	492,784	100.00%
2006	536,961	100.00%
2007	491,802	100.00%
2008	468,500	100.00%
2009	491,172	100.00%
2010	580,811	100.00%
2011	577,252	100.00%
2012	528,398	100.00%
2013	571,900	100.00%

**CITY OF MARYSVILLE, MICHIGAN**

**REQUIRED SUPPLEMENTARY INFORMATION  
EMPLOYEE RETIREMENT SYSTEM**

**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%

**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%

**CITY OF MARYSVILLE, MICHIGAN**

**GENERAL FUND**

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

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	Original/ Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 6,093,200	\$ 5,963,799	\$( 129,401)
Licenses and permits	189,500	218,355	28,855
Intergovernmental -			
Federal/State	935,000	961,654	26,654
Charges for services	389,700	376,065	( 13,635)
Fines and forfeits	15,000	14,225	( 775)
Interest and rents	133,075	( 109,685)	( 242,760)
Other	26,000	63,360	37,360
Total Revenues	<u>7,781,475</u>	<u>7,487,773</u>	<u>( 293,702)</u>
<b>Expenditures:</b>			
Current -			
General Government -			
Legislative	17,529	17,071	458
Elections	18,345	14,549	3,796
City Manager	184,141	187,959	( 3,818)
City Assessor/Clerk/Treasurer	346,722	332,956	13,766
Board of review	2,844	1,531	1,313
Cemetery	111,130	103,041	8,089
Community development	75,882	71,322	4,560
General administration	368,069	257,571	110,498
	<u>1,124,662</u>	<u>986,000</u>	<u>138,662</u>
Less: Reimbursement from other funds	<u>( 207,834)</u>	<u>( 267,123)</u>	<u>59,289</u>
Total General Government	<u>916,828</u>	<u>718,877</u>	<u>197,951</u>
Public Safety -			
Fire department	1,265,919	1,274,091	( 8,172)
Police department	1,685,259	1,595,078	90,181
Emergency management	10,025	6,488	3,537
Building inspections	104,406	76,879	27,527
	<u>3,065,609</u>	<u>2,952,536</u>	<u>113,073</u>
Public Works -			
Department of public works	769,501	669,294	100,207
Street lighting	237,600	248,121	( 10,521)
Dial-A-Ride	70,000	59,445	10,555
Sanitation	602,092	588,124	13,968
	<u>1,679,193</u>	<u>1,564,984</u>	<u>114,209</u>
Less: Reimbursement from other funds	<u>( 273,084)</u>	<u>( 169,553)</u>	<u>( 103,531)</u>
Total Public Works	<u>1,406,109</u>	<u>1,395,431</u>	<u>10,678</u>

	Original/ Final Budget	Actual	Variance with Final Budget Positive (Negative)
Recreational and Cultural-			
Parks	\$ 208,338	\$ 226,014	\$( 17,676)
Beautification committee	41,475	26,744	14,731
Library	19,407	12,535	6,872
Historical commission	26,992	5,123	21,869
	<u>296,212</u>	<u>270,416</u>	<u>25,796</u>
Other	<u>1,737,504</u>	<u>1,745,210</u>	<u>( 7,706)</u>
Capital Outlay	<u>6,800</u>	<u>7,474</u>	<u>( 674)</u>
Total Expenditures	<u>7,429,062</u>	<u>7,089,944</u>	<u>339,118</u>
Revenues over expenditures	<u>352,413</u>	<u>397,829</u>	<u>45,416</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In -			
Ambulance	250,000	250,000	-
Transfers Out -			
Motor Vehicle Highway	( 250,000)	( 250,000)	-
Public Improvement	( 200,000)	( 200,000)	-
Recreation	( 107,251)	( 107,251)	-
Golf	( 17,000)	( 17,000)	-
2006 GO Bond Debt	( 27,328)	( 27,311)	17
	<u>( 351,579)</u>	<u>( 351,562)</u>	<u>17</u>
Net Change in Fund Balance	834	46,267	45,433
Fund Balance at beginning of year	<u>5,139,665</u>	<u>5,139,665</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 5,140,499</u>	<u>\$ 5,185,932</u>	<u>\$ 45,433</u>
<b>Reconciliation of Budget-Basis to GAAP-Basis Reporting:</b>			
Net Change in General Fund			
Fund Balance - Budgetary-Basis		\$ 46,267	
Perspective difference -			
Other Budgeted Fund Net Change allocated to the General Fund for GAAP-Basis General Fund			
Industrial Development Fund		<u>( 30,850)</u>	
Net Change in Fund Balance - GAAP-Basis		<u>\$ 15,417</u>	

## **SUPPLEMENTARY INFORMATION**

**CITY OF MARYSVILLE, MICHIGAN**

**GENERAL FUND  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	General Fund Budgetary - Basis	Industrial Development	General Fund (GAAP-Basis)
<b>ASSETS</b>			
Cash and cash equivalents	\$ 164,456	\$ 1,339	\$ 165,795
Investments	4,153,804	302,645	4,456,449
Receivables, net of allowance -			
Property taxes	28,600	-	28,600
Accounts and interest	100,738	807	101,545
Due from other governmental units -			
Federal/State	344,760	-	344,760
Local	14,357	-	14,357
Due from other funds	145,790	-	145,790
Due from component units	45,273	-	45,273
Long-term notes receivable	596,729		596,729
Prepaid expenditures	57,744	-	57,744
	\$ 5,652,251	\$ 304,791	\$ 5,957,042
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 168,225	\$ -	\$ 168,225
Accrued liabilities	106,341	-	106,341
Advances and deposits	7,550	-	7,550
Deferred revenue	184,203	-	184,203
Total Liabilities	466,319	-	466,319
<b>Fund Balance:</b>			
Nonspendable -			
Prepaid expenditures	57,744	-	57,744
Long-term notes receivable	596,729	-	596,729
Restricted -			
Public Safety	19,997	-	19,997
Parks and Recreation	9,389	-	9,389
Committed -			
Industrial Development	-	304,791	304,791
Capital Projects	235,000	-	235,000
Fringe Benefits	425,000	-	425,000
Tax Tribunal	44,407	-	44,407
Recreation and Cultural	19,348	-	19,348
Unassigned	3,778,318	-	3,778,318
Total Fund Balance	5,185,932	304,791	5,490,723
Total Liabilities and Fund Balance	\$ 5,652,251	\$ 304,791	\$ 5,957,042

**CITY OF MARYSVILLE, MICHIGAN**

**GENERAL FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund (Budgetary - Basis)	Industrial Development	General Fund (GAAP - Basis)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Revenues:</b>			
Taxes	\$ 5,963,799	\$ -	\$ 5,963,799
Licenses and permits	218,355	-	218,355
Intergovernmental - Federal/State	961,654	-	961,654
Charges for services	376,065	-	376,065
Fines and forfeits	14,225	-	14,225
Interest and rents	( 109,685)	( 9,932)	( 119,617)
Other	63,360	-	63,360
Total Revenues	<u>7,487,773</u>	<u>( 9,932)</u>	<u>7,477,841</u>
<b>Expenditures:</b>			
Current -			
General Government	718,877	20,918	739,795
Public Safety	2,952,536	-	2,952,536
Public Works	1,395,431	-	1,395,431
Recreation and Cultural	270,416	-	270,416
Other	1,745,210	-	1,745,210
Capital outlay	7,474	-	7,474
Total Expenditures	<u>7,089,944</u>	<u>20,918</u>	<u>7,110,862</u>
Revenues over (under) expenditures	<u>397,829</u>	<u>( 30,850)</u>	<u>366,979</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	250,000	-	250,000
Transfers out	( 601,562)	-	( 601,562)
	<u>( 351,562)</u>	<u>-</u>	<u>( 351,562)</u>
Net Change in Fund Balances	46,267	( 30,850)	15,417
Fund Balance at beginning of year	<u>5,139,665</u>	<u>335,641</u>	<u>5,475,306</u>
Fund Balance at end of year	<u>\$ 5,185,932</u>	<u>\$ 304,791</u>	<u>\$ 5,490,723</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, 2013**

	Original/ Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Revenues:</b>			
Interest	\$          7,500	\$(          9,932)	\$(          17,432)
<b>Expenditures:</b>			
Current -			
General Government -			
Professional fees	<u>          19,368</u>	<u>          20,918</u>	<u>(          1,550)</u>
Net Change in Fund Balance	(          11,868)	(          30,850)	(          18,982)
Fund Balance at beginning of year	<u>          335,641</u>	<u>          335,641</u>	<u>                  -</u>
Fund Balance at end of year	<u><u>          323,773</u></u>	<u><u>          304,791</u></u>	<u><u>          \$(          18,982)</u></u>

**CITY OF MARYSVILLE, MICHIGAN**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	Special Revenue Funds				
	Major Street	Local Street	Drug Law Enforcement	Parks and Recreation	Ambulance
<b>ASSETS</b>					
Cash and cash equivalents	\$ 22,409	\$ 99,071	\$ 2,332	\$ 31,051	\$ 46,461
Investments	596,449	882,603	12,479	109,511	575,645
Accounts and interest receivable, net	6,549	3,268	31	275	39,417
Due from other governmental units -					
Federal/State	76,642	28,201	-	-	-
Local	-	-	-	41,885	-
Prepaid expenditures	-	-	-	3,045	-
<b>Total Assets</b>	<b>\$ 702,049</b>	<b>\$ 1,013,143</b>	<b>\$ 14,842</b>	<b>\$ 185,767</b>	<b>\$ 661,523</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 6,519	\$ 4,151	\$ -	\$ 5,078	\$ -
Accrued liabilities	1,915	3,867	-	9,290	-
Deferred revenue	-	-	-	19,740	16,070
<b>Total Liabilities</b>	<b>8,434</b>	<b>8,018</b>	<b>-</b>	<b>34,108</b>	<b>16,070</b>
<b>Fund Balance:</b>					
Nonspendable -					
Prepaid expenditures	-	-	-	3,045	-
Perpetual Care	-	-	-	-	-
Restricted -					
Streets	693,615	1,005,125	-	-	-
Acquisition/construction of assets	-	-	-	-	-
Cemetery	-	-	-	-	-
Public Safety	-	-	14,842	-	-
Committed -					
Capital Projects	-	-	-	-	645,453
Recreation and Cultural	-	-	-	148,614	-
<b>Total Fund Balance</b>	<b>693,615</b>	<b>1,005,125</b>	<b>14,842</b>	<b>151,659</b>	<b>645,453</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 702,049</b>	<b>\$ 1,013,143</b>	<b>\$ 14,842</b>	<b>\$ 185,767</b>	<b>\$ 661,523</b>

Debt Service Funds		Capital Projects Funds		Permanent Fund	Total
Building Authority	2006 GO Bond	Building Authority	2006 Construction	Cemetery Perpetual Care	
\$ -	\$ -	\$ 891	\$ 509,058	\$ 9,851	\$ 721,124
-	-	213,764	-	458,799	2,849,250
-	-	727	-	1,152	51,419
-	-	-	-	-	104,843
-	-	-	-	-	41,885
-	-	-	-	-	3,045
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,382</u>	<u>\$ 509,058</u>	<u>\$ 469,802</u>	<u>\$ 3,771,566</u>
\$ -	\$ -	\$ -	\$ 100,741	\$ -	\$ 116,489
-	-	-	-	-	15,072
-	-	-	-	-	35,810
-	-	-	100,741	-	167,371
-	-	-	-	-	3,045
-	-	-	-	247,481	247,481
-	-	-	-	-	1,698,740
-	-	-	408,317	-	408,317
-	-	-	-	222,321	222,321
-	-	-	-	-	14,842
-	-	215,382	-	-	860,835
-	-	-	-	-	148,614
-	-	215,382	408,317	469,802	3,604,195
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,382</u>	<u>\$ 509,058</u>	<u>\$ 469,802</u>	<u>\$ 3,771,566</u>

**CITY OF MARYSVILLE, MICHIGAN**

**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013**

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	\$ 462,890	\$ 201,087	\$ -	\$ -	\$ -
Local	-	-	-	41,885	-
Charges for services	-	-	-	-	213,335
Interest and rent	( 18,624)	( 27,055)	( 386)	( 3,383)	( 16,251)
Other	14,267	6,481	1,319	98,411	-
Total Revenues	<u>458,533</u>	<u>180,513</u>	<u>933</u>	<u>136,913</u>	<u>197,084</u>
<b>Expenditures:</b>					
Current -					
Public Works	294,908	303,370	-	-	-
Recreation and Culture	-	-	-	238,857	-
Capital outlay	-	-	-	37,547	1,500
Debit service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>294,908</u>	<u>303,370</u>	<u>-</u>	<u>276,404</u>	<u>1,500</u>
Revenues over (under) expenditures	<u>163,625</u>	<u>( 122,857)</u>	<u>933</u>	<u>( 139,491)</u>	<u>195,584</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	190,000	-	107,251	-
Transfers out	( 190,000)	-	-	-	( 250,000)
Total Other Financing Sources (Uses)	<u>( 190,000)</u>	<u>190,000</u>	<u>-</u>	<u>107,251</u>	<u>( 250,000)</u>
Net Change in Fund Balances	( 26,375)	67,143	933	( 32,240)	( 54,416)
Fund Balances at beginning of year	<u>719,990</u>	<u>937,982</u>	<u>13,909</u>	<u>183,899</u>	<u>699,869</u>
Fund Balances at end of year	<u>\$ 693,615</u>	<u>\$ 1,005,125</u>	<u>\$ 14,842</u>	<u>\$ 151,659</u>	<u>\$ 645,453</u>

Debt Service Funds		Capital Project Funds		Permanent Fund	
Building Authority	2006 GO Bond	Building Authority	2006 Construction	Cemetery Perpetual Care	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 663,977
-	-	-	-	-	41,885
-	-	-	-	8,573	221,908
-	-	( 8,945)	-	( 14,169)	( 88,813)
-	-	-	-	-	120,478
-	-	( 8,945)	-	( 5,596)	959,435
-	-	-	-	-	598,278
-	-	-	-	-	238,857
-	-	2,925	-	-	41,972
160,000	50,000	-	-	-	210,000
72,939	132,187	-	-	-	205,126
232,939	182,187	2,925	-	-	1,294,233
( 232,939)	( 182,187)	( 11,870)	-	( 5,596)	( 334,798)
232,939	182,187	-	-	-	712,377
-	-	( 77,179)	( 427,235)	-	( 944,414)
232,939	182,187	( 77,179)	( 427,235)	-	( 232,037)
-	-	( 89,049)	( 427,235)	( 5,596)	( 566,835)
-	-	304,431	835,552	475,398	4,171,030
\$ -	\$ -	\$ 215,382	\$ 408,317	\$ 469,802	\$ 3,604,195

**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, 2013**

	Original/ Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental - State - Act 51	\$ 425,000	\$ 462,890	\$ 37,890
Interest	10,000	( 18,624)	( 28,624)
Other	20,000	14,267	( 5,733)
	<u>455,000</u>	<u>458,533</u>	<u>3,533</u>
<b>Expenditures:</b>			
Current -			
Public Works-			
Routine maintenance	176,912	90,948	85,964
Traffic services maintenance	12,237	27,668	( 15,431)
Winter maintenance	78,623	55,619	23,004
Administration/engineering	28,775	14,574	14,201
Construction	172,000	106,099	65,901
	<u>468,547</u>	<u>294,908</u>	<u>173,639</u>
Total Expenditures			
	<u>468,547</u>	<u>294,908</u>	<u>173,639</u>
Revenues over (under) expenditures	( 13,547)	163,625	177,172
<b>Other Financing (Uses):</b>			
Transfers out	( 190,000)	( 190,000)	-
Net Change in Fund Balance	( 203,547)	( 26,375)	177,172
Fund Balance at beginning of year	719,990	719,990	-
Fund Balance at end of year	<u>\$ 516,443</u>	<u>\$ 693,615</u>	<u>\$ 177,172</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, 2013**

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental - State			
Act 51	\$ 155,000	\$ 170,321	\$ 15,321
Maintenance	27,000	30,766	3,766
Interest	18,000	( 27,055)	( 45,055)
Other	<u>5,000</u>	<u>6,481</u>	<u>1,481</u>
 Total Revenues	 <u>205,000</u>	 <u>180,513</u>	 <u>( 24,487)</u>
<b>Expenditures:</b>			
Current -			
Public Works-			
Routine maintenance	289,661	154,078	135,583
Traffic services maintenance	34,948	35,089	( 141)
Winter maintenance	127,521	93,474	34,047
Administration/engineering	21,060	14,574	6,486
Construction	<u>178,000</u>	<u>6,155</u>	<u>171,845</u>
 Total Expenditures	 <u>651,190</u>	 <u>303,370</u>	 <u>347,820</u>
Revenues under expenditures	( 446,190)	( 122,857)	323,333
<b>Other Financing Sources:</b>			
Transfers in	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Net Change in Fund Balance	( 256,190)	67,143	323,333
Fund Balance at beginning of year	<u>937,982</u>	<u>937,982</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 681,792</u></u>	<u><u>\$ 1,005,125</u></u>	<u><u>\$ 323,333</u></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, 2013**

	Original/ Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Interest	\$ -	\$( 386)	\$( 386)
Other	4,500	1,319	( 3,181)
Total Revenues	<u>4,500</u>	<u>933</u>	<u>( 3,567)</u>
 <b>Expenditures:</b>			
Current -			
Public Safety-			
Supplies	<u>4,500</u>	<u>-</u>	<u>4,500</u>
 Net Change in Fund Balance	-	933	933
 Fund Balance at beginning of year	<u>13,909</u>	<u>13,909</u>	<u>-</u>
 Fund Balance at end of year	<u><u>\$ 13,909</u></u>	<u><u>\$ 14,842</u></u>	<u><u>\$ 933</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, 2013**

	Original/ Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Intergovernmental - Local	\$ 42,000	\$ 41,885	\$( 115)
Interest	2,000	( 3,383)	( 5,383)
Other	<u>189,725</u>	<u>98,411</u>	<u>( 91,314)</u>
Total Revenues	<u>233,725</u>	<u>136,913</u>	<u>( 96,812)</u>
<b>Expenditures:</b>			
Current -			
Recreation and culture-			
Salaries and wages	64,022	67,858	( 3,836)
Fringe benefits	45,238	45,825	( 587)
Materials and supplies	15,111	11,329	3,782
Program expense	100,060	97,020	3,040
Travel	3,500	2,505	995
Insurance	412	6,007	( 5,595)
Contracted services	3,308	1,765	1,543
Maintenance	6,000	3,116	2,884
Miscellaneous	3,325	3,432	( 107)
Capital outlay	<u>180,500</u>	<u>37,547</u>	<u>142,953</u>
Total Expenditures	<u>421,476</u>	<u>276,404</u>	<u>145,072</u>
Revenues under expenditures	( 187,751)	( 139,491)	48,260
<b>Other Financing Sources:</b>			
Transfers in	<u>107,251</u>	<u>107,251</u>	<u>-</u>
Net Change in Fund Balance	( 80,500)	( 32,240)	48,260
Fund Balance at beginning of year	<u>183,899</u>	<u>183,899</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 103,399</u></u>	<u><u>\$ 151,659</u></u>	<u><u>\$ 48,260</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, 2013**

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Charges for services	\$ 180,000	\$ 213,335	\$ 33,335
Interest	<u>15,000</u>	<u>( 16,251)</u>	<u>( 31,251)</u>
Total Revenues	195,000	197,084	2,084
<b>Expenditures:</b>			
Capital Outlay	<u>-</u>	<u>1,500</u>	<u>( 1,500)</u>
Revenues over expenditures	195,000	195,584	584
<b>Other Financing Uses:</b>			
Transfers out	<u>( 250,000)</u>	<u>( 250,000)</u>	<u>-</u>
Net Change in Fund Balance	( 55,000)	( 54,416)	584
Fund Balance at beginning of year	<u>699,869</u>	<u>699,869</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 644,869</u></u>	<u><u>\$ 645,453</u></u>	<u><u>\$ 584</u></u>

## **INTERNAL SERVICE FUNDS**

**CITY OF MARYSVILLE, MICHIGAN**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2013**

	Equipment Rental	Employee Vacation and Sick	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 3,583	\$ 19,922	\$ 23,505
Investments	658,402	393,018	1,051,420
Accounts and interest receivable	2,228	975	3,203
Due from other funds	278	2,978	3,256
Inventories	12,087	-	12,087
Prepaid expenses	1,382	-	1,382
	<u>677,960</u>	<u>416,893</u>	<u>1,094,853</u>
<b>Non-Current Assets:</b>			
Property, plant and equipment	1,877,521	-	1,877,521
Less - accumulated depreciation	( 1,595,968)	-	( 1,595,968)
	<u>281,553</u>	<u>-</u>	<u>281,553</u>
Total Property, Plant and Equipment, net	281,553	-	281,553
Net OPEB asset	25,591	-	25,591
	<u>307,144</u>	<u>-</u>	<u>307,144</u>
Total Non-Current Assets	307,144	-	307,144
	<u>985,104</u>	<u>416,893</u>	<u>1,401,997</u>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Accounts payable	7,575	-	7,575
Accrued expenses	3,472	-	3,472
	<u>11,047</u>	<u>-</u>	<u>11,047</u>
Total Current Liabilities	11,047	-	11,047
<b>Long-Term Liabilities (net of current portion):</b>			
Accrued vacation and sick	-	416,893	416,893
	<u>-</u>	<u>416,893</u>	<u>416,893</u>
Total Liabilities	11,047	416,893	427,940
	<u>11,047</u>	<u>416,893</u>	<u>427,940</u>
<b>NET POSITION:</b>			
Net investment in capital assets	281,553	-	281,553
Unrestricted	692,504	-	692,504
	<u>692,504</u>	<u>-</u>	<u>692,504</u>
Total Net Position	<u>\$ 974,057</u>	<u>\$ -</u>	<u>\$ 974,057</u>

**CITY OF MARYSVILLE, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Equipment Rental</u>	<u>Employee Vacation and Sick</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Charges for services -			
Service fees	\$ -	\$ 18,723	\$ 18,723
Rent income	302,056	-	302,056
Other	4,285	-	4,285
Total Operating Revenues	<u>306,341</u>	<u>18,723</u>	<u>325,064</u>
<b>Operating Expenses:</b>			
Personnel services	188,066	6,732	194,798
Supplies	71,948	-	71,948
Other services	128,863	-	128,863
Depreciation	70,879	-	70,879
Total Operating Expenses	<u>459,756</u>	<u>6,732</u>	<u>466,488</u>
Operating Income (Loss)	<u>( 153,415)</u>	<u>11,991</u>	<u>( 141,424)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Loss on sale of assets	( 4,970)	-	( 4,970)
Investment income (loss)	<u>( 23,116)</u>	<u>( 11,991)</u>	<u>( 35,107)</u>
Total Non-Operating Revenues (Expenses)	<u>( 28,086)</u>	<u>( 11,991)</u>	<u>( 40,077)</u>
Net Income (Loss) Before Transfers	( 181,501)	-	( 181,501)
<b>Transfers:</b>			
Transfers to other funds	<u>( 51,920)</u>	<u>-</u>	<u>( 51,920)</u>
Change in Net Position	( 233,421)	-	( 233,421)
Net Position at beginning of year	<u>1,207,478</u>	<u>-</u>	<u>1,207,478</u>
Net Position end of year	<u><u>\$ 974,057</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 974,057</u></u>

**CITY OF MARYSVILLE, MICHIGAN**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Equipment Rental	Employee Vacation and Sick	Total
<b>Cash Flows From Operating Activities:</b>			
Cash receipts from interfund services	\$ 306,544	\$ 15,554	\$ 322,098
Cash payments to suppliers	( 177,166)	-	( 177,166)
Cash payments to employees	( 187,168)	( 8,772)	( 195,940)
Net Cash Provided by (Used for) Operating Activities	( 57,790)	6,782	( 51,008)
<b>Cash Flows From Noncapital Financing Activities:</b>			
Tranfers to other funds	( 51,920)	-	( 51,920)
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Proceeds from sale of assets	6,165	-	6,165
Acquisition and construction of capital assets	( 55,006)	-	( 55,006)
Net Cash Used for Capital and Related Financing Activities	( 48,841)	-	( 48,841)
<b>Cash Flows From Investing Activities:</b>			
Sale (purchase) of investments	89,501	( 4,742)	84,759
Net Increase (Decrease) in Cash and Cash Equivalents for the year	( 69,050)	2,040	( 67,010)
Cash and Cash Equivalents at Beginning of Year	72,633	17,882	90,515
Cash and Cash Equivalents at End of Year	\$ 3,583	\$ 19,922	\$ 23,505
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating income (loss) for the year	\$( 153,415)	\$ 11,991	\$( 141,424)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities -			
Depreciation	70,879	-	70,879
Change in assets and liabilities -			
Receivables	481	-	481
Due from other funds	( 278)	( 3,169)	( 3,447)
Prepaid expenses	23,476	-	23,476
Inventories	( 4,105)	-	( 4,105)
Net OPEB asset	226	-	226
Accounts payable/accrued expenses	4,946	( 2,040)	2,906
Net Cash Provided by (Used for) Operating Activities	\$( 57,790)	\$ 6,782	\$( 51,008)

## **COMPONENT UNITS**

**CITY OF MARYSVILLE, MICHIGAN**

**BALANCE SHEET/STATEMENT OF NET POSITION  
LOCAL DEVELOPMENT FINANCE AUTHORITY - DISTRICT NO. 1  
JUNE 30, 2013**

	<u>General</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Position</u>
<b>LIABILITIES AND FUND BALANCE/NET POSITION</b>			
<b>Liabilities:</b>			
Non-current liabilities -			
Due within one year	\$ -	\$ 44,339	\$ 44,339
Due in more than one year	-	57,611	57,611
	<hr/>	<hr/>	<hr/>
Total Liabilities	-	101,950	101,950
<b>Fund Balance:</b>			
Unassigned	<hr/>	<hr/>	<hr/>
	-	-	-
Total Liabilities and Fund Balance	<hr/> <hr/>		
	\$ -		
<b>Net Position:</b>			
Unrestricted (deficit)		<hr/>	<hr/>
		( 101,950)	( 101,950)
Total Net Position		<hr/> <hr/>	<hr/> <hr/>
		\$( 101,950)	\$( 101,950)

**RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION  
LOCAL DEVELOPMENT FINANCE AUTHORITY - DISTRICT NO. 1  
JUNE 30, 2013**

Fund Balance - Local Development Finance Authority - District No. 1	\$ -
Long - term liabilities, including installments payable, are not due and payable in the current period and therefore are not reported in the funds.	
Notes payable	<hr/>
	( 101,950)
Net Position of Local Development Finance Authority - District No. 1 activities	<hr/> <hr/>
	\$( 101,950)

**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, 2013**

	<u>General</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues:</b>			
Taxes	\$ 50,676	\$ -	\$ 50,676
<b>Expenditures/Expenses:</b>			
Current -			
Community and Economic Development	2,911	-	2,911
Debt Service-			
Principal	42,181	( 42,181)	-
Interest and fiscal charges	5,104	-	5,104
	<u>50,196</u>	<u>( 42,181)</u>	<u>8,015</u>
Revenues over expenditures	480	42,181	42,661
<b>Other Financing Sources:</b>			
Loan proceeds	22,875	( 22,875)	-
Net Change in Fund Balance/Net Position	23,355	19,306	42,661
Fund Deficit/Net Position at beginning of year	( 23,355)	( 121,256)	( 144,611)
Fund Balance/Net Position at end of year	<u>\$ -</u>	<u>\$( 101,950)</u>	<u>\$( 101,950)</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  
JUNE 30, 2013**

Net change in fund balance - Local Development Finance Authority - District No. 1	\$ 23,355
<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>	
Issuance of long-term debt	( 22,875)
Principal payments on long term liabilities	<u>42,181</u>
Change in net position of Local Development Finance Authority - District No. 1 activities	<u>\$ 42,661</u>

**CITY OF MARYSVILLE, MICHIGAN**

**BALANCE SHEET/STATEMENT OF NET POSITION  
LOCAL DEVELOPMENT FINANCE AUTHORITY - DISTRICT NO. 2  
JUNE 30, 2013**

	<u>General</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 111,201	\$ -	\$ 111,201
<b>LIABILITIES AND FUND BALANCE/NET POSITION</b>			
<b>Liabilities:</b>			
Accrued interest	\$ -	\$ 2,280	\$ 2,280
Non-current liabilities -			
Note payable - more than one year	-	1,415,559	1,415,559
Total Liabilities	-	1,417,839	1,417,839
<b>Fund Balance:</b>			
Unassigned	111,201	( 111,201)	-
Total Liabilities and Fund Balance	\$ 111,201		
<b>Net Position:</b>			
Unrestricted (deficit)		( 1,306,638)	( 1,306,638)
Total Net Position		<u>\$( 1,306,638)</u>	<u>\$( 1,306,638)</u>

**RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION  
LOCAL DEVELOPMENT FINANCE AUTHORITY -DISTRICT NO. 2  
JUNE 30, 2013**

Fund Balance - Local Development Finance Authority - District No. 2	\$ 111,201
Long - term liabilities, including installments payable, are not due and payable in the current period and therefore are not reported in the funds.	
Notes payable	( 1,415,559)
Accrued interest	( 2,280)
Net Position of Local Development Finance Authority - District No. 2 activities	<u>\$( 1,306,638)</u>

**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, 2013**

	<u>General</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues:</b>			
Taxes	\$ 781,539	\$ -	\$ 781,539
<b>Expenditures/Expenses:</b>			
Current -			
Community and Economic Development	2,911	-	2,911
Debt Service -			
Principal	785,000	( 785,000)	-
Interest and fiscal charges	44,981	( 12,552)	32,429
	<u>832,892</u>	<u>( 797,552)</u>	<u>35,340</u>
Revenue over (under) expenditures/expenses	( 51,353)	797,552	746,199
<b>Other Financing Sources:</b>			
Loan proceeds	<u>573,854</u>	<u>( 573,854)</u>	<u>-</u>
Net Change in Fund Balance/Net Position	522,501	223,698	746,199
Fund Balance (Deficit)/Net Position at beginning of year	<u>( 411,300)</u>	<u>( 1,641,537)</u>	<u>( 2,052,837)</u>
Fund Balance/Net Position at end of year	<u>\$ 111,201</u>	<u>\$( 1,417,839)</u>	<u>\$( 1,306,638)</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  
JUNE 30, 2013**

Net change in fund balance - Local Development Finance Authority - District No. 2 \$ 522,501

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.

Issuance of long-term debt	( 573,854)
Principal payments on long-term liability	785,000
Decrease in accrued interest	<u>12,552</u>

Change in net position of Local Development Finance Authority - District No. 2 activities \$ 746,199