

City of Walled Lake



2014 Report on Audited Financial Statements

For the Year Ended June 30, 2014



Create, preserve and enhance well-planned, safe, traditional and balanced residential neighborhoods.

CITY OF WALLED LAKE

CITY COUNCIL

Linda Ackley - Mayor
Robert Robertson – Mayor Pro Tem
Casey Ambrose - Council Member
Tamra Loch - Council Member
John Owsinek - Council Member
William Sturgeon III - Council Member
Dennis Yezbick - Council Member

CITY OFFICIALS

L. Dennis Whitt, City Manager

Colleen M. Coogan, Director of Finance & Budget
Paul J. Shakinias, Police Chief, Deputy Public Safety Director
James O. Coomer, Jr., Interim Fire Chief
Lisa McGill, Public Works Coordinator
Jennifer Stuart, Deputy Clerk, Deputy Treasurer

LEGAL COUNSEL

Secrest, Wardle, Lynch, Hampton, Truex & Morley

CITY AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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October 10, 2014

To the Honorable Mayor, Mayor Pro Tem and
Members of the City Council
1499 E. West Maple
Walled Lake, Michigan 48390

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Mayor Pro Tem, and Members of City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Walled Lake as of and for the year ended June 30, 2014, which collectively comprise the City of Walled Lake's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Walled Lake as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 - 13 and 52- 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Walled Lake's basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis June 30, 2014

This discussion and analysis should be read in conjunction with the accompanying financial statements and provides an overview of the City's financial activities for the year end June 30, 2013 and a description of the reporting format. Unless otherwise noted, component units are not included in the discussion.

Overview of the Financial Statements

The basic required financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The City has also included additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the City-wide statement of position presenting information that includes all the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the City's net position changed during the current fiscal year. The design of this statement is to show the financial reliance of the City's distinct activities or functions on the revenues generated by the City.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include water & sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund City programs.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided later in this report as other supplementary information.

The City has three kinds of funds:

Governmental funds are principally supported by taxes and revenue sharing. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net position.

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund City activities.

The City has identified certain entities as component units in the government-wide financial statements. By virtue of its authority to exercise influence over their operations, the City has included the financial statements of the Downtown Development Authority and City of Walled Lake Library, which are discretely presented component units within the government-wide financial statements.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the City as a Whole

The City's net position at the end of the fiscal year was \$16,347,067. This is a \$358,830 decrease over last year's net position of \$15,988,237. This decrease is due to the ongoing losses in the water and sewer fund and the use of reserves for road construction.

The following tables provide a summary of the City's financial activities and changes in net position:

Summary of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		<u>Component Units</u>	
	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
Assets								
Current and other assets	\$ 2,847,127	\$ 3,276,009	\$ 1,506,023	\$ 1,737,018	\$ 4,353,150	\$ 5,013,027	\$ 808,785	\$ 602,693
Capital assets	10,413,640	10,204,669	4,861,218	5,187,448	15,274,858	15,392,117	822,346	869,012
Total assets	<u>13,260,767</u>	<u>13,480,678</u>	<u>6,367,241</u>	<u>6,924,466</u>	<u>19,628,008</u>	<u>20,405,144</u>	<u>1,631,131</u>	<u>1,471,705</u>
Liabilities								
Other liabilities	406,053	1,084,949	384,167	430,324	790,220	1,515,273	51,974	73,346
Long-term liabilities	2,490,721	2,901,634			2,490,721	2,901,634	49,181	77,271
Total liabilities	<u>2,896,774</u>	<u>3,986,583</u>	<u>384,167</u>	<u>430,324</u>	<u>3,280,941</u>	<u>4,416,907</u>	<u>101,155</u>	<u>150,617</u>
Net position:								
Invested in capital assets, net of related debt	8,788,640	8,425,675	4,861,218	5,187,448	13,649,858	13,613,123	822,346	869,012
Restricted	475,997	826,371			475,997	826,371		
Unrestricted	1,099,356	242,049	1,121,856	1,306,694	2,221,212	1,548,743	707,630	452,076
Total net position	<u>\$ 10,363,993</u>	<u>\$ 9,494,095</u>	<u>\$ 5,983,074</u>	<u>\$ 6,494,142</u>	<u>\$ 16,347,067</u>	<u>\$ 15,988,237</u>	<u>\$ 1,529,976</u>	<u>\$ 1,321,088</u>

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Units	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Revenues:								
Program revenues								
Charges for services	\$ 940,263	\$ 1,684,501	\$ 2,530,672	\$ 2,625,418	\$ 3,470,935	\$ 4,309,919	\$ 16,938	\$ 17,271
Operating grants and contributions	153,403	162,278			153,403	162,278	2,650	501
Capital contributions	157,322		26,374	6,309	183,696	6,309		
General revenues								
State-shared revenue	1,003,697	576,022			1,003,697	576,022	4,125	5,063
Property taxes	2,368,633	2,352,998			2,368,633	2,352,998	899,531	981,995
Interest	1,404	2,057	86	165	1,490	2,222	4	464
Other	342,622	390,378	10,563	32,146	353,185	422,524	1,843	
Total revenues	4,967,344	5,168,234	2,567,695	2,664,038	7,535,039	7,832,272	925,091	1,005,294
Program Expenses								
General government	725,534	1,004,289			725,534	1,004,289		
Public safety	2,387,459	3,297,273			2,387,459	3,297,273		
Transportation	101,283	113,171			101,283	113,171		
Public works/roads	845,754	1,200,834			845,754	1,200,834		
Recreation	44,623	51,634			44,623	51,634		
Interest on long-term debt	54,270	127,680			54,270	127,680		
Refuse/utility systems			3,017,286	2,946,383	3,017,286	2,946,383		
Library/community development							716,203	946,343
Total expenses	4,158,923	5,794,881	3,017,286	2,946,383	7,176,209	8,741,264	716,203	946,343
Excess before transfers	808,421		(449,591)		358,830			
Transfers	61,477		(61,477)					
Changes in net position	869,898	(626,647)	(511,068)	(282,345)	358,830	(908,992)	208,888	58,951
Beginning net position	9,494,095	10,120,742	6,494,142	6,776,487	15,988,237	16,897,229	1,321,088	1,262,137
Ending net position	\$ 10,363,993	\$ 9,494,095	\$ 5,983,074	\$ 6,494,142	\$ 16,347,067	\$ 15,988,237	\$ 1,529,976	\$ 1,321,088

Financial Analysis of the City's Funds

The dramatic declines in property tax income have slowed and administration is viewing the current revenue level in fiscal year 2014 as the new normal. This year's \$10,000 reduction in property tax income is due to reduced commercial property tax values. Last year leadership closed the structural deficit by resetting the organization size to levels that could be supported by this new, reduced, income base. This was accomplished through significant staff lay-offs and reduced benefits for current employees. In addition, by delaying capital expenditures and eliminating cash infusions to the struggling Retiree Health Care Fund, the City was able to close this fiscal year with a \$229,432 positive addition to the General Fund reserves. Leadership is now evaluating which service deliverables can be supported by current revenue levels. Administration has attempted to ease the pressure on the reduced staff with an infusion of part time support. Concerned about strains on public safety, especially deteriorating equipment, the City Council sent a public safety millage request to the voters in August 2014 which was passed with a 63% favorable vote. The General Fund also expended \$430,000 in pension payments this fiscal year - most of this going to retire debt on prior pension obligations. The City also anticipates the Retiree Health Care Fund will run out of money by fiscal year end 2016 adding still more stress to the General Fund.

The Water and Sewer Fund continues to have substantial operating losses - the cost of purchasing water and sewer continues to rise. The City's plan of action to address these losses began in 2012 and will continue into 2015. Council has delayed increasing rates to customers until certain items on the action plan are completed. The Administration is currently working with the Detroit Water and Sewer Department (DWSD) on the almost 6% water purchase discrepancy between the City's records and the DWSD's records. City Council did approve fee increases for very specific customer requests, e.g. final bill fees. This year's loss of \$519,108 included operating losses of \$457,630 plus a debt service payment of \$61,569.

General Fund Budgetary Highlights

The General Fund adopted its budget prior to the fiscal year in accordance with Public Act 493 of 2000 and actual expenditures were less than authorized appropriations by \$506,432 due to delayed capital expenditures, unfilled positions, and reduced transfers to other funds.

Capital Asset and Debt Administration

The governmental funds acquired \$644,837 of new capital assets during the year. Most of these acquisitions were related to the \$540,686 spent on various road infrastructure projects.

Debt service payments of \$207,763 for two outstanding bond issues and an installment purchase agreement included principal reduction of \$153,994 and interest and bond refinancing payments of \$53,769. The City made the final payment on the ambulance installment purchase agreement during the current year.

Economic Conditions and Future Activities

As expected property tax values have leveled off and leadership is now evaluating which service deliverables can be supported with the existing revenue levels. City residents passed a public safety millage to support police and fire related expenditures - beginning fiscal year 2015 this is expected to generate an additional \$692,000 for the City; some of which may be captured by the Downtown Development Authority.

Contacting the City's Financial Management

This report is designed to provide a general overview of the City's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Department of Finance & Budget, City of Walled Lake at 1499 E. West Maple Rd, Walled Lake, MI 48390.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WALLED LAKE

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash, cash equivalents and investments	\$ 2,472,708	\$ 947,472	\$ 3,420,180	\$ 764,341
Receivables				
Taxes	19,955		19,955	11,846
State shared revenues	102,307		102,307	
Accounts	155,376	558,276	713,652	12,598
Internal balances	5,093	(5,093)		
Inventory	17,234	5,368	22,602	
Prepaid expenses	74,454		74,454	20,000
Capital assets, not being depreciated				
Non-depreciated	2,268,159		2,268,159	
Depreciated, net	8,145,481	4,861,218	13,006,699	822,346
Total assets	<u>13,260,767</u>	<u>6,367,241</u>	<u>19,628,008</u>	<u>1,631,131</u>
LIABILITIES				
Accounts payable	148,584	384,167	532,751	44,210
Accrued wages	98,773		98,773	7,255
Accrued interest payable	11,161		11,161	
Performance deposits	36,343		36,343	
Non-current liabilities				
Due within one year:				
Compensated absences	4,622		4,622	509
Current portion of long-term debt	160,000		160,000	
Due in more than one year:				
Compensated absences	41,773		41,773	5,131
Long-term debt	1,465,000		1,465,000	
Other non-current liability - other post-employment benefit liability	930,518		930,518	44,050
Total liabilities	<u>2,896,774</u>	<u>384,167</u>	<u>3,280,941</u>	<u>101,155</u>
NET POSITION				
Invested in capital assets, net of related debt	8,788,640	4,861,218	13,649,858	822,346
Restricted	475,997		475,997	
Unrestricted	1,099,356	1,121,856	2,221,212	707,630
Total net position	<u>\$ 10,363,993</u>	<u>\$ 5,983,074</u>	<u>\$ 16,347,067</u>	<u>\$ 1,529,976</u>

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Contributions</u>
GOVERNMENTAL ACTIVITIES				
General government	\$ (725,534)	\$ 758,410	\$ 500	\$
Public safety	(2,387,459)	155,319	12,132	
Transportation	(101,283)	26,534	124,885	
Public works/roads	(845,754)		15,886	157,322
Recreation	(44,623)			
Interest on long-term debt	(54,270)			
Total governmental activities	<u>(4,158,923)</u>	<u>940,263</u>	<u>153,403</u>	<u>157,322</u>
BUSINESS-TYPE ACTIVITIES				
Refuse	(309,961)	318,002		
Water/sewer system	(2,707,325)	2,212,670		26,374
Total business-type activities	<u>(3,017,286)</u>	<u>2,530,672</u>		<u>26,374</u>
Total primary government	<u>\$ (7,176,209)</u>	<u>\$ 3,470,935</u>	<u>\$ 153,403</u>	<u>\$ 183,696</u>
COMPONENT UNITS				
Downtown Development Authority	\$ (441,637)	\$ 700	\$	\$
Walled Lake City Library	(274,566)	16,238	2,650	
Total component units	<u>\$ (716,203)</u>	<u>\$ 16,938</u>	<u>\$ 2,650</u>	<u>\$</u>
General revenues				
Property taxes				
State shared revenues				
Interest income - cash and equivalents				
Franchise fees				
Rental income				
Other income				
Total general revenues				
Transfers				
Changes in net position				
Net position, July 1, 2013				
Net position, June 30, 2014				

The notes of the financial statements are an integral part of this statement.

**Net (Expenses) Revenue and
Changes in Net Position**

Governmental Activities	Business-type Activities	Total	Component Units
\$ 33,376	\$	\$ 33,376	\$
(2,220,008)		(2,220,008)	
50,136		50,136	
(672,546)		(672,546)	
(44,623)		(44,623)	
(54,270)		(54,270)	
<u>(2,907,935)</u>		<u>(2,907,935)</u>	
	8,041	8,041	
	<u>(468,281)</u>	<u>(468,281)</u>	
	<u>(460,240)</u>	<u>(460,240)</u>	
<u>(2,907,935)</u>	<u>(460,240)</u>	<u>(3,368,175)</u>	
			(440,937)
			<u>(255,678)</u>
			<u>(696,615)</u>
2,368,633		2,368,633	899,531
1,003,697		1,003,697	4,125
1,404	86	1,490	4
178,468		178,468	
43,464		43,464	
120,690	10,563	131,253	1,843
<u>3,716,356</u>	<u>10,649</u>	<u>3,727,005</u>	<u>905,503</u>
<u>61,477</u>	<u>(61,477)</u>		
869,898	(511,068)	358,830	208,888
<u>9,494,095</u>	<u>6,494,142</u>	<u>15,988,237</u>	<u>1,321,088</u>
<u>\$ 10,363,993</u>	<u>\$ 5,983,074</u>	<u>\$ 16,347,067</u>	<u>\$ 1,529,976</u>

FUND FINANCIAL STATEMENTS

CITY OF WALLED LAKE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Major Streets Fund	Non-major Funds	Totals
ASSETS				
Cash and investments	\$ 2,014,523	\$ 40,672	\$ 417,513	\$ 2,472,708
Receivables				
Taxes	19,955			19,955
State shared revenues	102,307			102,307
Accounts	62,754	44,507	44,866	152,127
Due from other funds	8,342			8,342
Inventory	17,234			17,234
Prepaid expenditures	74,454			74,454
Total assets	<u>\$ 2,299,569</u>	<u>\$ 85,179</u>	<u>\$ 462,379</u>	<u>\$ 2,847,127</u>
LIABILITIES				
Accounts payable	\$ 133,810	\$ 5,195	\$ 8,579	\$ 147,584
Accrued payroll	97,275		1,498	98,773
Compensated absences	4,622			4,622
Due to other funds	1,000			1,000
Performance deposits	36,343			36,343
Total liabilities	<u>273,050</u>	<u>5,195</u>	<u>10,077</u>	<u>288,322</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	19,955	53,430		73,385
Total liabilities and deferred inflow of resources	<u>293,005</u>	<u>58,625</u>	<u>10,077</u>	<u>361,707</u>
FUND BALANCE				
Nonspendable - prepaid items	74,454			74,454
Nonspendable - inventory	17,234			17,234
Restricted - road improvements		26,554	84,625	111,179
Restricted - transportation			163,139	163,139
Restricted - public safety			201,679	201,679
Committed - debt service			2,859	2,859
Unassigned	1,914,876			1,914,876
Total fund balances	<u>2,006,564</u>	<u>26,554</u>	<u>452,302</u>	<u>2,485,420</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,299,569</u>	<u>\$ 85,179</u>	<u>\$ 462,379</u>	<u>\$ 2,847,127</u>

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO STATEMENT OF NET POSITION
JUNE 30, 2014**

Total fund balance per balance sheet \$ 2,485,420

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Non-depreciated assets	\$ 2,268,159
Depreciable assets, net of depreciation	<u>8,145,481</u>

Capital assets net of depreciation 10,413,640

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:

Long-term bonds and installment notes	(1,625,000)
Compensated absences	(41,773)
Other post-employment benefits	<u>(930,518)</u>

Total (2,597,291)

Taxes receivable that were not collected within 60 days of year-end are realized in the Statement of Activities 19,955

Accrued interest is not due and payable in the current period and is not reported in the funds (11,161)

Revenue collected that do not provide current financial resources are not recognized as revenue in the funds, but are in the Statement of Activities 53,430

Net position of governmental activities \$ 10,363,993

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>	<u>Major Streets Fund</u>	<u>Non-major Funds</u>	<u>Total</u>
REVENUES				
Taxes	\$ 2,366,016	\$	\$	\$ 2,366,016
State shared revenues - general government	591,090			591,090
State shared revenues - roads		277,289	135,318	412,607
Grant income	28,018		124,885	152,903
Licenses and permits	74,879			74,879
Contributions	500	103,892		104,392
Rental income	43,464			43,464
Franchise fees	178,468			178,468
Charges for services	811,334		26,534	837,868
Fines and forfeitures			102,395	102,395
Interest	1,064		340	1,404
Miscellaneous	45,811			45,811
Total revenues	<u>4,140,644</u>	<u>381,181</u>	<u>389,472</u>	<u>4,911,297</u>
EXPENDITURES				
Current:				
General government	736,475			736,475
Public safety	2,576,476		68,476	2,644,952
Transportation			101,283	101,283
Recreation and culture	36,553			36,553
Public works	427,120	168,664	125,681	721,465
Debt service:				
Principal	23,994		130,000	153,994
Interest/fees	1,225		52,932	54,157
Capital outlay:				
General government			25,062	25,062
Public safety	79,089			79,089
Public works		540,686		540,686
Total expenditures	<u>3,880,932</u>	<u>709,350</u>	<u>503,434</u>	<u>5,093,716</u>
Excess of revenues over (under) expenditures	<u>259,712</u>	<u>(328,169)</u>	<u>(113,962)</u>	<u>(182,419)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			247,932	247,932
Transfers (out)	(30,280)	(65,000)	(91,175)	(186,455)
Total other financing sources (uses)	<u>(30,280)</u>	<u>(65,000)</u>	<u>156,757</u>	<u>61,477</u>
Net changes in fund balances	229,432	(393,169)	42,795	(120,942)
FUND BALANCE, JULY 1, 2013	<u>1,777,132</u>	<u>419,723</u>	<u>409,507</u>	<u>2,606,362</u>
FUND BALANCE, JUNE 30, 2014	<u>\$ 2,006,564</u>	<u>\$ 26,554</u>	<u>\$ 452,302</u>	<u>\$ 2,485,420</u>

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

**RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Net change in fund balances - governmental funds \$ (120,942)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

Capital outlay	\$ 644,837
Depreciation expense	<u>(435,866)</u>

Total 208,971

Repayment of bond and contracts payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of long-term debt 153,994

Receivables are not recorded in the fund statements if not collected within 60 days:

Taxes 2,617

Post-employment health care benefits are recorded in the governmental funds on a pay-as-you-go-basis. However, the government-wide statements records these liabilities as they are earned.

Current annual required contribution less amounts paid 150,039

Accrued absences for PTO for the employees is recorded on the Statement of Net Position

421,902

Change in accrued interest payable for the year

(113)

Revenue received but not earned is recorded as revenue on Statement of Activities

53,430

Change in net position of governmental activities

\$ 869,898

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014**

	<u>Water and Sewer Fund</u>	<u>Non-major Fund Refuse Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash	\$ 947,472	\$	\$ 947,472
Accounts receivable	485,394	72,882	558,276
Inventory	5,368		5,368
Noncurrent assets:			
Utility system, net	4,861,218		4,861,218
Total assets	\$ 6,299,452	\$ 72,882	\$ 6,372,334
 LIABILITIES			
Current liabilities:			
Accounts payable	\$ 384,167	\$	\$ 384,167
Due to other funds		5,093	5,093
Total liabilities	384,167	5,093	389,260
 NET POSITION			
Invested in capital assets, net of related debt	4,861,218		4,861,218
Unrestricted	1,054,067	67,789	1,121,856
Total net position	5,915,285	67,789	5,983,074
Total liabilities and net position	\$ 6,299,452	\$ 72,882	\$ 6,372,334

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Water and Sewer Fund</u>	<u>Non-major Fund Refuse Fund</u>	<u>Total</u>
OPERATING REVENUES			
User charges	\$ 2,212,670	\$ 318,002	\$ 2,530,672
OPERATING EXPENSES			
Refuse		309,961	309,961
Sewer and water	2,381,095		2,381,095
Depreciation	326,230		326,230
Total operating expenses	<u>2,707,325</u>	<u>309,961</u>	<u>3,017,286</u>
Operating income (loss)	<u>(494,655)</u>	<u>8,041</u>	<u>(486,614)</u>
NON-OPERATING REVENUES			
Interest income - operating	86		86
Other income	10,563		10,563
Total non-operating revenues	<u>10,649</u>		<u>10,649</u>
Excess of revenues over (under) expenses	(484,006)	8,041	(475,965)
CAPITAL CONTRIBUTION - TAP FEES	26,374		26,374
OTHER FINANCING USES - TRANSFERS (OUT)	<u>(61,477)</u>		<u>(61,477)</u>
Changes in net position	(519,109)	8,041	(511,068)
NET POSITION, JULY 1, 2013	<u>6,434,394</u>	<u>59,748</u>	<u>6,494,142</u>
NET POSITION, JUNE 30, 2014	<u><u>\$ 5,915,285</u></u>	<u><u>\$ 67,789</u></u>	<u><u>\$ 5,983,074</u></u>

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Water and Sewer Fund	Non-major Fund Refuse Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,211,424	\$ 298,285	\$ 2,509,709
Cash payments to suppliers	(2,422,057)	(304,868)	(2,726,925)
Cash receipts from other funds	700		700
Net cash (used in) operating activities	(209,933)	(6,583)	(216,516)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Tap fees collected	26,374		26,374
Transfers out	(61,477)		(61,477)
Net cash (used in) capital and related financing activities	(35,103)		(35,103)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on cash	86		86
Net (decrease) in cash and cash equivalents	(244,950)	(6,583)	(251,533)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL PERIOD	1,192,422	6,583	1,199,005
CASH AND CASH EQUIVALENTS AT END OF FISCAL PERIOD	\$ 947,472	\$	\$ 947,472
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ (494,655)	\$ 8,041	\$ (486,614)
Adjustments to reconcile operating income (loss) to net cash (used in) operating activities:			
Depreciation	326,230		326,230
Other income	10,563		10,563
Change in assets and liabilities:			
Receivables, net	(546)	(19,717)	(20,263)
Inventory	(5,368)		(5,368)
Accounts and other payables	(46,157)	5,093	(41,064)
Net cash (used in) operating activities	\$ (209,933)	\$ (6,583)	\$ (216,516)

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Agency Funds</u>	<u>Retiree Healthcare Fund</u>
ASSETS		
Cash and cash investments	\$ 232,367	\$ 233,671
Due from others	3,404	399
Prepaid expenditures	473	
Due from other funds	<u>1,000</u>	
Total assets	<u><u>\$ 237,244</u></u>	<u><u>\$ 234,070</u></u>
 LIABILITIES		
Accrued expenses	\$ 235,245	\$ 735
Due to other funds	<u>1,999</u>	<u>1,250</u>
Total liabilities	<u><u>\$ 237,244</u></u>	1,985
Net position - restricted for OPEB		<u>232,085</u>
Total liabilities and net position		<u><u>\$ 234,070</u></u>

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
RETIREE HEALTHCARE FUND
FOR THE YEAR ENDED JUNE 30, 2014**

ADDITIONS

Investment income:

Interest and dividends \$ 6,188

Net increase in fair value of investments 4,238

Net investment income \$ 10,426

Contributions - Employer 17,400

Contributions - Participants 6,057

Total contributions 23,457

Total additions 33,883

DEDUCTIONS

Retiree healthcare premiums 136,237

Administrative fees 50

Total deductions 136,287

NET (DECREASE) IN NET POSITION HELD IN TRUST (102,404)

NET POSITION HELD IN TRUST FOR OTHER POST-EMPLOYMENT BENEFITS

Beginning of year 334,489

NET POSITION HELD IN TRUST FOR OTHER POST-EMPLOYMENT BENEFITS

End of year \$ 232,085

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

**STATEMENT OF NET POSITION
COMBINING STATEMENT OF MAJOR COMPONENT UNITS
JUNE 30, 2014**

	Downtown Development Authority	Walled Lake City Library	Total
ASSETS			
Cash and investments	\$ 667,504	\$ 96,837	\$ 764,341
Receivables:			
Property taxes receivable	9,380	2,466	11,846
Other		12,598	12,598
Prepaid expenses and other assets		20,000	20,000
Capital assets, net	627,293	195,053	822,346
Total assets	1,304,177	326,954	1,631,131
LIABILITIES			
Accounts payable	32,081	7,972	40,053
Cash advances and deposits	4,157		4,157
Accrued liabilities and other		12,895	12,895
Net OPEB obligation (due beyond one year)		44,050	44,050
Total liabilities	36,238	64,917	101,155
NET POSITION			
Invested in capital assets, net of related debt	627,293	195,053	822,346
Unrestricted	640,646	66,984	707,630
Total net position	\$ 1,267,939	\$ 262,037	\$ 1,529,976

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

STATEMENT OF ACTIVITIES
 COMBINING STATEMENT OF MAJOR COMPONENT UNITS
 JUNE 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
COMPONENT UNITS			
Downtown Development Authority	\$ (441,637)	\$ 700	\$
Walled Lake - City Library	(274,566)	16,238	2,650
Total component units	<u>\$ (716,203)</u>	<u>\$ 16,938</u>	<u>\$ 2,650</u>

General revenues

Property taxes
 States shared revenues
 Investment income
 Miscellaneous

Total general revenues

Changes in net position

Net position, July 1, 2013

Net position, June 30, 2014

The notes of the financial statements are an integral part of this statement.

**Net (Expenses) Revenue
and Changes in Net Position**

<u>DDA</u>	<u>Walled Lake City Library</u>	<u>Total</u>
\$ (440,937)	\$ (255,678)	\$ (440,937) (255,678)
<u>(440,937)</u>	<u>(255,678)</u>	<u>(696,615)</u>
607,441	292,090	899,531
	4,125	4,125
	4	4
<u>1,843</u>	<u></u>	<u>1,843</u>
<u>609,284</u>	<u>296,219</u>	<u>905,503</u>
168,347	40,541	208,888
<u>1,099,592</u>	<u>221,496</u>	<u>1,321,088</u>
<u>\$ 1,267,939</u>	<u>\$ 262,037</u>	<u>\$ 1,529,976</u>

NOTES TO FINANCIAL STATEMENTS

CITY OF WALLED LAKE

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of City of Walled Lake conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with current accounting standards, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the City as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Position reports all financial and capital resources of the City (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net position, with the assets and liabilities shown in order of their relative liquidity. Net positions are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net positions are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net positions not otherwise classified as restricted, are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

CITY OF WALLED LAKE

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The City reports the following major governmental funds:

The 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.

The Major Streets Fund accounts for all the activity associated with maintaining the City's major streets. Revenues from this fund are generally derived by State of Michigan revenue sharing and transfers within the City.

The City reports the following major proprietary fund:

The Water and Sewer Fund accounts for all the activity associated with the collections of user fees and payments for water and sewage treatment by area utility providers.

Additionally, the City reports the following fiduciary funds:

The Retiree Healthcare Fund accounts for assets set aside to provide medical benefits to retirees.

The Agency Fund accounts for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or funds. This fund primarily holds escrow deposits from developers and tax remittances due other governmental units.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and fund balances as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

CITY OF WALLED LAKE

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and enterprise funds reported on the proprietary fund financial statements to the extent that those standards do not conflict with the standards of Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

Fiduciary funds account for assets held by the City in a trustee or agency capacity on behalf of others and, therefore, are not available to support City programs. The reporting focus is upon net position and changes in net position and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the City available to support City programs.

C. BUDGETARY DATA

The City approves budgets for the general and special revenue funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis.

D. PROPERTY TAXES

The City property tax is levied each December 1 on the taxable valuation of property located in the City as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the City for the 2013 levy was assessed at an adjusted taxable value of \$173,280,473. Taxes are due and payable by February 28. Delinquent real property taxes are returned to the County Treasurer for collection.

The City levies the following millage:

General City operations	15.9526
Library - component unit	<u>1.7821</u>
	<u><u>17.7347</u></u>

E. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No capital assets or depreciation are shown in the governmental fund financial statements.

Capital assets are defined by the City of Walled Lake Capital Asset policy as assets with an initial, individual cost of more than \$5,000 to \$25,000 depending on the asset type, and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the 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 improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

CITY OF WALLED LAKE

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital assets are depreciated using the straight-line method over the useful life schedule adopted by City Council in 2014:

Buildings, utility systems, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between activities (example - general government to recreation) are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

H. EQUITY

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City board through approval or resolutions. Assigned fund balance is a limitation imposed by a designee of the City board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

I. INVENTORIES

Inventories are valued at cost, which approximates market, using the first-in, and first-out method. Inventory consists of expendable supplies held for consumption. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used.

J. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, demand deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

K. DEFERRED OUTFLOWS OF RESOURCES

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

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

L. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one item that qualifies for reporting in this category, which is the unavailable revenue reported in the governmental funds balance sheets. Unavailable revenue is revenue that is legally due the government but which will not be collected within 60 days after year-end and therefore does not meet the availability criteria for revenue recognition.

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of City of Walled Lake as the primary government have been included in the financial statements.

Reporting Entity

The City is governed by an elected seven (7) member Council consisting of the mayor and six council members. The administrative service is placed under the direction of the City Manager who is selected based on executive and administrative qualifications. Executive authority, other than required by statute and for ceremonial purposes, is exercised by the City Manager as the Chief Administrative Officer.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Walled Lake, Michigan and its component units. The individual component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relations with the City.

Discretely Presented Component Units - The following component units are reported within the component units column in the accompanying financial statements. They are reported in a separate column to emphasize that they are legally separate from the City. Neither component unit publishes a separate financial statement.

- **Downtown Development Authority** - The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The Authority's governing body, which consists of 11 individuals, is nominated by the mayor and approved by the City Council.
- **Walled Lake City Library** - The Walled Lake City Library is governed by a five-member board appointed by the mayor and approved by the City Council. The Library is funded by two specially voted property tax levies.

CITY OF WALLED LAKE

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 3 - INTERFUND BALANCES/TRANSFERS

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. These amounts are reported as current assets in the governmental balance sheets. The amounts of interfund receivables and payables and interfund transfers are as follows:

<u>Due from Fund</u>	<u>Due to Fund</u>	<u>Amount</u>
General Fund	Refuse Fund	\$ 5,093
General Fund	Trust and Agency Fund	1,999
General Fund	Retiree Health Fund	1,250
Tax Fund	General Fund	<u>1,000</u>
		<u>\$ 9,342</u>

The following transfers were made during the year:

<u>Transfer in to</u>	<u>Transfer out from</u>	<u>Amounts</u>	<u>Purpose</u>
Local Streets Fund	Major Street Fund	\$ 65,000	Act 51 Revenue Sharing
Debt Service Fund	General Fund	30,280	Building Authority bonds
Debt Service Fund	Local Street Fund	91,175	Local roads bond
Debt Service Fund	Water Operating Fund	<u>61,477</u>	Building Authority bonds
		<u>\$ 247,932</u>	

CITY OF WALLED LAKE

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 4 - DEFINED BENEFIT PENSION PLAN

Plan Description - The City participates in the Municipal Employees' Retirement System of Michigan, an agent multiple-employer defined benefit pension plan that covers all employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Municipal Employees' Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplemental information for the system. The report may be obtained by writing to the system at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's collective bargaining units and requires a contribution from the employee. Employee contributions range from 5.00 percent to 8.00 percent depending on which bargaining unit they are included in. The employer contributions range from 10.44 to 82.01 percent of gross payroll depending on the class of employee. For Divisions with no active employees MERS requires a flat fee employer contribution. The City's Police Command Division has no active employees and had a flat fee contribution of \$169,176 for this fiscal year.

Annual Pension Cost - For the year ended June 30, 2014, the City's annual pension cost of \$384,447 for the plan was equal to the City's required and actual contribution. The annual and required contribution for the year beginning July 1, 2013 through June 30, 2014 was determined as part of an actuarial valuation at December 31, 2012, using the entry age normal actuarial method, and is applied as a percentage of actual payroll. Significant actuarial assumptions used include (a) a rate of return on investment of present and future assets of 8 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year compounded annually, (c) additional projected salary increases ranging from 0 percent to 8.4 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5 percent annually, noncompounded after retirement. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 26 years. The annual required contribution was determined as part of an actuarial valuation at December 31, 2012 using the only age normal actuarial method.

Participants - All full time City employees except the City Manager participate in the defined benefit pension plan. Effective July 1, 2013, all full time Library employees hired after July 1, 2013 date also participate.

CITY OF WALLED LAKE

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 4 - DEFINED BENEFIT PENSION PLAN - continued

Significant actuarial assumptions used include:

- a) An 8.0% return on investment
- b) Projected salary increases of 2.0% per year compounded annually
- c) An inflation component of 4.5%
- d) Increase in average compensation for years just before retirement would not vary from those in prior years due to FAC loading
- e) The percentage of active members withdrawing from the plan ranges from 20% to 2.4% on a sliding scale between 0 and 34 years of service
- f) An assumption that benefits will not increase after retirement

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized using a level dollar method on a closed basis over 26 years.

Three Year Trend Information

	Fiscal Year Ended June 30		
	2014	2013	2012
Annual pension cost (APC)	\$ 384,447	\$ 474,406	\$ 480,445
Percentage of APC contributed	100.0%	100.0%	100.0%
Net pension obligation (NPO)	None	None	None

	Actuarial Valuation as of December 31		
	2012	2011	2010
Actuarial value of assets	\$ 4,870,117	\$ 4,848,302	\$ 4,689,287
Actuarial accrued liability (AAL) (entry age)	\$ 13,099,306	\$ 12,677,526	\$ 11,966,601
Unfunded AAL (UAAL)	\$ 8,229,189	\$ 7,829,224	\$ 7,277,314
Funded ratio	37.2%	38.2%	39.5%
Covered payroll	\$ 1,754,569	\$ 1,856,156	\$ 2,078,294
UAAL as a percentage of covered payroll	469%	422%	350.2%

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 5 - DEFINED CONTRIBUTION PENSION PLAN

Primary Government

In accordance with employment agreements the City was obligated to fund a defined contribution plan for the City Manager and City Finance Director. Total pension cost to the City under this plan for the year ended June 30, 2014 was \$19,568. The plans have not been officially established at the time of this report but the full amount has been accrued for these obligations.

Component Unit - Library

The Library has established a defined contribution plan for eligible full-time employees. The Library is required to contribute an amount equal to seven percent of gross payroll of eligible employees. Eligible employees are required to contribute five percent of gross payroll through pre-tax payroll deductions. Total covered payroll for the year ended June 30, 2014 was \$68,496. The total pension cost to the Library was \$4,782 for the year ended June 30, 2014. This plan was discontinued for full time library employees hired after July 1, 2013.

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS

DEFINED BENEFIT HEALTH CARE PLAN

Plan Description - The City contributes resources to the City of Walled Lake Retiree Health Fund (WLRHF), which is a single-employer defined benefit healthcare plan administered by the City of Walled Lake. The WLRHF was established under State of Michigan Public Act 149 of 1999. Benefits are provided to public safety and general employees under collective bargaining agreements. The City includes pre-Medicare retirees in its health care plan and pays premiums up to \$800 per month per retiree. The City purchases Medicare supplemental insurance coverage for retirees eligible for Medicare with the same overall maximum City contribution toward premiums of \$800 per month per retiree. The retiree is responsible to reimburse the City for premiums in excess of \$800 per month.

Eligibility - The defined benefit plan is restricted to three active employees and retirees. Eligible retirees must have a minimum of fifteen years of service, or six years of service if he or she was a member of the clerical unit prior to January 1, 2000. Generally benefits do not commence until the employee is eligible to receive pension benefits from the City's MERS pension plan. As of June 30, 2014 (the last date a valuation was performed) there were twenty-three participants in the plan. Of the twenty-three participants, twenty were retired beneficiaries. Of the twenty retirees only twelve are currently drawing a benefit. Previously, this benefit was extended to all active employees, but this was discontinued in July 2013 as part of new collective bargaining agreements. Those employees will participate in a new defined contribution plan.

Significant Accounting Policies - The WLRHF is included in the City's financial statements as a retiree health trust fund. A stand-alone financial report has not been issued. The Plan's financial statements are prepared using information as of June 30, 2014. The Plan's financial statements include contributions received and owing to the Plan as well as benefits paid through that date.

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan. Administrative costs to maintain the plan are financed by investment earnings and resources of the general fund.

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS - continued

Funding Policy - The City is obligated to contribute \$75 per pay for each eligible employee. The employee contributes a refundable \$25 toward this. \$70 is to be set aside to pay premiums of up to \$800 per month per retiree for health care. The other \$5 is to be set aside to reimburse employees, who upon retirement or separation from the City, do not wish to participate in the retiree healthcare program will be reimbursed the \$25 contribution. The City is funding this plan now on a pay-as-you-go basis over and above the \$75 contribution.

Funded Status and Funding Progress - The other post-employment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC) of the employer with certain adjustments, for prior period under or over funding, if applicable. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and cover an amortization component of any unfunded actuarial liability (or excess) over a period not to exceed thirty years.

The City has less than 100 total plan members and is permitted to calculate the ARC using the alternative measurement method as described in GASB Statement No. 45. The City has elected to calculate the ARC using the alternative measurement method. In accordance with GASB Statement No. 45 the City is only required to recalculate the ARC every three years. The current alternative measurement method ARC calculation was valued as of June 30, 2014. The next required alternative measurement method ARC calculation will be valued as of July 1, 2016 for use in financial reporting for the year ending June 30, 2017.

The following shows the components of the City's annual OPEB cost for the year, the amount actually contributed towards the ARC and the changes in the net OPEB obligation:

Annual required contribution (ARC)	\$ 159,009
Interest on the June 30, 2013 net OPEB obligation	40,208
Adjustment to the annual required contribution	<u>(52,267)</u>
Annual OPEB cost	146,950
Amounts contributed to the WLRHF trust	<u>(109,950)</u>
Increase in net OPEB obligation	37,000
Net OPEB obligation, June 30, 2013	<u>893,518</u>
Net OPEB obligation, June 30, 2014	<u><u>\$ 930,518</u></u>

CITY OF WALLED LAKE

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS - continued

The funded status of the plan as of June 30, 2014 is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage Contributed	Net OPEB Obligation
6/30/2011	6/30/2010	\$ 316,332	20.8%	\$ 490,218
6/30/2012	6/30/2011	335,214	19.9%	758,507
6/30/2013	6/30/2012	197,136	31.5%	893,518
6/30/2014	6/30/2013	146,950	74.8%	930,518

The funding progress of the defined benefit plan as of June 30, 2014 (the most recent valuation date) is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)
6/30/2010	\$ 319,646	\$ 2,986,172	\$ 2,666,526	10.7
6/30/2011	274,576	3,658,739	3,384,163	7.5
6/30/2012	336,627	2,896,968	2,560,341	13.1
6/30/2013	232,085	2,471,561	2,239,476	9.4

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS - continued

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 actuarial 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 following simplifying assumptions were made:

Retirement Age for Active Employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

Marital Status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2002 United States Life Tables for Males and for Females were used.

Turnover - Nongroup-specific age-based turnover data from GASB Statement No. 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Premiums and Future Cost Trend Rate - Because the City's costs are fixed at \$800 per month plus half of the pre-age 65 deductible, the City has estimated its future costs to be at this maximum level, with no future cost increases.

Payroll Growth Rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation. Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4.5 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The UAAL has a remaining amortization period at June 30, 2014 (the most recent valuation date) of 21 years.

CITY OF WALLED LAKE

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS - continued

DEFINED CONTRIBUTION PLAN

Effective July 2013, all active full-time bargaining unit employees, of the City are participants of a new defined contribution post-retirement health savings plan. This plan calls for the City to make monthly contributions of \$52 or \$104 to the plan depending on whether the participant is enrolled in single or family coverage. All accounts are to be managed by the employee with funds immediately vested and accessible upon termination. The City buy-out for the new benefit totaled \$266,428. This amount was for services prior to July 1, 2013 by funding prior service with a \$25 times the number of pay-periods employed since December 23, 1999 plus \$500 for each year of employment.

The City is currently making monthly payments according to the terms and limitations of the Municipal Employees' Retirement System of Michigan (MERS) Healthcare Savings Program. Total payments for July 1, 2013 to June 30, 2014 equaled \$16,016.

NOTE 7 - CAPITAL ASSETS

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

	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/2014</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,572,172	\$	\$	\$ 1,572,172
Construction in progress	155,301	540,686		695,987
Subtotal	<u>1,727,473</u>	<u>540,686</u>		<u>2,268,159</u>
Capital assets being depreciated:				
Roads and sidewalks	10,225,097		(9,946)	10,215,151
Building and improvements	1,244,727			1,244,727
Vehicles, furniture and equipment	2,699,392	104,151	(75,304)	2,728,239
Subtotal	<u>14,169,216</u>	<u>104,151</u>	<u>(85,250)</u>	<u>14,188,117</u>
Less accumulated depreciation for:				
Roads and sidewalks	(3,338,111)	(230,674)	9,946	(3,558,839)
Building and improvements	(390,874)	(26,289)		(417,163)
Vehicles, furniture and equipment	(1,963,035)	(178,903)	75,304	(2,066,634)
Less accumulated depreciation	<u>(5,692,020)</u>	<u>(435,866)</u>	<u>85,250</u>	<u>(6,042,636)</u>
Net capital assets being depreciated	<u>8,477,196</u>	<u>(331,715)</u>		<u>8,145,481</u>
Net capital assets	<u>\$ 10,204,669</u>	<u>\$ 208,971</u>	<u>\$</u>	<u>10,413,640</u>
Related long-term debt outstanding at June 30, 2014				<u>(1,625,000)</u>
Governmental capital assets, net of related long-term debt				<u>\$ 8,788,640</u>

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 7 - CAPITAL ASSETS - continued

Depreciation expense is allocated to the following activities:

General government	\$	33,755
Public safety		151,906
Public works		242,135
Recreation and culture		8,070
		<u>8,070</u>
	\$	<u>435,866</u>

Capital asset activity in the business-type activities for the year ended June 30, 2014 was as follows:

	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2014</u>
Business-type activities:				
Capital assets being depreciated:				
Water systems	\$ 3,387,073	\$	\$	\$ 3,387,073
Sewer systems	<u>12,706,918</u>			<u>12,706,918</u>
Total capital assets at historical cost	16,093,991			16,093,991
Less accumulated depreciation for:				
Water systems	(2,774,797)	(67,143)		(2,841,940)
Sewer systems	<u>(8,131,746)</u>	<u>(259,086)</u>		<u>(8,390,832)</u>
Total accumulated depreciation	<u>(10,906,543)</u>	<u>(326,229)</u>		<u>(11,232,772)</u>
Business-type capital assets, net	<u>\$ 5,187,448</u>	<u>\$ (326,229)</u>	<u>\$</u>	<u>\$ 4,861,219</u>

All depreciation is charged to water and sewer activities. There is no related debt with these assets.

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 7 - CAPITAL ASSETS - continued

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

	Balance 7/1/2013	Additions	Deletions	Balance 6/30/2014
Capital assets being depreciated:				
Street lighting and road improvements	\$ 832,704	\$	\$	\$ 832,704
Furniture and equipment	315,149		(39,324)	275,825
Books, periodicals and materials	390,271	26,008	(9,708)	406,571
Subtotal	1,538,124	26,008	(49,032)	1,515,100
Less accumulated depreciation	(669,112)	(72,674)	49,032	(692,754)
Net capital assets	\$ 869,012	\$ (46,666)	\$	\$ 822,346

No debt is associated with the component unit assets.

Depreciation expense is allocated to the following activities:

Downtown development	\$ 26,541
Library	46,133
	\$ 72,674

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 8 - LONG-TERM DEBT

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Capital leases and installment purchase agreements are also general obligations of the government.

<u>Description</u>	<u>Amount</u>
Governmental Activities	
General obligations:	
2013 Building Authority LTGO refunding bond issued for \$905,000 for DPW building improvement. The bond bears interest of 2.17%, and matures through 2022	\$ 825,000
2009 Capital Improvement LTGO bonds, Issued in the amount of \$955,000, used to fund street improvements. The bonds bear interest from 4.5% to 5.0%, and mature through 2024	<u>800,000</u>
Total of general obligations	<u><u>\$ 1,625,000</u></u>

ACCRUED COMPENSATED ABSENCES

The City has recorded a liability for compensated absences. The policies regarding compensated absences are outlined in the City's "Rules of Employment". A liability for accrued compensated absences is recorded when incurred in the government-wide and proprietary fund financial statements; however, a liability is only accrued in the governmental funds as payments come due, for example, as a result of employee resignations and retirements.

CITY OF WALLED LAKE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 8 - LONG-TERM DEBT - continued

The following is a summary of changes in long term debt for the year.

	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2014</u>	<u>Due within one year</u>
Governmental Activities					
General obligation bonds	\$ 1,755,000	\$	\$ 130,000	\$ 1,625,000	\$ 160,000
Installment purchase agreements	23,994		23,994		
Accumulated compensated absences	463,675		417,280	46,395	4,622
Total general obligations	<u>\$ 2,242,669</u>	<u>\$</u>	<u>\$ 571,274</u>	<u>\$ 1,671,395</u>	<u>\$ 164,622</u>
Business-type Activities:					
Accumulated compensated absences	<u>\$ 54,103</u>	<u>\$</u>	<u>\$ 54,103</u>	<u>\$</u>	<u>\$</u>
Component Unit Activities					
Accumulated compensated absences	<u>\$ 10,706</u>	<u>\$</u>	<u>\$ 10,197</u>	<u>\$ 509</u>	<u>\$ 509</u>

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	160,000	56,577	216,577
2016	160,000	51,940	211,940
2017	180,000	47,303	227,303
2018	180,000	41,650	221,650
2019	175,000	35,846	210,846
2020 - 2024	770,000	86,370	856,370
Total	<u>\$ 1,625,000</u>	<u>\$ 319,686</u>	<u>\$ 1,944,686</u>

CITY OF WALLED LAKE

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 9 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the City to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers acceptance of United States banks, commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The City's deposits are in accordance with statutory authority.

The City investment policy adopted in accordance with Public Act 196 of 1997 has authorization to place funds in all of the investments mentioned in the preceding paragraph.

At year-end deposits and investments consist of the following:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>	<u>Total</u>	<u>Percent</u>
Deposits					
Bank of America	\$ 206,672	\$	\$	\$ 206,672	4.8%
First Merrit	2,155,134	390,502	753,637	3,299,273	75.9%
Fifth Third	599,582			599,582	13.8%
Walled Lake Fed Credit Union	230,062		10,454	240,516	5.5%
	<u>3,191,450</u>	<u>390,502</u>	<u>764,091</u>	<u>4,346,043</u>	<u>100.0%</u>
Investments					
Negotiable certificate of deposit		84,413		84,413	25.7%
Government bonds	620			620	0.2%
2a7 funds	231,630	11,819		243,449	74.1%
	<u>232,250</u>	<u>96,232</u>		<u>328,482</u>	<u>100.0%</u>
Total deposits and investments	<u>\$ 3,423,700</u>	<u>\$ 486,734</u>	<u>\$ 764,091</u>	<u>\$ 4,674,525</u>	

The carrying amount of cash and investments reported in the financial statements is \$4,650,559. The difference between the carrying amounts in the financial statements and the bank balances in the above schedule arise from cash on hand of \$1,250 outstanding checks, and deposits in transit.

The City's cash and investments are subject to several types of risk which are examined in more detail as follows.

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 9 - DEPOSITS AND INVESTMENTS - continued

Custodial Credit Risk

Custodial Credit Risk is the risk that in the event of a custodian failure the City will not be able to recover its money. State law does not require and the City does not have a deposit policy for custodial credit risk. The City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. At year-end the City had an aggregate \$3,346,043 of bank deposits (certificates of deposit, savings, and check accounts) that were uninsured and uncollateralized. Due to operating cash flow requirements it is impractical to insure all deposits.

Credit Risk

The City's investment policy limits investments to those authorized by Public Act 20 of 1943. Commercial paper must be rated within the two (2) highest classifications established by not less than two (2) standard ratings services. Ratings are not required for U.S. Treasuries and money market accounts. At year-end the City's investments were exposed to credit risk as follows:

<u>Investment Type</u>	<u>Rating by S & P</u>	<u>Amount</u>
Money Market funds	Not rated	\$ 11,819
Government Investment Pool	AAA/V1	111,132
Federal National Mortgage Association	AAA	620
MI CLASS Investment Pool	AAAm	120,498
Negotiable Certificates of Deposit	Not rated	84,413
		<u>\$ 328,482</u>

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 9 - DEPOSITS AND INVESTMENTS - continued

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates during the time an investment has not matured. The City's investment policy required operating fund investment in the United States obligations to maturities of five (5) years or less, certificates of deposit to five (5) years or less and commercial paper maturities to 270 days.

At year-end the average maturities of investments subject to interest rate risk are as follows:

<u>Investment Type</u>	<u>Value</u>	<u>Investment Maturities (in years) Less than 5</u>
Government Securities	\$ 620	\$ 620
Negotiable Certificate of Deposit	84,413	84,413
Total	<u>\$ 85,033</u>	<u>\$ 85,033</u>

Concentration of Credit Risk

Concentration of credit risk is the risk attributed to placing a large portion of the City's portfolio with a single institution or issuer. The total portfolio includes all investments plus deposits and cash equivalents. The City's investment policy requires diversification with a primary focus on safety and ability to meet projected cash flow needs. The City does not have any investments that exceed 5% of total assets available for investment.

NOTE 10 - CONTINGENT LIABILITIES

The City is involved in some legal actions arising in the normal course of business. In the opinion of management, the current legal actions should not have a material effect on the financial position of the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WALLED LAKE

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 2,286,400	\$ 2,286,400	\$ 2,366,016	\$ 79,616
Licenses and permits	60,650	60,650	74,879	14,229
State shared revenue	587,000	587,000	591,090	4,090
Charges for services	703,625	703,625	811,334	107,709
Interest	6,500	6,500	1,064	(5,436)
Miscellaneous revenue	242,250	242,250	296,261	54,011
Total revenues	3,886,425	3,886,425	4,140,644	254,219
EXPENDITURES	3,777,134	4,387,364	3,880,932	506,432
Excess of revenue (under) over expenditures	109,291	(500,939)	259,712	760,651
OTHER FINANCING SOURCES (USES)				
Transfer (out)	(78,016)	(70,326)	(30,280)	40,046
Total other financing sources (uses)	(78,016)	(70,326)	(30,280)	40,046
Net change in fund balance	31,275	(571,265)	229,432	800,697
FUND BALANCE, JULY 1, 2013	1,777,132	1,777,132	1,777,132	
FUND BALANCE, JUNE 30, 2014	\$ 1,808,407	\$ 1,205,867	\$ 2,006,564	\$ 800,697

CITY OF WALLED LAKE

MAJOR STREETS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
State shared revenues	\$	\$	\$ 277,289	\$
Contribution			103,892	
Total revenues	<u>260,000</u>	<u>417,322</u>	<u>381,181</u>	<u>(36,141)</u>
EXPENDITURES				
Construction			541,158	
Road preservation			68,508	
Traffic services			33,032	
Winter maintenance			30,916	
Administrative costs			35,736	
Total expenditures	<u>211,885</u>	<u>842,010</u>	<u>709,350</u>	<u>132,660</u>
Excess of revenue (under) over expenditures	48,115	(424,688)	(328,169)	96,519
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(65,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	
Net change in fund balance	(16,885)	(489,688)	(393,169)	96,519
FUND BALANCE, JULY 1, 2013	<u>419,723</u>	<u>419,723</u>	<u>419,723</u>	
FUND BALANCE, JUNE 30, 2014	<u>\$ 402,838</u>	<u>\$ (69,965)</u>	<u>\$ 26,554</u>	<u>\$ 96,519</u>

CITY OF WALLED LAKE

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND FUNDING PROGRESS
FOR RETIREE'S HEALTH PLAN
JUNE 30, 2014

DEFINED BENEFIT PLAN

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	6/30/2009	\$ 305,536	21.5%	\$ 239,911
6/30/2011	6/30/2010	316,332	20.8%	490,218
6/30/2012	6/30/2011	335,214	19.9%	758,507
6/30/2013	6/30/2012	197,136	31.5%	893,518
6/30/2014	6/30/2013	146,950	74.8%	930,518

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>
6/30/2010	\$ 319,646	\$ 2,986,172	\$ 2,666,526	10.7%
6/30/2011	274,576	3,658,739	3,384,163	7.5%
6/30/2012	336,627	2,896,968	2,560,341	13.1%
6/30/2013	232,085	2,471,561	2,239,476	9.4%

The City of Walled Lake Retiree Healthcare Plan has less than 100 participants and accordingly actuarial valuations are only required to be performed tri-annually.

CITY OF WALLED LAKE

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS FOR PENSION PLAN
JUNE 30, 2014**

Actuarial Valuation Date	Cost (ARC)	Percentage of ARC Contributed	Employer Contributions
12/31/2013	\$ 480,445	100%	\$ 480,445
12/31/2012	474,406	100%	474,406
12/31/2011	412,037	100%	412,037
12/31/2010	460,111	100%	460,111
12/31/2009	475,730	100%	475,730

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2012	\$ 4,870,117	\$ 13,099,306	\$ 8,229,189	37.2%	\$ 1,754,569	469.0%
12/31/2011	4,848,302	12,677,526	7,829,224	38.2%	1,856,156	421.8%
12/31/2010	4,689,287	11,966,601	7,277,314	39.2%	2,078,294	350.2%
12/31/2009	4,537,674	11,771,007	7,233,333	38.5%	2,190,699	330.2%
12/31/2008	4,204,481	11,315,544	7,111,063	37.2%	2,275,935	312.4%

The information presented in the above required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the notes to basic financial statements.

Valuation date	December 31, 2012
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	26 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	8.0%
Project salary increases	2.0%
Inflation factor	4.5%
Cost of living adjustments	2.5%

At the time of the draft of the financial statements there was not a more current actuarial evaluation.

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

CITY OF WALLED LAKE

COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 2014

	<u>Major Streets Fund</u>	<u>Local Streets Fund</u>	<u>Transportation Fund</u>	<u>Drug Forfeiture Fund</u>	<u>Totals</u>
ASSETS					
Cash and investments	\$ 40,672	\$ 71,337	\$ 138,283	\$ 205,034	\$ 455,326
Accounts receivable	44,507	16,899	27,967		89,373
Total assets	<u>\$ 85,179</u>	<u>\$ 88,236</u>	<u>\$ 166,250</u>	<u>\$ 205,034</u>	<u>\$ 544,699</u>
LIABILITIES					
Accounts payable	\$ 5,195	\$ 3,611	\$ 1,613	\$ 3,355	\$ 13,774
Accrued compensation			1,498		1,498
Total liabilities	5,195	3,611	3,111	3,355	15,272
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue	53,430				53,430
Total liabilities and deferred inflows of resources	58,625	3,611	3,111	3,355	68,702
FUND BALANCE	<u>26,554</u>	<u>84,625</u>	<u>163,139</u>	<u>201,679</u>	<u>475,997</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 85,179</u>	<u>\$ 88,236</u>	<u>\$ 166,250</u>	<u>\$ 205,034</u>	<u>\$ 544,699</u>

CITY OF WALLED LAKE
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
JUNE 30, 2014

	Water and Sewer Fund	Refuse Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 947,472	\$	\$ 947,472
Accounts receivable	485,394	72,882	558,276
Utility system, net	4,861,218		4,861,218
Inventory	<u>5,368</u>		<u>5,368</u>
Total assets	<u>\$ 6,299,452</u>	<u>\$ 72,882</u>	<u>\$ 6,372,334</u>
LIABILITIES			
Accounts payable	\$ 384,167	\$	\$ 384,167
Due to other funds		<u>5,093</u>	<u>5,093</u>
Total liabilities	<u>384,167</u>	<u>5,093</u>	<u>389,260</u>
NET POSITION			
Invested in capital assets, net of related debt	4,861,218		4,861,218
Unrestricted	<u>1,054,067</u>	<u>67,789</u>	<u>1,121,856</u>
Total net position	<u>5,915,285</u>	<u>67,789</u>	<u>5,983,074</u>
 Total liabilities and net position	 <u>\$ 6,299,452</u>	 <u>\$ 72,882</u>	 <u>\$ 6,372,334</u>

CITY OF WALLED LAKE

**BALANCE SHEET
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Retiree Health Care Fund</u>	<u>Trust and Agency Fund</u>	<u>Current Tax Fund</u>	<u>Payroll Fund</u>	<u>Totals</u>
ASSETS					
Cash and investments	\$ 233,671	\$ 137,743	\$ 5,223	\$ 89,401	\$ 466,038
Due from other funds			1,000		1,000
Prepaid expenditures		320		153	473
Due from others	399	3,404			3,803
Total assets	<u>\$ 234,070</u>	<u>\$ 141,467</u>	<u>\$ 6,223</u>	<u>\$ 89,554</u>	<u>\$ 471,314</u>
LIABILITIES					
Accounts payable/ performance deposits	\$ 735	\$ 139,468	\$ 6,223	\$ 89,554	\$ 235,980
Due to other funds	1,250	1,999			3,249
Total liabilities	<u>1,985</u>	<u>141,467</u>	<u>6,223</u>	<u>89,554</u>	<u>239,229</u>
NET POSITION	<u>232,085</u>				<u>232,085</u>
Total liabilities and net position	<u>\$ 234,070</u>	<u>\$ 141,467</u>	<u>\$ 6,223</u>	<u>\$ 89,554</u>	<u>\$ 471,314</u>

CITY OF WALLED LAKE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Major Streets Fund	Local Streets Fund	Transportation Fund	Drug Forfeiture Fund	Totals
REVENUES					
Fines and forfeits	\$	\$	\$	\$ 102,395	\$ 102,395
Charges for services			26,534		26,534
State shared revenues	277,289	135,318			412,607
Interest				340	340
Grants			124,885		124,885
Contribution	103,892				103,892
Total revenues	381,181	135,318	151,419	102,735	770,653
EXPENDITURES					
Transportation services			126,345		126,345
Public safety				68,476	68,476
Public works	709,350	125,681			835,031
Total expenditures	709,350	125,681	126,345	68,476	1,029,852
Excess of revenues over (under) expenditures	(328,169)	9,637	25,074	34,259	(259,199)
OTHER FINANCING SOURCES (USES)					
Transfers in		65,000			65,000
Transfers (out)	(65,000)	(91,175)			(156,175)
Total other financing sources (uses)	(65,000)	(26,175)			(91,175)
Net changes in fund balances	(393,169)	(16,538)	25,074	34,259	(350,374)
FUND BALANCE, JULY 1, 2013	419,723	101,163	138,065	167,420	826,371
FUND BALANCE, JUNE 30, 2014	\$ 26,554	\$ 84,625	\$ 163,139	\$ 201,679	\$ 475,997

CITY OF WALLED LAKE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Water and Sewer Fund	Refuse Fund	Total
OPERATING REVENUES			
User charges	\$ 2,212,670	\$ 318,002	\$ 2,530,672
OPERATING EXPENSES			
Refuse		309,961	309,961
Sewer and water	2,381,095		2,381,095
Depreciation	326,230		326,230
Total operating expenses	<u>2,707,325</u>	<u>309,961</u>	<u>3,017,286</u>
Operating income (loss)	<u>(494,655)</u>	<u>8,041</u>	<u>(486,614)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income - operating	86		86
Other income	10,563		10,563
Total non-operating revenues (expenses)	<u>10,649</u>		<u>10,649</u>
Excess of revenues over (under) expenses	<u>(484,006)</u>	<u>8,041</u>	<u>(475,965)</u>
CAPITAL CONTRIBUTIONS - TAP FEES	26,374		26,374
TRANSFERS (OUT)	<u>(61,477)</u>		<u>(61,477)</u>
Changes in net position	<u>(519,109)</u>	<u>8,041</u>	<u>(511,068)</u>
NET POSITION JULY 1, 2013	<u>6,434,394</u>	<u>59,748</u>	<u>6,494,142</u>
NET POSITION JUNE 30, 2014	<u><u>\$ 5,915,285</u></u>	<u><u>\$ 67,789</u></u>	<u><u>\$ 5,983,074</u></u>

CITY OF WALLED LAKE

**COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Water and Sewer Fund	Refuse Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (494,655)	\$ 8,041	\$ (486,614)
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities			
Depreciation	326,230		326,230
Other income	10,563		10,563
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(1,246)	(19,717)	(20,963)
(Increase) decrease in due from other funds	700		700
(Increase) decrease in inventory	(5,368)		(5,368)
Increase (decrease) in accounts payable	(46,157)		(46,157)
Increase (decrease) in due to other funds		5,093	5,093
	284,722	(14,624)	270,098
Total adjustments			
Net cash (used in) operating activities	(209,933)	(6,583)	(216,516)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers (out)	(61,477)		(61,477)
Tap fees collected	26,374		26,374
	(35,103)		(35,103)
Net cash (used in) capital and related financing activities	(35,103)		(35,103)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on cash	86		86
	(244,950)	(6,583)	(251,533)
Net increase (decrease) in cash and cash equivalents			
CASH AND CASH EQUIVALENTS AT JULY 1, 2013	1,192,422	6,583	1,199,005
CASH AND CASH EQUIVALENTS AT JUNE 30, 2014	\$ 947,472	\$	\$ 947,472

INDIVIDUAL FUNDS

GENERAL FUND

CITY OF WALLED LAKE

GENERAL FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS

Cash and investments		\$ 2,014,523
Receivables		
Taxes		19,955
State		102,307
Accounts		62,754
Due from other funds		8,342
Inventory		17,234
Prepaid expenditures		74,454
		<hr/>
Total assets		\$ 2,299,569
		<hr/> <hr/>

LIABILITIES

Accounts payable	\$ 133,810	
Accrued compensated	97,275	
Accrued sick and vacation	4,622	
Due to other funds	1,000	
Performance deposits	36,343	
	<hr/>	
Total liabilities		\$ 273,050

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue		19,955
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FUND BALANCE

Non-spendable:		
Prepaid	74,454	
Inventories	17,234	
Assigned for budget deficit	356,859	
Unassigned	1,558,017	
	<hr/>	
Total fund balance		2,006,564
		<hr/>
Total liabilities, deferred inflows of resources and fund balance		\$ 2,299,569
		<hr/> <hr/>

CITY OF WALLED LAKE

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 2,286,400	\$ 2,366,016	\$ 79,616
Licenses and permits	60,650	74,879	14,229
State shared revenues	587,000	591,090	4,090
Charges for services	703,625	811,334	107,709
Interest	6,500	1,064	(5,436)
Miscellaneous revenue	242,250	296,261	54,011
Total revenues	3,886,425	4,140,644	254,219
EXPENDITURES	4,387,364	3,880,932	506,432
Excess of revenues over (under) expenditures	(500,939)	259,712	760,651
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(70,326)	(30,280)	40,046
Total other financing sources (uses)	(70,326)	(30,280)	40,046
Net change in fund balance	(571,265)	229,432	800,697
FUND BALANCE, JULY 1, 2013	1,777,132	1,777,132	
FUND BALANCE, JUNE 30, 2014	\$ 1,205,867	\$ 2,006,564	\$ 800,697

CITY OF WALLED LAKE

GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TAXES	\$ 2,286,400	\$ 2,366,016	\$ 79,616
LICENSES AND PERMITS	60,650	74,879	14,229
STATE SHARED REVENUES	587,000	591,090	4,090
CHARGES FOR SERVICES			
Cemetery		2,800	
Tax administration fees		84,395	
Equipment rental		25,946	
Passports		1,250	
Planning and zoning fees		2,843	
Court fees		22,064	
Crossing guard		7,397	
Mobile home park fees		764	
Police fees		6,233	
Fire department charges		61,358	
Administrative charges		533,635	
Other charges for services		8,276	
Farmer's/Market day/Beach party		8,870	
Penalty and interest		45,503	
Total charges for services	<u>703,625</u>	<u>811,334</u>	<u>107,709</u>
INTEREST	<u>6,500</u>	<u>1,064</u>	<u>(5,436)</u>
MISCELLANEOUS REVENUE			
Grants		28,018	
Miscellaneous		3,649	
Insurance dividends		36,362	
Rental income		43,464	
Donations		500	
Reimbursement		5,800	
Cablevision franchise fees		178,468	
Total miscellaneous revenue	<u>242,250</u>	<u>296,261</u>	<u>54,011</u>
Total revenues	<u>\$ 3,886,425</u>	<u>\$ 4,140,644</u>	<u>\$ 254,219</u>

CITY OF WALLED LAKE

GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
LEGISLATIVE			
City Council			
Salaries	\$	\$ 3,270	\$
Payroll taxes		225	
Insurance		11	
Total city council	<u>12,135</u>	<u>3,506</u>	<u>8,629</u>
TOTAL LEGISLATIVE	<u>12,135</u>	<u>3,506</u>	<u>8,629</u>
GENERAL GOVERNMENT			
City Manager			
Salaries		134,645	
Payroll taxes		10,247	
Insurance - benefits		19,339	
Pension and OPEB		15,840	
Insurance - liability		983	
Training		160	
Miscellaneous		95	
Personnel allocation		(107,000)	
Total city manager	<u>111,095</u>	<u>74,309</u>	<u>36,786</u>
Assessor			
County equalization		49,759	
Printing and postage		14	
Total assessor	<u>55,500</u>	<u>49,773</u>	<u>5,727</u>
Attorney	<u>39,600</u>	<u>39,600</u>	
Litigation	<u>95,000</u>	<u>78,492</u>	<u>16,508</u>
Finance and Budget			
Salaries		107,102	
Payroll taxes		8,193	
Insurance - benefits		3,410	
Miscellaneous		142	
Retirement		4,957	
Insurance - liability		546	
Dues, training and education		6,250	
Software and computer maintenance		2,129	
Personnel allocation		(55,900)	
Total finance and budget	<u>71,808</u>	<u>76,829</u>	<u>(5,021)</u>

CITY OF WALLED LAKE

GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government			
Salaries		70,686	
Payroll taxes		6,605	
Insurance - benefits		8,073	
Pension and OPEB		40,064	
Insurance - liability		51,830	
Office supplies and postage		9,261	
Utilities		27,232	
Repairs and maintenance		36,950	
Dues and subscriptions		6,127	
Professional fees		10,645	
Community development		8,052	
Senior center		12,834	
Miscellaneous		571	
Equipment rental		1,027	
Conferences and training		1,115	
Personnel allocation		(81,500)	
	<u>273,445</u>	<u>209,572</u>	<u>63,873</u>
Total general government			
City Clerk			
Salaries		13,115	
Payroll taxes		1,431	
Insurance - benefits		5,099	
Retirement and OPEB		1,135	
Insurance - liability		188	
Office supplies and postage		1,400	
Dues and subscriptions		385	
Transportation		44	
Printing and publishing		1,314	
Repair and maintenance		499	
Conferences and training		3,294	
Miscellaneous		432	
Personnel allocation		(1,100)	
	<u>73,790</u>	<u>27,236</u>	<u>46,554</u>
Total city clerk			

CITY OF WALLED LAKE

**GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Board of Review	<u>1,550</u>	<u>1,480</u>	<u>70</u>
Treasurer			
Salaries		56,576	
Payroll taxes		4,810	
Insurance - benefits		14,026	
Pension and OPEB		12,798	
Insurance - liability		351	
Office supplies and postage		2,036	
Banking and payroll fees		6,025	
Membership and dues		140	
Printing and publishing		526	
Telephone		2,404	
Computer and software maintenance		95	
Equipment rental		4,500	
Miscellaneous		5,025	
Mileage		364	
Personnel allocation		(6,700)	
	<u>116,600</u>	<u>102,976</u>	<u>13,624</u>
Elections	<u>11,000</u>	<u>3,907</u>	<u>7,093</u>
Cemetery	<u>2,200</u>	<u>625</u>	<u>1,575</u>
Parks and Recreation	<u>40,325</u>	<u>35,337</u>	<u>4,988</u>
Planning Commission			
Personnel allocation		16,500	
Office supplies and postage		156	
Review		2,413	
Consultant		16,250	
Ordinance		1,551	
Printing and publishing		789	
	<u>37,650</u>	<u>37,659</u>	<u>(9)</u>
Zoning Board of Appeals	<u>1,000</u>	<u>1,024</u>	<u>(24)</u>
TOTAL GENERAL GOVERNMENT	<u>930,563</u>	<u>738,819</u>	<u>191,744</u>

CITY OF WALLED LAKE

GENERAL FUND
 STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PUBLIC SAFETY			
Police Department			
Salaries		861,347	
Payroll taxes		72,557	
Insurance - benefits		59,621	
Pension and OPEB		403,902	
Insurance - liability		43,221	
Dispatch services		72,467	
Operating supplies		7,270	
Professional fees		3,220	
Uniforms		10,006	
Fuel		25,193	
Auxiliary services		6,451	
Prevention programs		815	
Utilities		8,386	
Lien claims		22,441	
Telephone		7,996	
Repairs and maintenance		17,149	
Record retention		699	
Training		6,219	
Capital outlay		6,897	
Office supplies and postage		2,772	
Miscellaneous		1,150	
	<hr/>	<hr/>	<hr/>
Total police department	<u>1,656,615</u>	<u>1,639,779</u>	<u>16,836</u>
Crossing guards	<u>7,500</u>	<u>7,572</u>	<u>(72)</u>

CITY OF WALLED LAKE

GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fire Department			
Salaries		459,430	
Payroll taxes		40,730	
Insurance - benefits		59,599	
Pension and OPEB		116,328	
Insurance - general liability		21,075	
Dispatch services		15,907	
Office supplies and postage		1,250	
Operating supplies		5,610	
Fire prevention		1,905	
Uniforms		7,760	
Fuel		8,147	
Cost recovery billing		8,670	
Dues and subscriptions		8,179	
Professional fees		2,581	
Telephone and utilities		20,743	
Repairs and maintenance		31,266	
Training		7,785	
Equipment rental		3,964	
Capital outlay		32,115	
Debt - principal		23,994	
Debt - interest		1,225	
Printing and publishing		267	
Miscellaneous		641	
	<u>1,117,028</u>	<u>879,171</u>	<u>237,857</u>
Total fire department			
Building Inspection Department			
Salaries		54,504	
Payroll taxes		3,056	
Personnel allocation		16,500	
Fuel		1,280	
Insurance - liability		2,343	
Supplies and postage		1,255	
Inspection fees		10,385	
Telephone		8,995	
Repairs and maintenance		6,342	
	<u>117,405</u>	<u>104,660</u>	<u>12,745</u>
Total building inspection department			
TOTAL PUBLIC SAFETY	<u>2,898,548</u>	<u>2,631,182</u>	<u>267,366</u>

CITY OF WALLED LAKE

GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PUBLIC WORKS			
DPW			
Salaries		343,507	
Payroll taxes		28,270	
Insurance - benefits		52,479	
Pension and OPEB		128,235	
Insurance - liability		10,622	
Office supplies and postage		473	
Operating supplies		7,304	
Uniforms		1,536	
Fuel		14,477	
Contracted services		3,418	
Dues and subscriptions		409	
Telephone		3,286	
Utilities		22,819	
Repairs and maintenance		32,452	
Equipment rental		50,464	
Small equipment		3,519	
Miscellaneous		2,499	
Personnel allocation		(351,300)	
Total DPW	<u>389,108</u>	<u>354,469</u>	<u>34,639</u>
Beautification	<u>2,000</u>	<u>1,216</u>	<u>784</u>
Storm Water Drains/Lake	<u>9,010</u>	<u>8,546</u>	<u>464</u>
Streetlights	<u>66,000</u>	<u>64,105</u>	<u>1,895</u>
TOTAL PUBLIC WORKS	466,118	428,336	37,782
CAPITAL OUTLAY			
Capital outlay	<u>80,000</u>	<u>79,089</u>	<u>911</u>
Total expenditures	<u>\$ 4,387,364</u>	<u>\$ 3,880,932</u>	<u>\$ 506,432</u>

MAJOR STREETS FUND

CITY OF WALLED LAKE

MAJOR STREETS FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS

Cash and investments	\$ 40,672
Accounts receivable	<u>44,507</u>

Total assets	<u><u>\$ 85,179</u></u>
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LIABILITIES

Accounts payable	\$ 5,195
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DEFERRED INFLOWS OF RESOURCES

Unavailable revenue	53,430
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FUND BALANCE - RESTRICTED

<u>26,554</u>

**Total liabilities, deferred inflows of resources
and fund balance**

<u><u>\$ 85,179</u></u>

CITY OF WALLED LAKE

MAJOR STREETS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State shared revenue	\$	\$ 277,289	\$
Contribution		103,892	
Total revenues	<u>417,322</u>	<u>381,181</u>	<u>(36,141)</u>
EXPENDITURES			
Construction		541,158	
Road preservation		68,508	
Traffic services		33,032	
Winter maintenance		30,916	
Administrative costs		35,736	
Total expenditures	<u>842,010</u>	<u>709,350</u>	<u>132,660</u>
Excess of revenues over (under) expenditures	(424,688)	(328,169)	96,519
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(65,000)</u>	<u>(65,000)</u>	
Net change in fund balance	(489,688)	(393,169)	96,519
FUND BALANCE, JULY 1, 2013	<u>419,723</u>	<u>419,723</u>	
FUND BALANCE, JUNE 30, 2014	<u>\$ (69,965)</u>	<u>\$ 26,554</u>	<u>\$ 96,519</u>

LOCAL STREETS FUND

CITY OF WALLED LAKE

LOCAL STREETS FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS

Cash and investments	\$ 71,337
Accounts receivable	<u>16,899</u>

Total assets	<u><u>\$ 88,236</u></u>
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LIABILITIES

Accounts payable	\$ 3,611
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FUND BALANCE - RESTRICTED	<u>84,625</u>
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Total liabilities and fund balance	<u><u>\$ 88,236</u></u>
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CITY OF WALLED LAKE

LOCAL STREETS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State shared revenues	\$ 113,500	\$ 135,318	\$ 21,818
EXPENDITURES			
Preservation costs		66,524	
Traffic services		3,864	
Winter maintenance costs		27,058	
Administrative costs		28,235	
Total expenditures	<u>135,385</u>	<u>125,681</u>	<u>9,704</u>
Excess of revenues over (under) expenditures	<u>(21,885)</u>	<u>9,637</u>	<u>31,522</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	65,000	65,000	
Transfers (out)	<u>(91,200)</u>	<u>(91,175)</u>	<u>25</u>
Total other financing sources (uses)	<u>(26,200)</u>	<u>(26,175)</u>	<u>25</u>
Net change in fund balance	<u>(48,085)</u>	<u>(16,538)</u>	<u>31,547</u>
FUND BALANCE, JULY 1, 2013	<u>101,163</u>	<u>101,163</u>	
FUND BALANCE, JUNE 30, 2014	<u><u>\$ 53,078</u></u>	<u><u>\$ 84,625</u></u>	<u><u>\$ 31,547</u></u>

TRANSPORTATION FUND

CITY OF WALLED LAKE
TRANSPORTATION FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS

Cash and investments		\$ 138,283
Accounts receivable		<u>27,967</u>

Total assets		<u><u>\$ 166,250</u></u>
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LIABILITIES

Accounts payable	\$ 1,613	
Accrued compensation	<u>1,498</u>	

Total liabilities		\$ 3,111
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FUND BALANCE

Restricted - transportation		<u>163,139</u>
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Total liabilities and fund balance		<u><u>\$ 166,250</u></u>
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CITY OF WALLED LAKE

TRANSPORTATION FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Grant - state	\$	\$ 124,885	\$
Charges for services		26,534	
Total revenues	<u>131,320</u>	<u>151,419</u>	<u>20,099</u>
EXPENDITURES			
Salaries		29,387	
Payroll taxes		2,248	
Contracted services		38,855	
Fuel		9,887	
Administrative services		11,900	
Insurance		3,695	
Telephone		20,603	
Repairs and maintenance		9,326	
Miscellaneous		444	
Total expenditures	<u>138,495</u>	<u>126,345</u>	<u>12,150</u>
Net change in fund balance	(7,175)	25,074	32,249
FUND BALANCE, JULY 1, 2013	<u>138,065</u>	<u>138,065</u>	
FUND BALANCE, JUNE 30, 2014	<u>\$ 130,890</u>	<u>\$ 163,139</u>	<u>\$ 32,249</u>

DRUG FORFEITURE FUND

CITY OF WALLED LAKE
DRUG FORFEITURE FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS

Cash and investments	<u>\$ 205,034</u>
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LIABILITIES

Accounts payable	\$ 3,355
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FUND BALANCE

Restricted - public safety	<u>201,679</u>
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Total liabilities and fund balance	<u><u>\$ 205,034</u></u>
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CITY OF WALLED LAKE

DRUG FORFEITURE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Drug forfeitures	\$	\$ 102,395	\$
Interest		340	
	<u>275,500</u>	<u>102,735</u>	<u>(172,765)</u>
EXPENDITURES			
Supplies		2,141	
Capital outlay		61,906	
Maintenance		3,703	
Miscellaneous		726	
	<u>275,500</u>	<u>68,476</u>	<u>207,024</u>
Net change in fund balance		34,259	34,259
FUND BALANCE, JULY 1, 2013	<u>167,420</u>	<u>167,420</u>	
FUND BALANCE, JUNE 30, 2014	<u>\$ 167,420</u>	<u>\$ 201,679</u>	<u>\$ 34,259</u>

DEBT SERVICE FUND

CITY OF WALLED LAKE

**DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2014**

ASSETS

Cash and investments

\$ 2,859

FUND BALANCE - COMMITTED

\$ 2,859

CITY OF WALLED LAKE

DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES	\$	\$	\$
EXPENDITURES			
Debt service			
Principal		130,000	
Interest/fees		52,932	
	<u>183,095</u>	<u>182,932</u>	<u>163</u>
Total expenditures			
	<u>183,095</u>	<u>182,932</u>	<u>163</u>
Excess of revenues over (under) expenditures	<u>(183,095)</u>	<u>(182,932)</u>	<u>163</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>183,095</u>	<u>182,932</u>	<u>(163)</u>
Net change in fund balance			
FUND BALANCE, JULY 1, 2013	<u>2,859</u>	<u>2,859</u>	
FUND BALANCE, JUNE 30, 2014	<u>\$ 2,859</u>	<u>\$ 2,859</u>	<u>\$</u>

WATER AND SEWER FUND

CITY OF WALLED LAKE
WATER AND SEWER FUND
BALANCE SHEET
JUNE 30, 2014

CURRENT ASSETS

Cash and investments	\$ 947,472
Sewer billings receivable	485,394
Inventory	<u>5,368</u>

Total current assets \$ 1,438,234

PLANT, PROPERTY AND EQUIPMENT

Utility systems	14,911,125
Vehicles and equipment	<u>1,182,866</u>
Total historical cost	16,093,991
Less: accumulated depreciation	<u>(11,232,773)</u>

Net plant, property, and equipment 4,861,218

Total assets \$ 6,299,452

CURRENT LIABILITIES

Accounts payable	\$ 384,167
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NET POSITION

Total liabilities and net position \$ 6,299,452

CITY OF WALLED LAKE
WATER AND SEWER FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUES		
User charges		\$ 2,212,670
OPERATING EXPENSES		
Personnel allocation	\$ 383,200	
Sewage treatment	1,053,915	
Water purchases	692,974	
Insurance - liability	52,027	
Office supplies and postage	12,768	
Fuel	5,464	
Operating supplies	8,236	
Uniforms	181	
Professional services	13,365	
Membership and dues	510	
Contracted services	19,568	
Administration fees	90,500	
Telephone	10,407	
Printing and publishing	1,522	
Utilities	1,982	
Repairs and maintenance	12,463	
Equipment rental	842	
Training and testing	3,709	
Meter purchases	13,302	
Miscellaneous	4,160	
Depreciation	<u>326,230</u>	
Total operating expenses		<u>2,707,325</u>
Operating (loss)		(494,655)
NON-OPERATING REVENUES AND (EXPENSES)		
Other income	10,563	
Interest income - cash and equivalents	<u>86</u>	
Total non-operating revenues and (expenses)		<u>10,649</u>
Net (loss) before capital contributions and transfers		(484,006)
CAPITAL CONTRIBUTIONS - TAP FEES		26,374
TRANSFERS (OUT)		<u>(61,477)</u>
Change in net position		(519,109)
NET POSITION, JULY 1, 2013		<u>6,434,394</u>
NET POSITION, JUNE 30, 2014		<u><u>\$ 5,915,285</u></u>

CITY OF WALLED LAKE
WATER AND SEWER FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS PROVIDED BY (USED FROM) OPERATING ACTIVITIES

Operating (loss)		\$ (494,655)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities		
Depreciation	\$ 326,230	
Other income	10,563	
Changes in assets and liabilities		
(Increase) in sewer billings receivable	(1,246)	
Decrease in due from other funds	700	
(Increase) in inventory	(5,368)	
(Decrease) in accounts payable	<u>(46,157)</u>	
Total adjustments		<u>284,722</u>
Net cash provided by (used from) operating activities		(209,933)

CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES

Tap fees collected	26,374	
Transfers (out)	<u>(61,477)</u>	
Net cash (used in) capital and related financing activities		(35,103)

CASH FLOWS PROVIDED BY INVESTING ACTIVITIES

Interest on cash and cash equivalents		<u>86</u>
Net (decrease) in cash and cash equivalents		(244,950)

CASH AND CASH EQUIVALENTS AT JULY 1, 2013		<u>1,192,422</u>
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CASH AND CASH EQUIVALENTS AT JUNE 30, 2014		<u><u>\$ 947,472</u></u>
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REFUSE FUND

CITY OF WALLED LAKE

**REFUSE FUND
BALANCE SHEET
JUNE 30, 2014**

ASSETS

Accounts receivable - operations

\$ 72,882

LIABILITIES

Due to other funds

\$ 5,093

NET POSITION

67,789

Total liabilities and equity

\$ 72,882

CITY OF WALLED LAKE

**REFUSE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

OPERATING REVENUES	
User charges	\$ 318,002
OPERATING EXPENSES	
Refuse services	<u>309,961</u>
Operating income	8,041
NET POSITION, JULY 1, 2013	<u>59,748</u>
NET POSITION, JUNE 30, 2014	<u><u>\$ 67,789</u></u>

CITY OF WALLED LAKE
REFUSE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income		\$ 8,041
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Changes in assets and liabilities		
(Increase) in billings receivable	\$ (19,717)	
Increase due to other funds	<u>5,093</u>	
Total adjustments		<u>(14,624)</u>
Net increase in cash and cash equivalents		(6,583)
CASH AND CASH EQUIVALENTS AT JULY 1, 2013		<u>6,583</u>
CASH AND CASH EQUIVALENTS AT JUNE 30, 2014		<u><u>\$</u></u>

TRUST AND AGENCY FUND

CITY OF WALLED LAKE

TRUST AND AGENCY FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS

Cash and cash equivalents	\$ 137,743
Prepaid expenditures	320
Due from others	<u>3,404</u>
Total assets	<u><u>\$ 141,467</u></u>

LIABILITIES

Performance deposits	\$ 139,468
Due to other funds	<u>1,999</u>
Total liabilities	<u><u>\$ 141,467</u></u>

IMPREST PAYROLL FUND

CITY OF WALLED LAKE

**IMPREST PAYROLL FUND
BALANCE SHEET
JUNE 30, 2014**

ASSETS

Cash and cash equivalents	\$ 89,401
Prepaid expenditures	<u>153</u>

Total assets

\$ 89,554

LIABILITIES

Accounts payable	<u>\$ 89,554</u>
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CURRENT TAX FUND

CITY OF WALLED LAKE

CURRENT TAX FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS

Cash and cash equivalents
Due from other funds

\$ 5,223
1,000

Total Assets

\$ 6,223

LIABILITIES

Due to others

\$ 6,223

RETIREE HEALTHCARE FUND

CITY OF WALLED LAKE
RETIREE HEALTHCARE FUND
STATEMENT OF PLAN NET POSITION
JUNE 30, 2014

ASSETS

Cash and cash investments	\$ 233,671
Accounts receivable	<u>399</u>
Total assets	<u><u>\$ 234,070</u></u>

LIABILITIES

Accrued expenses	\$ 735
Due to other funds	<u>1,250</u>
Total	1,985

Net Position Held in Trust for Other Post-employment Benefits	<u>232,085</u>
Total liabilities	<u><u>\$ 234,070</u></u>

CITY OF WALLED LAKE
RETIREE HEALTHCARE FUND
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

ADDITIONS

Investment income:

Interest and dividends \$ 6,188

Net increase in fair value of investments 4,238

Net investment income \$ 10,426

Contributions - Employer 17,400

Contributions - Participants 6,057

Total contributions 23,457

Total additions 33,883

DEDUCTIONS

Retiree healthcare premiums 136,237

Administrative fees/supplies 50

Total deductions 136,287

NET (DECREASE) IN NET ASSETS HELD IN TRUST (102,404)

NET POSITION HELD IN TRUST FOR OTHER POST-EMPLOYMENT BENEFITS

Beginning of year 334,489

NET POSITION HELD IN TRUST FOR OTHER POST-EMPLOYMENT BENEFITS

End of year \$ 232,085

DOWNTOWN DEVELOPMENT AUTHORITY FUND

CITY OF WALLED LAKE

DOWNTOWN DEVELOPMENT AUTHORITY FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS

Cash and investments		\$ 667,504
Accounts receivable - taxes		<u>9,380</u>
Total assets		<u><u>\$ 676,884</u></u>

LIABILITIES

Accounts payable	\$ 32,081	
Deposits	<u>4,157</u>	
Total liabilities		\$ 36,238

DEFERRED INFLOWS OF RESOURCES

Unavailable revenues		9,380
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FUND BALANCE

Restricted - community development		<u>631,266</u>
Total liabilities, deferred inflows of resources and fund balance		<u><u>\$ 676,884</u></u>

CITY OF WALLED LAKE

DOWNTOWN DEVELOPMENT AUTHORITY FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$	\$ 598,061	\$
Charges for services		700	
Miscellaneous		1,843	
	<u>576,000</u>	<u>600,604</u>	<u>24,604</u>
Total revenues			
EXPENDITURES			
Administrative services		369,880	
Supplies and postage		53	
Professional fees		1,485	
SMART agreement		22,720	
Printing and publishing		29	
Telephone		1,370	
Utilities		2,196	
Repairs and maintenance		4,202	
Facade grant		6,640	
Meeting fees		468	
Community events		6,054	
	<u>490,250</u>	<u>415,097</u>	<u>75,153</u>
Total expenditures			
Net change in fund balance	85,750	185,507	99,757
FUND BALANCE, JULY 1, 2013	<u>445,759</u>	<u>445,759</u>	
FUND BALANCE, JUNE 30, 2014	<u>\$ 531,509</u>	<u>\$ 631,266</u>	<u>\$ 99,757</u>

LIBRARY FUND

CITY OF WALLED LAKE

LIBRARY FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS

Cash and investments		\$	96,837
Accounts receivable - penal fines			12,598
Accounts receivable - taxes			2,466
Prepaid expenses			<u>20,000</u>
Total assets		\$	<u><u>131,901</u></u>

LIABILITIES

Accounts payable	\$	7,972	
Accrued compensation absences and wages		<u>7,764</u>	
Total liabilities	\$		15,736

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue			2,466
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FUND BALANCE

			<u>113,699</u>
Total liabilities, deferred inflows of resources and fund balance	\$		<u><u>131,901</u></u>

CITY OF WALLED LAKE

LIBRARY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$	\$ 289,624	\$
State aid		4,125	
Penal fines		10,517	
Charges for services		5,721	
Interest income		4	
Donations		2,650	
	<u>303,850</u>	<u>312,641</u>	<u>8,791</u>
Total revenues			
EXPENDITURES			
Administrative services		6,250	
Salaries		141,856	
Payroll taxes		11,290	
Insurance - benefits		22,798	
Pension		6,401	
Insurance - liability		1,419	
Supplies and postage		5,126	
Programming fees		5,093	
Conferences and training		155	
Professional fees		1,485	
Computer costs		6,446	
Printing and publishing		7,662	
Telephone		2,951	
Utilities		6,995	
Repairs and maintenance		38,848	
Books and materials		26,008	
Small equipment		1,380	
Miscellaneous		1,073	
	<u>296,559</u>	<u>293,236</u>	<u>3,323</u>
Total expenditures			
Net change in fund balance	7,291	19,405	12,114
FUND BALANCE, JULY 1, 2013	<u>94,294</u>	<u>94,294</u>	
FUND BALANCE, JUNE 30, 2014	<u>\$ 101,585</u>	<u>\$ 113,699</u>	<u>\$ 12,114</u>