

**City of Swartz Creek  
AGENDA**

**Regular Council Meeting, Monday November 11, 2013 7:00 P.M.  
City Hall Building, 8083 Civic Drive Swartz Creek, Michigan 48473**

1. **CALL TO ORDER:**
2. **INVOCATION AND PLEDGE OF ALLEGIANCE:**
3. **ROLL CALL:**
4. **MOTION TO APPROVE MINUTES:**
  - 4A. Regular Council Meeting of October 28, 2013 MOTION Pg. 7, 11-16
5. **APPROVE AGENDA**
  - 5A. Proposed / Amended Agenda MOTION Pg. 7
6. **REPORTS & COMMUNICATIONS:**
  - 6A. [City Manager's Report](#) (Agenda Item) MOTION Pg. 7, 2-6
  - 6B. Monthly DPW Report Pg. 17-22
  - 6C. Monthly Check Ledger Pg. 23-27
  - 6D. 2012-2013 FY Audit Report (Agenda Item) Pg. 28-121
  - 6E. Long Term Public Safety Funding Options (Agenda Item) Pg. 122-133
  - 6F. Resident SAD Public Hearing Comments (Agenda Item) Pg. 134-135
  - 6G. Polling Place Agreement (Agenda Item) Pg. 136-139
  - 6H. Street Usage Permit, Fire Parade (Agenda Item) Pg. 140-144
  - 6I. Request to Purchase Win Woods Lots (Agenda Item) Pg. 145-152
  - 6J. Comcast Notices, Encryption Pg. 153-157
7. **MEETING OPENED TO THE PUBLIC:**
  - 7A. General Public Comments
8. **COUNCIL BUSINESS:**
  - 8A. 2012-2013 FY Audit RESO. Pg. 8, 28-121
  - 8B. Long-Term Public Safety Funding, Options PRES. Pg. P-P Pres
  - 8C. Public Hearing PUB HRNG Pg. 134-135
  - 8D. Long-Term Public Safety Funding, Options RESO. Pg. 8-9
  - 8E. Polling Place Agreement, United Methodist Church RESO. Pg. 9, 136-139
  - 8F. Street Usage Permit, Annual Fire Christmas Parade RESO. Pg. 10, 140-144
  - 8G. Winchester Woods Lots, Request to Purchase RESO. Pg. 10, 145-152
9. **MEETING OPENED TO THE PUBLIC:**
10. **REMARKS BY COUNCILMEMBERS:**
11. **ADJOURNMENT:** MOTION

**City of Swartz Creek  
CITY MANAGER'S REPORT**

**Regular Council Meeting of Monday November 11, 2013 7:00 P.M.**

**TO: Honorable Mayor, Mayor Pro-Tem & Council Members**  
**FROM: PAUL BUECHE // City Manager**  
**DATE: 8-November-2013**

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**OLD / ROUTINE BUSINESS – REVISITED ISSUES / PROJECTS**

✓ **MAJOR STREET FUND, TRAFFIC IMPROVEMENTS** (*See Individual Category*)

☐ **MORRISH ROAD BRIDGE PROJECT** (*Status*)

Cost estimates are as follows:

*Morrish Road Bridge Deck Project (Summer, 2013)*

Constr Total	Constr City Match	P.E.	C.E.	Total City Match	Project Total
\$425,453	\$36,957*	\$29,589	\$70,931	\$137,477	\$525,973

\*Includes Enhancements & Walk-Way / Does Not Include Lighting (Estimated to be \$10,000)

The epoxy process recommended by the City's Engineer was performed, inspected and found by our engineers to be acceptable. We continue to hold back proportioned payments until all these matters are resolved.

✓ **2013-2014 FY BUDGET, LONG-TERM PUBLIC SAFETY FUNDING** (*Resolution*)

As we have discussed in the past several months, there are two options, the City-Wide Special Assessment District under the PA 33 of 1951 (MCL 41.801 et seq, as amended), straight amount or value base, or option two, a ballot question direct to the voters. As the Council is aware, the staff suggestion is to begin the SAD process, which will trigger at least two public hearings in which opportunity will be presented to invite people in to address this. As we have discussed, we struggle frequently on many issues we deal with where we are very unsure what our residents may want or not want. We seem to only hear from them when they're angry and they usually don't have the entire story. They have only a cryptic, short, half story cultivated from a "half of the facts" news article. The second option, to which a decision may be made at any step of this process, is to send the whole issue straight from the table to all the resident registered voters. The Council may do this at any point they so desire. This will allow resident voter input prior to a final Council decision.

Tonight, Plante – Moran will begin the show with the 2012-2013 Fiscal Year Audit Presentation. They will remain throughout the staff presentation and the Public Hearing to answer any questions that may arise to them. After their report, we'll move to accept and file, and then into a power point presentation by the staff. After this, we have a public hearing scheduled to hear public comments (two letters were received this week and are included with tonight's packet). I have prepared two resolutions. One continues on with the SAD process and the second directs the Staff and City Attorney to prepare a ballot question for the May elections.

**October 28 Meeting:**

- Resolution Directing Staff to Prepare SAD, Boundaries, Costs
- General Discussion & Recognition of Boundaries, Approximate Collection & Rates
- Set Special Public Hearing for November 11, 2013

-Letter to be Sent by October 23<sup>rd</sup>, Publish Public Notice (View) by Oct 29<sup>th</sup>

**November 11 Meeting:**

- Hold Special Public Hearing. Decide SAD vs. Council Initiated Ballot
- Approve and Set Roll, If SAD Process to Continue
- Set First Required Public Hearing for Meeting of November 25<sup>th</sup>
- Letter Out by November 13<sup>th</sup> and notice in paper by Nov 15<sup>th</sup>
- 2012-2013 Annual Audit Report, Plante & Moran

**November 25 Meeting:**

- Hold First Required Public Hearing. Decide SAD vs. Council Initiated Ballot
- Approve & Accept Assessment Roll
- Set Second Required Public Hearing for December 9<sup>th</sup> Meeting.

**December 9 Meeting**

- Hold Second Required Public Hearing
- Decide SAD vs. Council Initiated Ballot
- If SAD, Accept Roll, Order Warrant, Direct Staff to Collect

Again, I want to emphasize that the City is not broke! We will never be broke! We have always had a conservative approach to our finances in that we do not provide services or purchase items, inclusive of benefits & wages that we cannot afford. Never have, never will, as long as you this Council and I am here. All OPEB & Benefits are paid in full. This is all about what we and our residents want for our community. We have lost funding that from this point forward will affect the ability to provide basic services, infrastructure and other amenities we provide. We can continue to cut until we have 40 hours a week police coverage, 20+ year old fire vehicles, three day a week office hours, no code enforcement, one or two plow trucks operating in the winter, diminished park services and maintenance, and the list goes on.  
Thank-you.

✓ **MI-DEQ SCRAP TIRE GRANT PROJECT #1, PARKING LOTS (Status)**

We've received a notice of award for \$136,904 from the MI-DEQ Scrap Tire Grant Program. The estimated total project costs are \$322,000 of which the City's match would be \$182,000 (includes design and construction engineering which is ineligible for grant funds). As we've discussed, the program is a 50% construction cost grant for public paving improvements that use recycled scrap tires in the asphalt process. We applied for a couple of our parking lots, being Public Safety Building and the north alley lot behind Hank & Don's. We'll look to bid this in deep winter with work scheduled most likely in the summer as it will have the least impact on neighborhood businesses.

✓ **MI-DEQ SCRAP TIRE GRANT PROJECT #2, WINCHESTER STREETS (Status)**

We took the liberty of filing an MI-DEQ Scrap Tire Grant application (just for funsies), for a \$500,000 grant for Winchester Village Streets restorations. The cost did not include any reconstruction, they were primarily mill, resurface, light patching and no drainage improvements. The fix is charted at five years or so, but should go at least double that before significant wear is realized. Bottom line, it'll be a lot better for many years than what we have now. At any rate, the estimated Project costs are:

Construction	\$2,006,000
Design Engineering	Unknown
Construction Engineering	Unknown
(MI-DEQ Grant Funding)	(\$500,000)
City Match	\$1,506,000

We'll look to have much more conversation on this later into next year.

- ✓ **WATER – SEWER ISSUES PENDING** *(See Individual Category)*
  - ❑ **REHABILITATION PROGRAM** *(Status)*  
Pending creation of a new plan for continuation of the Rehabilitation Program.
  - ❑ **BEAR CREEK SANITARY SEWER AGREEMENT** *(Status)*  
WWS advises that now that we have cleared the sanitary sewer concerns as it relates to the main that crosses the creek at the bridge, they'll begin preparing agreements for transfer of the main to the County. As soon as I get a draft of the agreement, I'll set the matter up for discussion on the terms.
  - ❑ **KWA** *(Status)*  
Pending
- ✓ **PERSONNEL: POLICIES & PROCEDURES** *(Status)*  
Pending.
- ✓ **CITY PROPERTY, 4438 MORRISH ROAD** *(Status)*  
Tom is seeking quotes right now to demolish the house. We've been using the garage and pole barn for storage. Back fill for the basement might add a chunk of change to the demo work, but before we can proceed to a demo bid, we need to know the approximate costs. Tom advises he would like to have the house down by the time the winter weather sets in. I'll keep the Council informed.
- ✓ **LABOR CONTRACTS, SHARED SERVICES, BUILDING DEPARTMENT** *(Status)*  
The POLC, AFSCME, Supervisor, Assessor, Zoning Administrator and Part-Time Police Officers have been settled. The remaining loose ends are the building inspector's employment agreement, which in part is addressed in the Shared Services Study and the City Manager contract. Mundy Township has officially offered its commitments to perform building services for the City and Flint Township. We continue to look into the building services consolidation.
- ✓ **FIRE DEPARTMENT: COST RECOVERY & APPARATUS** *(Status)*  
Pending
- ✓ **SPRINGBROOK EAST & HERITAGE S.A.D. – VACANT LOTS** *(Status)*  
Following are issues pending for the three Associations:

<b>SPRINGBROOK COLONY</b>	<b>SPRINGBROOK EAST</b>	<b>HERITAGE VILLAGE</b>
<i>Transfer Water, Sanitary Sewer, Storm Sewer to City.</i>	<i>Seek Solution for 12 Vacant Lots Owned by City.</i>	<i>Transfer Water, Sanitary Sewer, Storm Sewer, Streets to City. Seek Solution for 5 Vacant Lots Owned by City.</i>

We have another above issue for Council review and approval. The Springbrook Colony Utility Agreement. As of last week, I had just a single section of the contract left. I was out of town a bunch again last week and was unable to finish a few details with the President, Mrs. Oliver. As soon as I can get it around I'll bring it back to the Council.

- ✓ **MEIJER, TRAFFIC SIGNAL, COMMUNITY DONATION** *(Status)*  
Regarding the Meijer Community Donation, we are still looking at several options for consideration, one of which is a sidewalk segment that would accompany the parking lot tire grant work we are looking to do.



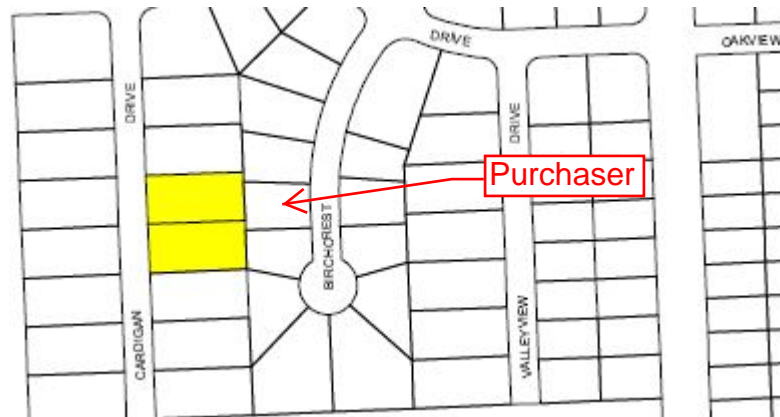
- ✓ **EVIP COMPETITIVE GRANT ASSISTANCE PROGRAM** (*Status*)  
As we discussed a couple of meetings ago, we are looking at this grant source for the development of the Bristol Road property into a sports complex, with the schools. Lou has advised Rowe can do the application for \$1,200. We're going to proceed forward on the outside chance that funds may be available. I'll keep the Council posted on developments.
- ✓ **PARK RESERVATION REQUEST, ART GUILD** (*Status*)  
The Swartz Creek Art Guild, represented by Mr. Chuck Jackson, has requested to reserve all of Elms Park on Saturday September 13<sup>th</sup> and Sunday September 14<sup>th</sup> 2014, to hold a fundraiser arts & crafts show for the guild. The matter is under review by the Park Board and the staff. A recommendation will be back before the Council in the near future.
- ✓ **Q.B.S. ENGINEERING SERVICES BIDS** (*Status*)  
At the last meeting, we created the following list based on qualifications:
  1. Rowe Professional Services
  2. Hubble, Roth & Clark Inc.
  3. Orchard, Hiltz & McCliment Inc.
  4. Wade-Trim Associates Inc.
  5. Fleis & Vandenbrink Engineering Inc.

We still need to secure a price list to complete the process.
- ✓ **MDOT CALL FOR SAFETY PROJECTS** (*Status*)  
Pending MDOT's application review.

## **NEW BUSINESS / PROJECTED ISSUES & PROJECTS**

- ✓ **POLLING PLACE AGREEMENT, UNITED METHODIST CHURCH** (*Resolution*)  
Our agreement with the United Methodist Church for the use of their community rooms for elections expires on December 31<sup>st</sup>. Juanita has meet with them and they are good to extend the agreement for five years under the same terms and conditions, however, they would like a slight increase to cover the cost of utilities. We've agreed upon a \$25 increase for the smaller "Johnson" room and \$50 increase for the Gymnasium. Included with tonight's agenda is a resolution to enter into another five year agreement with costs going from \$350 to \$375 for the Johnson Room and \$700 to \$750 for the Gymnasium.
- ✓ **STREET USAGE PERMIT, ANNUAL FIRE CHRISTMAS PARADE** (*Resolution*)  
Included with tonight's program is a request from the Fire Department to conduct the annual Santa Clause Parade. This year's event has been scheduled for Saturday December 7, 2013 at 6:00 PM (*Pearl Harbor Anniversary*). The parade will follow the same route as last year, being the High School, Fairchild, Miller, Morrish, Fortino and into the Fire Hall. A party follows at the Hall.
- ✓ **WINCHESTER WOODS LOTS, REQUEST TO PURCHASE** (*Resolution*)  
We've received a request from a homeowner on Birchcrest south of Oakview to purchase two lots the City owns on Cardigan Drive. We acquired the lots from the County Treasurer's office via tax foreclosure. They border the rear lot line of the

homeowner's property and they desire to purchase them for the sole purpose of expanding their yard. As the Council may remember, all of these vacant lots in Winchester Woods were declared by the City as unbuildable back in the middle 2000's. The purpose was that builders were picking the lots off one at a time and making the drainage and utilities work property to property, thus transferring and expanding the problems. The ban on building was until such a time as the overall drainage, streets and utilities were addressed for the entire plat.



We have a loss total of about \$300 into the acquisition of these two lots, being the unit operating and garbage, about \$30 per year each, for three years. Given that there is little possibility that the problems in Winchester Woods will corrected anytime soon, I suggest we let the lots go to adjoining homeowners. I have a resolution permitting the sale of both lots to the Simmons'. One thing I did not do is check with the homeowner to the south of the Simmons' to see if they have a desire to acquire the second lot. As you can see from the above parcel map, the southern lot aligns closer with the Birchcrest homeowner south of the Simmons. If the Council desires, we can put action off on this for two weeks to check if this second homeowner has any desire in the lot, before we make our final decision.

**Council Questions, Inquiries, Requests and Comments**

- ❑ *Additional Lighting, Miller – Fairchild Intersection.* We are back trying to get a review by Consumers Energy.
- ❑ *Parkridge Parkway “No Parking Signs”.* They are missing in the back phase near Hickory Lane. We are working to replace them.
- ❑ *Miller & CNA Rail Crossing.* Encroachment on City Parcel from Area Business. Pending.
- ❑ *Bristol – Morrish Intersection Safety.* Concerns expressed for clear vision. Will check on improvements that may help.

**City of Swartz Creek**  
**RESOLUTIONS**  
**Regular Council Meeting, Monday November 11, 2013 7:00 P.M.**

**Resolution No. 131111-4A                    MINUTES – OCTOBER 28, 2013**

Motion by Councilmember: \_\_\_\_\_

**I Move** the Swartz Creek City Council approve the Minutes of the Regular Council Meeting held Monday October 28, 2013, to be circulated and placed on file.

Second by Councilmember: \_\_\_\_\_

Voting For: \_\_\_\_\_

Voting Against: \_\_\_\_\_

**Resolution No. 131111-5A                    AGENDA APPROVAL**

Motion by Councilmember: \_\_\_\_\_

**I Move** the Swartz Creek City Council approve the Agenda as presented / printed / amended for the Regular Council Meeting of November 11, 2013, to be circulated and placed on file.

Second by Councilmember: \_\_\_\_\_

Voting For: \_\_\_\_\_

Voting Against: \_\_\_\_\_

**Resolution No. 131111-6A                    CITY MANAGER’S REPORT**

Motion by Councilmember: \_\_\_\_\_

**I Move** the Swartz Creek City Council approve the City Manager’s Report of November 11, 2013, to be circulated and placed on file.

Second by Councilmember: \_\_\_\_\_

Voting For: \_\_\_\_\_

Voting Against: \_\_\_\_\_

Motion by Councilmember: \_\_\_\_\_

**I Move** the City of Swartz Creek accept the 2012-2013 Fiscal Audit Report prepared by Plante-Moran, a copy of which is attached hereto, and further, direct such to be published, distributed, circulated and placed on file in a manner prescribed by law.

Second by Councilmember: \_\_\_\_\_

Voting For: \_\_\_\_\_

Voting Against: \_\_\_\_\_

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**Resolution No. 131111-8D  
(Option #1)**

**PUBLIC SAFETY SPECIAL ASSESSMENT DISTRICT;  
FINDINGS, DETERMINATION, SET PUBLIC HEARING**

Motion by Councilmember: \_\_\_\_\_

**WHEREAS**, in accordance with the provisions of PA 33 of 1951 (MCL 41.801 et seq), on October 28, 2013, the City Council adopted a resolution directing the City Manager to prepare a report to include the estimates of probable cost; the need for and a description of the proposed special assessment district; and

**WHEREAS**, the City Manager has prepared said report and has filed same with the City Clerk and delivered a copy of said report to the City Council; and

**WHEREAS**, the City Council has had an opportunity to review the City Manager’s report and has otherwise been fully advised by the City Manager with respect to this project;

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Swartz Creek hereby determines that it is necessary to establish a City-Wide Special Assessment District and to make said district subject to a levy of 4.9 mills; and

**BE IT FURTHER RESOLVED** that the special assessment shall be levied on the taxable value of all current and future real property in the City of Swartz Creek.

**BE IT FURTHER RESOLVED** that council will, within forty-five days (45) of the end of the City’s fiscal year, being June 30<sup>th</sup>, and each year thereafter and in conjunction with the City’s annual budgeting and levy process, make a redetermination of the levy for the ensuing year, without notice, provided the increase in levy does not exceed an increase in the estimated annual incremental cost increase by 10 percent or more.

**BE IT FURTHER RESOLVED** that the City Manager’s report shall be placed on file with the City Clerk and shall be available for public examination; and

**BE IT FURTHER RESOLVED** that a public hearing on the proposed Public Safety Special Assessment District is hereby scheduled before the city council at the regular City Council meeting to be held on November 25, 2013 at 7:00 p.m.

**BE IT FURTHER RESOLVED** that the City Clerk is hereby directed to publish and give notice of said public hearing as required by law.

Second by Councilmember: \_\_\_\_\_

Voting For: \_\_\_\_\_

Voting Against: \_\_\_\_\_

**-OR-**

**Resolution No. 131111-8D  
(Option #2)**

**BALLOT INITIATIVE, PUBLIC SAFETY  
MILLAGE**

Motion by Councilmember: \_\_\_\_\_

**I Move** the City of Swartz Creek direct the Staff and City Attorney to prepare ballot language for a Public Safety Millage, to be placed before the voters on Tuesday May 6, 2014, and bring such a proposal back to the City Council for review and final decision.

Second by Councilmember: \_\_\_\_\_

Voting For: \_\_\_\_\_

Voting Against: \_\_\_\_\_

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**Resolution No. 131111-8E**

**POLLING PLACE AGREEMENT, UNITED METHODIST  
CHURCH**

Motion by Councilmember: \_\_\_\_\_

**I Move** the City of Swartz Creek enter into a five year agreement with the United Methodist Church, 7400 Miller Road, a copy of which is attached hereto, the agreement to allow for the rental of certain rooms within the facility for the purpose of conducting City sanctioned elections, and further, direct the Mayor and City Clerk to execute the agreement on behalf of the City.

Second by Councilmember: \_\_\_\_\_

Voting For: \_\_\_\_\_

Voting Against: \_\_\_\_\_

**Resolution No. 131111-8F**

**STREET USAGE PERMIT, ANNUAL FIRE DEPARTMENT CHRISTMAS PARADE**

Motion by Councilmember: \_\_\_\_\_

**I Move** the City of Swartz Creek accept the Chief of Police’s recommendation and approve the Swartz Creek Area Fire Department’s Street Usage Application to hold an annual Christmas Parade on Saturday, December 7, 2013 from 6:00 PM to 7:00 PM, route, stipulations and conditions as set forth in the application packet, a copy of which is attached hereto, under the direction and control of the office of the Chief of Police.

Second by Councilmember: \_\_\_\_\_

Voting For: \_\_\_\_\_

Voting Against: \_\_\_\_\_

**Resolution No. 131111-8G**

**SALE OF CITY OWNED LOTS, PARCEL ID NO’S: 58-03-531-040 & 041**

Motion by Councilmember: \_\_\_\_\_

**I Move** the City of Swartz Creek approve the sale of Lots 40 & 41 of Winchester Woods Plat, Tax ID NO: 58-03-531-040 and 58-03-531-041 to the Simmons Family, 5288 Birchcrest Drive, cost of the lots affixed at \$600 each, sale to be under an agreement drafted by the City Attorney, and further, the City hereby directs the Mayor and City Clerk to execute any and all documents necessary towards the sale of the properties.

Second by Councilmember: \_\_\_\_\_

Voting For: \_\_\_\_\_

Voting Against: \_\_\_\_\_

**City of Swartz Creek**  
**Regular Council Meeting Minutes**  
*Of the Meeting Held*  
**Monday October 28, 2013 7:00 P.M.**

**CITY OF SWARTZ CREEK**  
**SWARTZ CREEK, MICHIGAN**  
**MINUTES OF THE COUNCIL MEETING**  
**DATE 10/28/2013**

The meeting was called to order at 7:00 p.m. by Mayor Krueger in the Swartz Creek City Council Chambers, 8083 Civic Drive.

Invocation and Pledge of Allegiance to the Flag.

Councilmembers Present: Abrams, Gilbert, Hicks, Hurt, Krueger, Porath, Shumaker.

Councilmembers Absent: None

Staff Present: Director Public Service Tom Svrcek, City Clerk Juanita Aguilar, Police Chief Rick Clolinger, City Attorney Mike Gildner.

Others Present: Boots Abrams, Tommy Butler, Bob Plumb, Jim Florence, Ron Schultz, Sharon Shumaker, Lou Fleury, Robert Green, Sandy Raffaelli, Jim O'Brien, Linda Alexander, Timothy Webb, Mitchell Braz, Amy McMillen, Candice Woodfield, Kevin Fritsch.

**APPROVAL OF MINUTES**

**Resolution No. 131028-01**

**(Carried)**

Motion Councilmember Porath  
Second by Councilmember Hurt

**I Move** the Swartz Creek City Council hereby approve the Minutes of the Regular Council Meeting, held Monday, October 14, 2013 to be circulated and placed on file.

YES: Gilbert, Hicks, Hurt, Krueger, Porath, Shumaker, Abrams.  
NO: None. Motion Declared Carried.

**APPROVAL OF AGENDA**

**Resolution No. 131028-02**

**(Carried)**

Motion by Mayor Pro-Tem Abrams  
Second by Councilmember Hurt

**I Move** the Swartz Creek City Council approves the Agenda, as amended, for the Regular Council Meeting of October 28, 2013, to be circulated and placed on file.

YES: Hicks, Hurt, Krueger, Porath, Shumaker, Abrams, Gilbert.  
NO: None. Motion Declared Carried.

**Resolution No. 131028-03**

**(Carried)**

Motion by Councilmember Hurt  
Second by Councilmember Hicks

**I Move** the Swartz Creek City Council excuse the absence of Councilmember Shumaker from the October 14, 2013 Council Meeting.

YES: Hurt, Krueger, Porath, Shumaker, Abrams, Gilbert, Hicks.  
NO: None. Motion Declared Carried.

**REPORTS AND COMMUNICATIONS:**

**City Manager's Report**

**Resolution No. 131028-04**

**(Carried)**

Motion by Councilmember Shumaker  
Second by Councilmember Hurt

**I Move** the Swartz Creek City Council approve the City Manager's Report of October 28, 2013, to be circulated and placed on file.

YES: Krueger, Porath, Shumaker, Abrams, Gilbert, Hicks, Hurt.  
NO: None. Motion Declared Carried.

Discussion Ensued.

**MEETING OPENED TO THE PUBLIC**

Robert Green, 5223 Helmsley, wanted to discuss different possibilities to a tax increase. Mr. Green also spoke about the blight problems with rentals in the City.

**COUNCIL BUSINESS**

**DEQ Scrap Tire Parking Lot Grant, Concept Presentation**

Lou Fleury from ROWE Professional Services made a presentation on the scrap tire grant.

**Long Term Basic Public Safety Police – Fire Services Financing, Set Public Hearing for Special Assessment**



**Resolution No. 131028-05**

**(Carried)**

Motion by Councilmember Hicks  
Second by Councilmember Hurt

**WHEREAS**, Michigan, and more locally, Genesee County, have experienced frequent and sometimes continuous recessions for four decades along with a sudden and plummeting crash in property values beginning in 2009, that have decreased the city's revenues significantly; and

**WHEREAS**, the cumulative reductions in Revenue Sharing has exceeded 20%, interest bearing balances have dropped to a near zero return, and with the exception of Meijer, new start building revenues have all but stopped; and

**WHEREAS**, the city continues to experience relentless reductions in commercial and industrial taxable values due to State Tax Tribunal rulings and forced negotiations; and

**WHEREAS**, up and until 2009, the City reasonably abated such recessions by scaling back expenses while maintaining noticeable basic services; and

**WHEREAS**, the city has, by charter limitation, a general operating maximum levy of 5.0 mills, currently reduced by Headlee rollbacks to 4.8289, the levy of which for the City of Swartz Creek being among the bottom 3% of the 279 cities in the state of Michigan; and

**WHEREAS**, the average operating levy of all cities in the state is approximately 17 mills; and

**WHEREAS**, the city is no longer able to maintain basic and quality of life services, and will have to further reduce services for public safety, among a variety of other funded services, Police and Fire being the most important; and

**WHEREAS**, PA 33 of 1951 (MCL 41.801 et seq, as amended) allows for the creation of a special assessment district city wide for public safety; and

**WHEREAS**, the City council desires to establish a city wide special assessment district;

**NOW, THEREFORE, BE IT RESOLVED** the Swartz Creek City Council hereby refers this project to the City Manager and directs the City Manager to prepare a report to be brought before the Council for review and determination at the Regular City Council Meeting, to be held in the City Council Chambers on Monday, November 11, 2013 at 7:00 PM, of which the report shall include:

- a. a description of the assessment district, parcels and boundaries; and
- b. an estimated cost of public safety Police & Fire Services, including operating costs, lost revenues and anticipated operating expense increases for coming years; and
- c. recommended levy amount along with projected revenue collections

**BE IT FURTHER RESOLVED, that** the City Staff is hereby directed to schedule a public hearing to be held at the Regular Council Meeting of Monday, November 11, 2013 at 7:00 PM, or as soon thereafter as the public can be heard, in the manner prescribed by law.

Discussion Took Place.

YES: Porath, Shumaker, Abrams, Hicks, Hurt, Krueger.

NO: Gilbert. Motion Declared Carried.

**Annual Utility Bond Obligation**

**Resolution No. 131028-06**

**(Carried)**

Motion by Councilmember Gilbert

Second by Councilmember Hurt

**WHEREAS**, the City of Swartz Creek has a need to pay to the County of Genesee, the sum of \$58,554.20 to meet the bond and principal requirements on all bond obligations for water and sewer facilities in calendar 2014; and

**WHEREAS**, the City of Swartz Creek has such an obligation for the retirement of a western trunk sewer extension bond through approximately 2026, and

**WHEREAS**, there are several means by which the funds can be secured to meet this payment; and

**WHEREAS**, all various means of securing these funds have been reviewed and considered;

**NOW, THEREFORE, BE IT RESOLVED** by the City of Swartz Creek that the monies to meet the principal and interest requirements and all bond obligations for water and sewer facilities will be secured from the following funds:

**SOURCE OF FUNDS**

Funds Already Available	<u>\$58,554.20</u>
<b>Sewer Fund Total</b>	<b>\$58,554.20</b>
<b>Grand Total</b>	<b>\$58,554.20</b>

Discussion Ensued.

YES: Shumaker, Abrams, Gilbert, Hicks, Hurt, Krueger, Porath.  
NO: None. Motion Declared Carried.

### **Sale of Lots in Heritage Village Condominium Subdivision**

#### **Resolution No. 131028-07**

Motion by Councilmember Hurt  
Second by Councilmember Gilbert

**Whereas**, the City acquired a total of five vacant lots from a street paving special assessment project in the Heritage Village Condominium Association in December 2011, and

**Whereas**, the City Council in its meeting of October 14, 2013 passed Resolution No. 131014-09, authorizing the sale of those lots to either the Heritage Village Condominium Association or to certain individuals who have expressed to the city an interest in purchasing the lots, and

**Whereas**, the Heritage Village Condominium Association has not expressed their interest in purchasing the five lots which the city wished to sell, before their commitment deadline expired, and

**Whereas**, Resolution No. 131014-09 states: "If Heritage Village declines or the commitment deadline expires, sell two lots to Jason & LeAnn Minto and two lots to F. Jack Belzer for \$1,171.86 each under purchase agreements driving the construction of two new houses within 12 months. Sell the fifth lot to Ted and Ruth Kramer, Bainbridge Drive, resident, for \$1711.86,"

**Now Therefore**, I move the City of Swartz Creek sell two lots to Jason & LeAnn Minto and two lots to F. Jack Belzer for \$1711.86 each under purchase agreements driving the construction of two new houses within 12 months. Sell the fifth lot to Ted and Ruth Kramer, Bainbridge Drive, resident, for \$1711.86," and

**Be it Further Resolved** that the final purchase be reviewed and approved by the City Attorney, and further, the City Council directs the Mayor and City Clerk to execute any and all documents pursuant to the terms of these sales.

Discussion Tool Place.

YES: Abrams, Gilbert, Hicks, Hurt, Krueger, Porath, Shumaker.  
NO: None. Motion Declared Carried.

#### **MEETING OPEN TO PUBLIC:**

Tommy Butler, 40 Somerset, questioned how long the proposed special assessment would be for. Mr. Butler spoke about whether residents in the modular home community pay taxes.

Mr. Butler asked if there was somewhere that bicycles could be donated instead of people just throwing them in the trash.

**REMARKS BY COUNCILMEMBERS:**

Councilmember Porath questioned City Attorney Gilder about a letter in the Council packet that referred to a Shortened Statute of Limitations Period for contracts with vendors.

Councilmember Shumaker spoke about the final report on City finances. Mr. Shumaker spoke about the revenues from the race track.

Councilmember Hicks spoke about the Park Board meeting. Ms. Hicks spoke about upcoming improvements to the parks as well as upcoming holiday events that the Park Board is putting together.

Councilmember Gilbert spoke about garbage and recycling containers being left out well after garbage pickup day.

Mayor Pro-Tem Abrams spoke about the Small Cities and Villages meeting that is coming up.

Mayor Krueger spoke about the importance of keeping crime down. Mr. Krueger mentioned that there will again be a holiday lighting contest, sponsored by the Small Cities and Villages association.

**Adjournment**

**Resolution No. 131028-08**

**(Carried)**

Motion by Mayor Pro-Tem Abrams  
Second by Councilmember Shumaker

**I Move** the City of Swartz Creek adjourn the Regular Session of the City Council meeting at 7:57 p.m.

YES: Unanimous Voice Vote.  
NO: None. Motion Declared Carried.

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**David Krueger, Mayor**

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**Juanita Aguilar, City Clerk**

**Public Works**  
**Monthly Work Orders**  
11/01/13

Work Order #	Location ID	Customer Name	Date Recd	Type
Work Order Status		Service Address	Date Comp	
13-000003 COMPLETED	CI10-008083-0000-01	CITY OF SWARTZ CREEK 8083 CIVIC DR	10/21/13 10/29/13	JET SEWER
BXRP10-0032 COMPLETED	SP10-004480-0000-01	KIDD, SANDRA 4480 SPRINGBROOK DR	10/18/13 10/18/13	CURB BOX REPAIR
CKME13-0213 COMPLETED	PA10-007088-0000-01	HUNGERFORD, DOUGLAS 7088 PARK RIDGE PKY	10/02/13 10/02/13	CHECK METER
CKME13-0214 COMPLETED	OA10-005283-0000-01	NEELEY, DAVID 5283 OAKVIEW DR	10/02/13 10/02/13	CHECK METER
CKME13-0215 COMPLETED	OA10-005202-0000-03	AUSTIN, JOSEPHINA 5202 OAKVIEW DR	10/07/13 10/07/13	CHECK METER
CKME13-0216 COMPLETED	HO10-005017-0000-01	LANCASTER-MAY, TERRY 5017 HOLLAND DR	10/08/13 10/08/13	CHECK METER
CKME13-0217 CANCELLED	AB10-007117-0000-02	BOYER, BARBARA 7117 ABBEY LN	10/11/13	CHECK METER
CKME13-0218 COMPLETED	DO10-005351-0000-01	PHELPS, AGNES 5351 DON SHENK DR	10/15/13 10/15/13	CHECK METER
CKME13-0219 COMPLETED	CA10-008353-0000-02	TYLER, WANDA 8353 CAPPY LN	10/17/13 10/17/13	CHECK METER
FNRD13-0599 COMPLETED	LU10-009104-0000-01	TIJERINA, DONATO 9104 LUEA LN	10/02/13 10/02/13	FINAL READ
FNRD13-0600 COMPLETED	CH20-009152-0000-02	PURVIS, STEVE 9152 CHESTERFIELD DR	10/21/13 10/21/13	FINAL READ
FNRD13-0601 COMPLETED	MI10-008240-0000-02	AGE II INC 8240 MILLER RD	10/02/13 10/02/13	FINAL READ
FNRD13-0602 CANCELLED	DI10-007469-0000-01	MULCAHY, WAYNE A 7469 DIANE CT	10/04/13	FINAL READ
FNRD13-0603 COMPLETED	MI10-007556-0000-01	LEPARD, RALPH 7556 MILLER RD	10/07/13 10/07/13	FINAL READ
FNRD13-0604 COMPLETED	CT10-003474-0000-01	SCRAGG, ENOS 3474 CANTERBURY ST	10/15/13 10/16/13	FINAL READ
FNRD13-0605 COMPLETED	FA10-005111-0000-14	DELGADO, CASEY 5111 FAIRCHILD ST	10/10/13 10/10/13	FINAL READ
FNRD13-0606 COMPLETED	PA10-007096-0000-02	BUECHE, TIMOTHY R 7096 PARK RIDGE PKY	10/10/13 10/10/13	FINAL READ
FNRD13-0607 COMPLETED	EL20-007513-0000-01	BARRON, ELIZABETH M 7513 ELIZABETH CT	10/16/13 10/16/13	FINAL READ
FNRD13-0609 COMPLETED	GR10-005351-0000-01	LINDSAY, ANTHONY 5351 GREENLEAF DR	10/16/13 10/16/13	FINAL READ
FNRD13-0610 COMPLETED	BR20-007042-0000-01	EVERSGERD, PAUL 7042 BRISTOL RD	10/17/13 10/17/13	FINAL <del>R</del> READ

Work Order #	Location ID	Customer Name	Date Recd	Type
Work Order Status		Service Address	Date Comp	
FNRD13-0611 COMPLETED	DU10-005337-0000-04	U S BANK 5337 DURWOOD DR	10/28/13 10/28/13	FINAL READ
FNRD13-0612 COMPLETED	DO10-005267-0000-03	CLEMENTS, KELCIE A. 5267 DON SHENK DR	10/31/13 10/31/13	FINAL READ
FNRD13-0613 COMPLETED	MO10-004432-0000-02	HEMPLE, DAN 4432 MORRISH RD	10/31/13 10/31/13	FINAL READ
FNRD13-0614 COMPLETED	HA10-005014-0000-05	MONTINI, PIETRO 5014 HAYES ST	10/31/13 10/31/13	FINAL READ
GWO13-0287 COMPLETED	WI10-005154-0000-05	HENDERSON, RACHEL 5154 WINSHALL DR	10/04/13 10/08/13	GENERIC WORK ORDE
GWO13-0288 COMPLETED	DR10-000001-PERF-01	PERFORMING ART CENTER 1 DRAGON PER	10/11/13 11/01/13	GENERIC WORK ORDE
HYDR13-0007 COMPLETED	GR10-005290-0000-02	MOFIELD, JEFF 5290 GREENLEAF DR	10/24/13 10/24/13	HYDRANTS
LNDS13-0085 COMPLETED	WI10-005154-0000-05	HENDERSON, RACHEL 5154 WINSHALL DR	10/01/13 11/01/13	LANDSCAPING
MNT13-0147 COMPLETED	CI10-008100-0000-01	PUBLIC SAFETY BUILDING 8100 CIVIC DR	10/03/13 10/03/13	BUILDING MAINTENA
MNT13-0148 COMPLETED	CI10-008095-0000-01	PERKINS LIBRARY 8095 CIVIC DR	10/03/13 10/04/13	BUILDING MAINTENA
MNT13-0149 COMPLETED	CI10-008100-0000-01	PUBLIC SAFETY BUILDING 8100 CIVIC DR	10/11/13 10/11/13	BUILDING MAINTENA
MNT13-0150 COMPLETED	CI10-008100-0000-01	PUBLIC SAFETY BUILDING 8100 CIVIC DR	10/25/13 10/25/13	BUILDING MAINTENA
MOW13-0037 COMPLETED	JE10-004057-0000-02	SWYERS, ELEANOR J 4057 JENNIE LN	10/01/13 10/01/13	MOW LAWN-ORD #364
MTRP13-0401 COMPLETED	WI20-005079-0000-03	PAVLIK, RACHELLE R. 5079 WINSTON DR	10/01/13 10/01/13	METER REPAIR
MTRP13-0402 COMPLETED	MC10-005098-0000-01	SCHULZ, AUDREY 5098 MC LAIN ST	10/01/13 10/01/13	METER REPAIR
MTRP13-0403 COMPLETED	PA10-007112-0000-06	MCFARLANE, KEELY 7112 PARK RIDGE PKY	10/04/13 10/10/13	METER REPAIR
READ13-0319 COMPLETED	PA10-007088-0000-01	HUNGERFORD, DOUGLAS 7088 PARK RIDGE PKY	10/09/13 10/10/13	READ METER
READ13-0320 COMPLETED	PA10-007088-0000-01	HUNGERFORD, DOUGLAS 7088 PARK RIDGE PKY	10/16/13 10/16/13	READ METER
READ13-0321 COMPLETED	PA10-007088-0000-01	HUNGERFORD, DOUGLAS 7088 PARK RIDGE PKY	10/23/13 10/28/13	READ METER
READ13-0322 COMPLETED	PA10-007088-0000-01	HUNGERFORD, DOUGLAS 7088 PARK RIDGE PKY	10/30/13 10/31/13	READ METER
READ13-0323 COMPLETED	AB10-007117-0000-02	BOYER, BARBARA 7117 ABBEY LN	10/08/13 10/08/13	READ METER
READ13-0324 COMPLETED	DO10-005351-0000-01	PHELPS, AGNES	10/25/13	READ METER

Work Order #	Location ID	Customer Name	Date Recd	Type
Work Order Status		Service Address	Date Comp	
COMPLETED		5351 DON SHENK DR	10/28/13	
READ13-0327	EL10-003493-0000-04	SPALDING, MICHELLE	10/30/13	READ METER
COMPLETED		3493 ELMS RD	10/30/13	
SIGN13-0008	EL10-004322-0000-01	EMMA LENGYEL REVOC TRUST	10/28/13	CHECK TRAFFIC SIG
		4322 ELMS RD		
SWBK13-0038	CH20-009064-0000-02	MOORE, ZACHARY	10/30/13	SEWER BACKUP
COMPLETED		9064 CHESTERFIELD DR	10/29/13	
WMBK13-0038	OA10-005247-0000-01	TREVILLIAN, DARLENE	10/14/13	WATER MAIN BREAK
COMPLETED		5247 OAKVIEW DR	10/14/13	
WMBK13-0039	BR20-006060-0000-02	GENERAL MOTORS	10/17/13	WATER MAIN BREAK
COMPLETED		6060 BRISTOL RD	10/17/13	
WOFF13-0999	WI10-005116-0000-05	SECRETARY OF HUD	10/03/13	WATER TURN OFF
COMPLETED		5116 WINSHALL DR	10/04/13	
WOFF13-1000	YA10-007036-0000-03	ROBISON, JACK	10/01/13	WATER TURN OFF
CANCELLED		7036 YARMY DR		
WOFF13-1001	SE10-005044-0000-03	LOOK, MICHAEL	10/08/13	WATER TURN OFF
COMPLETED		5044 SECOND ST	10/08/13	
WOFF13-1002	MI10-007543-0000-04	RAFFAELLI, SANDY	10/21/13	WATER TURN OFF
COMPLETED		7543 MILLER RD	10/21/13	
WOFF13-1003	CE10-009289-0000-04	ROE, KIMBERLY	10/24/13	WATER TURN OFF
COMPLETED		9289 CEDAR CREEK CT	10/25/13	
WOFF13-1004	CH30-007550-0000-07	JOHNSON, ELIZABETH	10/24/13	WATER TURN OFF
CANCELLED		7550 CHURCH ST		
WOFF13-1005	DU10-005213-0000-06	CASSETTY, HARRY & JULIE LAGU	10/24/13	WATER TURN OFF
CANCELLED		5213 DURWOOD DR		
WOFF13-1006	EL10-004126-0000-09	WRIGHT, TARISHA	10/24/13	WATER TURN OFF
COMPLETED		4126 ELMS RD	10/25/13	
WOFF13-1007	JE10-004029-0000-04	MURTO, RYAN	10/24/13	WATER TURN OFF
COMPLETED		4029 JENNIE LN	10/25/13	
WOFF13-1008	MO20-004206-0000-03	ABU-ROMEY, OMAR SALEH	10/24/13	WATER TURN OFF
COMPLETED		4206 MOUNTAIN ASH LN	10/25/13	
WOFF13-1009	WA10-007455-0000-03	CROLEY, JAMES III	10/24/13	WATER TURN OFF
CANCELLED		7455 WADE ST		
WOFF13-1010	YA10-007025-0000-04	PARENTEAU, CHAD	10/24/13	WATER TURN OFF
CANCELLED		7025 YARMY DR		
WOFF13-1011	MI10-005286-0000-01	LINMAR INVESTMENTS INC	10/25/13	WATER TURN OFF
COMPLETED		5286 MILLER RD	10/25/13	
WTON13-0667	EL10-003493-0000-04	SPALDING, MICHELLE	10/02/13	WATER TURN ON
COMPLETED		3493 ELMS RD	10/02/13	
WTON13-0668	SE10-005044-0000-03	LOOK, MICHAEL	10/08/13	WATER TURN ON
COMPLETED		5044 SECOND ST	10/08/13	
WTON13-0669	BR20-006289-0000-03	GENESEE COUNTY TREASURER	10/10/13	WATER TURN ON
COMPLETED		6289 BRISTOL RD	10/10/13	

Work Order #	Location ID	Customer Name	Date Recd	Type
Work Order Status		Service Address	Date Comp	
WTON13-0670 COMPLETED	WI10-005348-0000-01	RICKETTS, DAVE 5348 WINSHALL DR	10/14/13 10/14/13	WATER TURN ON
WTON13-0671 COMPLETED	EL10-004126-0000-09	WRIGHT, TARISHA 4126 ELMS RD	10/25/13 10/25/13	WATER TURN ON
WTON13-0672 COMPLETED	MO20-004206-0000-03	ABU-ROMEH, OMAR SALEH 4206 MOUNTAIN ASH LN	10/25/13 10/25/13	WATER TURN ON
WTON13-0673 COMPLETED	CE10-009289-0000-04	ROE, KIMBERLY 9289 CEDAR CREEK CT	10/28/13 10/28/13	WATER TURN ON
WTON13-0674 COMPLETED	JE10-004029-0000-04	MURTO, RYAN 4029 JENNIE LN	10/25/13 10/25/13	WATER TURN ON

Total Records: 68



# DPS ACTIVITY OCTOBER 2013

	<u>REGULAR</u>	<u>HOLIDAY</u>	<u>VACATION</u>	<u>ABSENT</u>	<u>OT</u>	<u>DT</u>
<b>101 GENERAL FUND</b>						
262.0 ELECTIONS						
781.0 AMPHI-PARK						
782.0 WINSHALL PARK	3.00			0.02		
783.0 ELMS PARK	12.00		0.16	0.11		
784.0 BICENT. PARK	8.00		0.21			
790.0 SENIOR CENTER/LIBRARY	24.00		0.80	0.08		
792.0 P S BLDG	14.00		0.50	0.07		
793.0 CITY HALL	2.75		0.10	0.01		
794.0 COMM PROMO	7.00		0.51	0.10	4.00	
796.0 CEMETERY	1.00		0.17			
<b>202 MAJOR STREET FUND</b>						
429.0 SAFETY						
441.0 PARK & RIDE	3.00		0.39			
463.0 STREET MAIN	12.00		0.48	0.18		
474.0 TRAFFIC						
478.0 SNOW & ICE						
482.0 ADMIN	4.18		0.22			
<b>203 LOCAL STREET FUND</b>						
429.0 SAFETY						
463.0 STREET MAIN	18.00		1.03	0.20		
474.0 TRAFFIC	5.00		0.26			
478.0 SNOW & ICE						
482.0 ADMIN	4.18		0.22			
<b>226 GARBAGE FUND</b>						
528.0 COLLECT	41.00		1.80	0.13		
530.0 WOODCHIPPING	60.60		2.78	0.25		
782.0 WINSHALL PARK GARBAGE	14.00		1.66		3.00	3.00
783.0 ELMS PARK GARBAGE	12.00		1.41	0.03	3.00	3.00
793.0 CITY HALL	2.75		0.10	0.01		
<b>590 WATER</b>						
540.0 WATER SYSTEM	221.02		6.18	1.09	4.00	
540.0 WATER-ON CALL	3.00		0.17	0.02		
542.0 READ & BILL	19.50		0.57	0.26		
793.0 CITY HALL	2.75		0.10	0.01		
<b>591 SEWER</b>						
536.0 SEWER SYSTEM	73.02		3.66	0.05		
536.0 SEWER-ON CALL	3.00		0.17	0.02		
537.0 LIFT STATION	7.00		0.44	0.05		
542.0 READ & BILL	21.50		0.62	0.26		
793.0 CITY HALL	2.75		0.10	0.01		
<b>661 MOTOR POOL FUND</b>						
795.0 CITY GARAGE	15.00		1.19	0.04		
<b>DAILY HOURS TOTAL</b>	<b>617.00</b>	<b>0.00</b>	<b>26.00</b>	<b>3.00</b>	<b>14.00</b>	<b>6.00</b>

October 2013	MILES DRIVEN		GALLONS GAS PURCHASED		GALLONS DIESEL PURCHASED
#1 P/U 4WD					
#3 P/U 4WD	768		83		
07-03 P/U 4WD	362				21
09-03 P/U 4WD	489				29
#2 P/U 2WD	422		45		
#6-00 BACKHOE					
#9 DUMP					
#10 DUMP					
#11 DUMP	141		23		
#12-02 DUMP					
#12-04 DUMP	149				35
#12-99 GENERATOR					
#9-02 BRUSH HOG					
#17 CASE BACKHOE					20
#19 JD TRACTOR					
#06-99 BUCKET TRUCK					
#21 WOOD CHIPPER					22
#807 STREET SWEEPER	198				101
#42 ASPHALT HEATER					
#37 TRAIL ARROW					
#10-98 3" PUMP					
#28A 3" PUMP					
3" PUMP					
#30 4" PUMP					
#31 4" PUMP					
#32 4" PUMP					
1" PUMP					
S-10	282		14		
<b>TOTAL</b>	<b>2811</b>		<b>165</b>		<b>228</b>

11/01/2013

CHECK REGISTER FOR CITY OF SWARTZ CREEK  
CHECK DATE FROM 10/01/2013 - 10/31/2013

Check Date	Check	Vendor Name	Description	Amount
Bank GEN CONSOLIDATED ACCOUNT				
10/03/2013	38157	A+ SUPPLY CO INC	TUBE LIGHTS CITY HALL/LIBRARY	144.81
10/03/2013	38158	ADAM H ZETTEL	CONSULTING SERVICES	693.75
10/03/2013	38159	ARROW UNIFORM RENTAL	UNIFORMS, MATS, SUPPLIES, ENV.	82.09
			UNIFORMS, MATS, SUPPLIES, ENV.	82.28
			MATS, SUPPLIES	33.00
			MATS, SUPPLIES	32.93
				230.30
10/03/2013	38160	BLUMERICH COMMUNICATIONS	REMOTE SPEAKER MIC W/T	82.33
10/03/2013	38161	CITY OF SWARTZ CREEK	6/20-9/20/13 UB 4125 ELMS	280.74
			6/20-9/20/13 UB 5121 MORRISH	114.96
			6/20-9/20/13 UB 5363 WINSHALL	261.28
			6/20-9/20/13 UB 8059 FORTINO	451.78
			6/20-9/20/13 UB 8083 CIVIC	401.23
			6/20-9/20/13 UB 8095 CIVIC	212.60
			6/20-9/20/13 UB 8100 CIVIC	455.80
				2,178.39
10/03/2013	38162	COMCAST BUSINESS	10/1-10/31/13 PUBLIC SAFETY BUILDING	144.80
10/03/2013	38163	CREEK AUTO SERVICES LLC	NEW FUEL PUMP/LOF 05-168	596.40
			LOF MONTHLY MAINT. 12-144	29.95
			REPLACE WATER PUMP	140.45
			DISMOUNT & REMOUNT 4 TIRES	48.00
				814.80
10/03/2013	38164	ELITE BUSINESS PRODUCTS	OFFICE SUPPLIES	111.28
10/03/2013	38165	FIDELITY SECURITY LIFE INSUR/EYEMED	OCT 2013 VISION - RETIREES (4)	20.98
10/03/2013	38166	FLINT TOWNSHIP	SWR TRANS MAINT CHR9 42 UNITS	31.50
10/03/2013	38167	GENESEE CTY DRAIN COMMISSIONER	AGENT FEES WESTERN TRUNK EXTEN BOND 9/1/	43.30
10/03/2013	38168	HYDRO DESIGNS	WATER CROSS CONNECTION CONTROL AND COMPL	300.00
10/03/2013	38169	JOSE A MIRELES	MOW & TRIM CITY PROPERTIES	780.00
10/03/2013	38170	KENDALL PRINTING	DAILY REPORTS PRINTED	67.50
10/03/2013	38171	LETAVIS ENTERPRISES INC.	VEH WASHES JULY & AUG 2013 (51) @ 6.75 E	344.25
10/03/2013	38172	MEYER ELECTRIC INC	ELECTRICAL PERMIT #13-157 OVERPAID	10.00
10/03/2013	38173	MICHIGAN METER TECHNOLOGY GRP. INC	WATER METER/WATER METER PARTS TACO BELL	3,296.00
10/03/2013	38174	MID STATES BOLT AND SCREW CO	BOLTS	40.37
10/03/2013	38175	OFFICEMAX INC	SERTA EXEC CHAIR (CLOLINGER)	199.99
			SAMSUNG 21.5 HD LED COMPUTER MONITOR (AG	129.99
				329.98
10/03/2013	38176	PURCHASE POWER	POSTAGE TRANSFER FEE FOR NEW POSTAGE MET	19.11
10/03/2013	38177	ROWE PROFESSIONAL SERVICES CO	PREPARE REQ PROP SANITARY SWR FLOW MTRIN	240.00
10/03/2013	38178	SCHAEFER'S OFFICE SOURCE	(2) PRINTER TONER @ 79.99 EA	159.98
10/03/2013	38179	SELF SERVE LUMBER CO.	LUMBER TO REPAIR BLEACHERS/ELMS PARK	15.69
10/03/2013	38180	SUBURBAN AUTO SUPPLY	FLOR-DRI	17.98
10/03/2013	38181	TRECHA BROS SUPPLY CO INC	HOT WATER HEATER/PUBLIC SAFETY BLDG	236.00
10/03/2013	38182	VALLEY PETROLEUM	9/16-9/30/13 FUEL USAGE - POLICE	1,055.15
10/03/2013	38183	VALLEY PETROLEUM	9/16-9/30/13 FUEL USAGE - DPW	490.65
10/03/2013	38184	VERMEER OF MICHIGAN	CURTAIN FOR WOOD CHIPPER	96.98
10/03/2013	38185	VIEW NEWSPAPER GROUP	HYDRANT FLUSHING PUBLIC NOTICE	42.30
10/03/2013	38186	VILLAGE CLEANERS	UNIFORM CLEANING AUG. 2013	106.50
10/08/2013	38187	DONALD KORTH	SG200-26 MANAGED SWITCH, GIGABIT ETHERNE	413.08

10/10/2013	38188	BADGLEY CONSTRUCTION	SIDEWALK REPAIR MAINTENANCE	1,396.75
10/10/2013	38189	BRADYS BUSINESS SYSTEMS	MAINT. AGRMNT COPY MACH/PTR 6/21-12/21/1 CREDIT FOR OVERLAPPING BILLINGS	955.43 (209.04)
				746.39
10/10/2013	38190	C & M WIRE ROPE & SUPPLY CO	CAUTION TAPE (2)	27.00
10/10/2013	38191	CITY OF SWARTZ CREEK Void Reason: WRONG VENDOR NUMBER	REIMB PETTY CASH	0.00 V
10/10/2013	38192	CONSUMERS ENERGY	9/1-9/30/13 4524 MORRISH RD	43.12
10/10/2013	38193	CONSUMERS ENERGY	9/5-10/3/13 A 5121 MORRISH RD	219.35
10/10/2013	38194	CONSUMERS ENERGY	9/5-10/1/13 A WINSHALL RESTROOMS	35.84
10/10/2013	38195	CONSUMERS ENERGY	9/5-10/3/13 A 8059 FORTINO DR	35.19
10/10/2013	38196	CONSUMERS ENERGY	9/5-10/3/13 A 8083 CIVIC DR	793.13
10/10/2013	38197	CONSUMERS ENERGY	9/5-10/3/13 A 8095 CIVIC DR	985.09
10/10/2013	38198	CONSUMERS ENERGY	9/5-10/3/13 A 8100 CIVIC DR	906.31
10/10/2013	38199	CONSUMERS ENERGY	9/5-10/2/13 A 8301 CAPPY LN	177.24
10/10/2013	38200	CONSUMERS ENERGY	9/5-10/2/13 E 8499 MILLER RD	23.54
10/10/2013	38201	CONSUMERS ENERGY	9/1-9/30/13 ELMS PARKING LOT	29.36
10/10/2013	38202	CONSUMERS ENERGY	9/1-9/30/13 STREET LIGHTS	10,206.61
10/10/2013	38203	CONSUMERS ENERGY	9/1-9/30/13 SIRENS	27.37
10/10/2013	38204	CONSUMERS ENERGY	9/1-9/30/13 TRAFFIC LIGHTS	411.06
10/10/2013	38205	CONSUMERS ENERGY	9/5-10/1/13 A 5257 WINSHALL DR	23.38
10/10/2013	38206	CONSUMERS ENERGY	9/5-10/1/13 A 5361 WINSHALL DR	23.38
10/10/2013	38207	CONSUMERS ENERGY	9/5-10/2/13 A 8011 MILLER RD	23.38
10/10/2013	38208	CONSUMERS ENERGY	9/5-10/2/13 A 9099 MILLER RD	23.38
10/10/2013	38209	CONSUMERS ENERGY	9/6-10/3/13 E 4125 ELMS RD	27.84
10/10/2013	38210	CONSUMERS ENERGY	9/6-10/3/13 A 4125 ELMS RD PAVILION	25.22
10/10/2013	38211	CONSUMERS ENERGY	9/6-10/3/13 A 6425 MILLER RD PARK & RIDE	67.20
10/10/2013	38212	DANIEL L RHANOR	INSTALL WIRE IN PUBLIC SAFETY BLDG	2,535.00
10/10/2013	38213	FAMILY FARM AND HOME INC	QUICK COUPLER (2) GREASE GUN (1)/GREASE (10) VALV OIL 20 WT QT (2) RV ANTIFREEZE (24)	43.98 120.89 8.98 71.76
				245.61
10/10/2013	38214	FIRST AMERICAN TITLE INC CO	UB REFUND 5405 DON SHENK	46.72
10/10/2013	38215	FLINT TRADING INC	WHITE LINE/CROSSWALK STRIPING	703.20
10/10/2013	38216	GILL ROYS HARDWARE	GALV. NIPPLE YARD WASTE BAGS (2 PKG) BRUSH KILLER CONTROL SEC. LIGHT RETURN CONTROL SEC. LIGHT CONTROL SEC. LIGHT/WASP & HORNET SPRAY SEALANT/OUTSIDE MITRE PINE-SOL CLEANER/SOAP BATTERY CLIP 60 LB. CONCRETE MIX (2) TAPE RULE SOAP/TOILET BOWL CLEANER 13 GAL GARBAGE BAGS/PINE-SOL CLEANER 2 PK 12V PHOTO BATTERY AEROSOL LUBRICANT TOILET CONNECTOR RETURN TOILET CONNECTOR SEPT 2013 DISCOUNT TOILET CONNECTOR	4.99 15.98 8.29 11.99 (11.99) 20.28 16.48 11.45 3.99 9.16 25.98 5.97 15.98 9.98 22.78 4.79 (4.99) (15.47) 4.99
				160.63
10/10/2013	38217	GOV'T FINANCE OFFICERS ASSOC.	REG. FEE GOVERNMENTAL GAAP UPDATE NOVEMB	135.00
10/10/2013	38218	IVAN SMITH LIBRARIAN	CLEANING SPRAY AND CLOTHS	10.89

10/10/2013	38219	JOSE A MIRELES	MOW & TRIM CITY PROPERTIES/RESIDENTIAL (	790.00
10/10/2013	38220	KNAPHEIDE TRUCK EQUIPMENT	SHOCK ABSORBER	383.36
10/10/2013	38221	LEON BUNING	AUG-SEPT 2013 ELEC INSPECTIONS	920.00
10/10/2013	38222	MICHIGAN METER TECHNOLOGY GRP. INC	R900 (20)	1,720.00
			WATER METERS & WATER METER PARTS	4,384.00
				6,104.00
10/10/2013	38223	NICK PAUL	TRAINING NAPCH K-9	400.00
			GAS FOR K-9 UNIT 09-226	52.21
				452.21
10/10/2013	38224	RICHARD ABRAMS	REIMB FOR SMALL CITIES 10/2/13 DINNER/MI	40.63
10/10/2013	38225	ROBERT R DAVIS	JULY-SEPT 2013 MECH/PLUMB INSPECTIONS	2,220.00
10/10/2013	38226	RWS OF MID MICHIGAN	SEPT 2013 GARBAGE/RECYCLING/YARD WASTE	21,148.85
10/10/2013	38227	SWARTZ CREEK AREA SENIOR CITZ.	JULY 2013 EXPENDITURES	226.91
			AUGUST 2013 EXPENDITURES	140.10
			SEPT 2013 EXPENDITURES	686.24
				1,053.25
10/10/2013	38228	TOM O'BRIEN	HEALTH INS MONTHLY PREM. OCT. 2013	599.05
10/10/2013	38229	VERIZON WIRELESS	SEPT 2013 MONTHLY BILL	472.42
10/10/2013	38230	CITY OF SWARTZ CREEK	REIMB PETTY CASH	61.19
10/17/2013	38231	ACE-SAGINAW PAVING COMPANY	COLD PATCH	1,038.45
10/17/2013	38232	AMERICAN MESSAGING	10/15-11/14/13 810-833-2563 810-833-1159	24.61
10/17/2013	38233	ARROW UNIFORM RENTAL	UNIFORMS, MAST, SUPPLIES, ENV.	95.82
			MATS, SUPPLIES	32.93
				128.75
10/17/2013	38234	BADGLEY CONSTRUCTION	SIDEWALK REPAIR MAINTENANCE	1,921.00
10/17/2013	38235	BARCO PRODUCTS	PARK BENCH FOR WINSHALL PARK/FRIENDS OF	698.79
10/17/2013	38236	BLUE CARE NETWORK-EAST MI	NOV 2013 RETIREE MEDICAL INS KELLY	460.05
			NOV 2013 RETIREE MEDICAL INS PETRUCHA	1,058.11
			NOV 2013 RETIREE MED INS TYLER	460.05
			NOV 2013 RETIREE MED INS SHANNON	460.05
			CLAIM TAX ASSESSMENT	157.52
				2,595.78
10/17/2013	38237	C & H CONSTRUCTION CO INC	FIRE HYDRANT REPLACEMENT	1,597.30
10/17/2013	38238	COOKS DIESEL RV & TRUCK REPAIR	REPAIR PLOW	528.43
10/17/2013	38239	DELTA DENTAL PLAN	NOV 2013 DENTAL - RETIREES (4)/EST TAX	270.42
10/17/2013	38240	FLINT WELDING SUPPLY	CYLINDER COMPRESSED OXYGEN	5.00
10/17/2013	38241	GENESEE COUNTY LAND BANK AUTHORITY	TAX OVERPMT SU 13 58-31-100-035	23.41
10/17/2013	38242	JOSE A MIRELES	MOW & TRIM CITY PROPERTIES	780.00
10/17/2013	38243	LOAN CARE	TAX OVERPMT 58-02-530-017	383.45
10/17/2013	38244	LOAN CARE	TAX OVERPMT 58-03-534-041	10.10
10/17/2013	38245	MARKEE ELECTRIC INC	REPAIR LIGHT BEHIND HANK & DONS	157.50
10/17/2013	38246	MY-CAN LLC	10/3-10/31/13 PORT A JON RENTAL	390.00
10/17/2013	38247	ROBERT D & JEAN M STRAIN	MTT SETTLEMENT 36-651-126 DKT450088	278.79
			MTT SETTLEMENT INTEREST 58-36-651-126	1.85
				280.64
10/17/2013	38248	SCHAEFER'S OFFICE SOURCE	55 GL GARBAGE LINERS	52.97
10/17/2013	38249	SIMEN FIGURA & PARKER PLC	SEPT 2013 GEN'L/TRAFFIC/ORDIN	2,472.25

10/17/2013	38250	STATE OF MICHIGAN-DEQ WTR	DRINKING WATER LAB TESTING 8/29-10/3/13	128.00
10/17/2013	38251	SWARTZ CREEK AREA FIRE DEPT.	SEPT 2013 MONTHLY RUNS	3,910.70
10/17/2013	38252	UNUM LIFE INSURANCE	NOV 2013 LIFE INS/SHANNON	10.35
10/17/2013	38253	VALLEY PETROLEUM	10/1-10/15/13 FUEL USAGE - DPW	573.95
10/17/2013	38254	VALLEY PETROLEUM	10/1-10/15/13 FUEL USAGE - POLICE	964.78
10/21/2013	38255	U. S. POST OFFICE	NEWSLETTER VOLUME II- OCT 2013	512.86
10/24/2013	38256	ADS PLUS PRINTING LLC	NEWSLETTER (2500) SETUP&MAILED	1,055.31
10/24/2013	38257	AMERAPLAN INC	HEALTH CARE NOV 2013	254.25
10/24/2013	38258	ARROW UNIFORM RENTAL	MATS, SUPPLIES	32.93
			UNIFORMS, MATS, SUPPLIES, ENV.	82.09
			UNIFORMS, MATS, SUPPLIES, ENV.	82.09
			MATS, SUPPLIES	32.93
				230.04
10/24/2013	38259	BRADYS BUSINESS SYSTEMS	COPY MACHINE AGREEMENT 9/15/13-10/15/13	64.42
			COPY MACHINE MAINT AGREEMENT 10/15/13-11	64.42
				128.84
10/24/2013	38260	C & H CONSTRUCTION CO INC	CATCH BASIN REPAIR 8336 CAPPY LN	1,981.76
			WATER MAIN REPAIR 5247 OAKVIEW	1,191.00
			REPLACE FIRE HYDRANT 8336 CAPPY LN	1,418.75
			WATERMAIN REPAIR NORTHSIDE BRISTOL RD	1,169.00
				5,760.51
10/24/2013	38261	CENTRAL MICH ASSOC CHIEFS OF POLICE	CENTRAL MICH CHIEFS OF POLICE ASSOC MEMB	20.00
10/24/2013	38262	COMCAST BUSINESS	10/26-11/25/13 CITY HALL	278.75
10/24/2013	38263	COOKS DIESEL RV & TRUCK REPAIR	REPAIR DUMP TRUCK	1,050.80
10/24/2013	38264	CREEK AUTO SERVICES LLC	LOF MONTHLY MAINT 07-375	29.95
			LOF MONTHLY MAINT 2 WIPER BLADES 10-161	51.95
				81.90
10/24/2013	38265	DEANNA KORTH	ADVANCE FOR 11/5/13 ELECTION SUPPLIES	100.00
10/24/2013	38266	ELIZABETH M BARRON	UB REFUND FOR 7513 ELIZABETH	85.90
10/24/2013	38267	FROST GARDENS	13 TREES FOR ELMS PARK	845.00
10/24/2013	38268	GENESEE COUNTY	GAIN DUES 10/1/12-9/30/13	500.00
10/24/2013	38269	GENESEE CTY DRAIN COMMISSIONER	7221 PARKRIDGE PKWY SEWER CONNECTION	1,000.00
10/24/2013	38270	GENESEE CTY DRAIN COMMISSIONER	8/26-9/26/13 COMM/READY TO SERVE	91,865.83
10/24/2013	38271	GENESEE CTY DRAIN COMMISSIONER	SEWER JULY - SEPT 2013	147,575.85
10/24/2013	38272	GREAT LAKES EMERGENCY PRODUCTS LLC	FURY 3BFA BULLET PROOF VEST LT BADE	599.56
10/24/2013	38273	GUNTHERS LOCKSMITH SERVICE	REPAIR EMPLOYEE ENTRANCE	80.00
10/24/2013	38274	JOSE A MIRELES	MOW & TRIM CITY PROPERTIES	780.00
10/24/2013	38275	LANDMARK APPRAISAL CO	ASSESSOR SERVICES OCTOBER 2013	2,289.13
10/24/2013	38276	LETAVIS ENTERPRISES INC.	25 VEH. WASHES @ 6.75 EA	168.75
10/24/2013	38277	MI ASSOC OF CHIEFS OF POLICE	MAPC MEMBERSHIP DUES 10/13/14	115.00
10/24/2013	38278	MICHIGAN METER TECHNOLOGY GRP. INC	HOST SOFTWARE MNTC 9/1/13-8/31/14	905.00
			SHIPPING ON INVOICE #89561	8.90
				913.90
10/24/2013	38279	MICHIGAN PIPE AND VALVE	HYD EXT/VALVE BOX TOP SEC/VALVE BOX RISE	857.21
10/24/2013	38280	MICHIGAN POLICE EQUIPMENT COMPANY	PRACTICE AMMO	172.64
10/24/2013	38281	SCHAEFER'S OFFICE SOURCE	OFFICE SUPPLIES	102.84
10/24/2013	38282	STATE OF MICHIGAN DEPT TRANS	LOCAL PROGRESS BILLING #4 MORRISH RD	1,901.24
10/24/2013	38283	SWARTZ CREEK TREE FARM	NORWAY SPRUCE	250.00
10/24/2013	38284	UNEMPLOYMENT INSURANCE AGENCY	BENEFIT CHARGES PERIOD END 12/31/12	41.43
10/24/2013	38285	UNITED METHODIST CHURCH -SW CK	NOVEMBER 5 2013 GENERAL ELECTION	700.00

10/24/2013	38286	VILLAGE CLEANERS	SEPT UNIFORM CLEANING	108.50
10/29/2013	38287	U. S. POST OFFICE	NOTICE OF PUBLIC HEARING LETTERS (2120)	917.96
10/31/2013	38288	DEANNA KORTH	ADV. LAPTOP FOR COUNCILMEMBER PORATH	296.79

GEN TOTALS:

(1 Check Voided)

Total of 131 Disbursements: 347,504.32

October 25, 2013

To the City Council  
City of Swartz Creek, Michigan

We have audited the financial statements of the City of Swartz Creek (the "City") as of and for the year ended June 30, 2013 and have issued our report thereon dated October 25, 2013. Professional standards require that we provide you with the following information related to our audit which is divided into the following sections:

Section I - Internal Control Related Matters Identified in an Audit

Section II - Required Communications with Those Charged with Governance

Section III - Legislative and Informational Items

Section I includes any deficiencies we observed in the City's accounting principles or internal control that we believe are significant. Current auditing standards require us to formally communicate annually matters we note about the City's accounting policies and internal control.

Section II includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the City Council of the City of Swartz Creek.

Section III contains updated legislative items that we believe will be of interest to you, including several items related to the operations and controls of the City.

We would like to take this opportunity to thank the City's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of management, the City Council, and others within the City and is not intended to be and should not be used by anyone other than these specified parties.





To the City Council  
City of Swartz Creek, Michigan

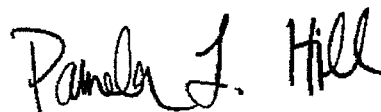
We welcome any questions you may have regarding the following communications and we would be willing to discuss any of these or other questions that you might have at your convenience.

Very truly yours,

**Plante & Moran, PLLC**



Tadd Harburn, CPA



Pam Hill, CPA



To the City Council  
City of Swartz Creek, Michigan

## **Section I - Communications Required Under AU 265**

In planning and performing our audit of the financial statements of the City of Swartz Creek as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

We consider the following deficiency in the City's internal control to be a material weakness:

### **Audit Adjustments**

During the audit, Plante & Moran, PLLC proposed and the City made adjustments to accounts payable, capital assets, miscellaneous receivables and revenue, deferred revenue, and long-term debt. We acknowledge the commitment and desire by the City to make continual improvements to their accounting records and we will continue to work with the City toward that goal. Overall, the City does well to identify and post most accrual year-end adjustments. During the audit, we did provide assistance in identifying and posting some accrual adjustments to the accounting records. There were accruals that were calculated by the City but not recorded related to Michigan Tax Tribunal adjustments for property taxes, equity investment in the fire department, and unbilled receivables for water and sewer. Accruals represent any adjustments other than cash that impact the accounting records (which include accounts payable, capital assets, miscellaneous receivables and revenue, deferred revenue, and long-term debt). While individually the effects of these adjustments were not material to the financial statements, the potential misstatement to the financial statements in the aggregate could be material. We bring this to your attention since it meets the above definition of a matter to be communicated.



To the City Council  
City of Swartz Creek, Michigan

## **Section II - Communications Required Under AU 260**

### **Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated June 23, 2013, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the City of Swartz Creek. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on September 9, 2013.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Swartz Creek are described in Note 1 to the financial statements.

As described in Note 13, the City changed accounting policies related to the adoption of GASB Statement No. 63. The new statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. The statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The statement impacts the format and reporting of the balance sheet at the government-wide level and also at the fund level. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.



To the City Council  
City of Swartz Creek, Michigan

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the financial statements was the useful life of capital assets, pension asset, and other postemployment benefit obligations. Useful lives of capital assets are based on management's estimate of their lives. The estimate for the pension asset was based on the use of the entry age actuarial cost method. The estimate for the other postemployment benefit obligation was based on the use of the alternative measurement method of calculating the annual required contribution using healthcare premiums, personnel information, and interest rates. We evaluated the key factors and assumptions used to develop the estimate of useful lives, pension asset, and other postemployment benefits obligation in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Disagreements with Management***

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The attached schedules summarize uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole, except for those noted in Section I "Internal Control Related Matters Identified in an Audit" above.





To the City Council  
City of Swartz Creek, Michigan

***Significant Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the City, and business plans and strategies that may affect the risks of material misstatement with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated October 25, 2013.

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.



### **Section III - Legislative and Informational Items**

#### **Revenue Sharing**

The State's FY 2013/2014 budget agreement has been reached and has put in place new requirements for CIP (County Incentive Program) and EVIP (Economic Vitality Incentive Program) compliance in the coming year. As you will note below, there are changes to each of the three categories with the most dramatic change to the newly titled Category 3: Unfunded Accrued Liability Plan. The agreement also provides for a 4.8 percent increase for CIP and EVIP. Below are the new requirements in effect for the upcoming year:

#### **Category 1 - Accountability and Transparency - Due Date 10/1/13**

- Produce a citizens guide, including recognition of unfunded liabilities
- Produce a performance dashboard
- Publish a detail debt service listing which includes, at minimum, the following:
  - Issuance date, issuance amount, type of debt instrument
  - Listing of all revenues pledged to finance debt service by debt instrument
  - Listing of the annual payment amounts
- Publish a projected budget report - include current and succeeding year and assumptions used

Note: All four of the above items must be made available in the city, village, township, or county clerk's office or posted on their website. In addition, all items shall be submitted to the State Department of Treasury.

#### **Category 2 - Consolidation of Services - Due Date 2/1/14**

- Produce a consolidation plan and make it readily available in the city, village, township, or county clerk's office or posted on their website.
- If first time, include any previous service cooperation, collaboration, consolidation, innovation, or privatization and associated cost savings
- Must include an update on all previous initiatives addressing:
  - Was it implemented?
  - If not, what were the barriers?
  - Estimated timeline of steps to complete
- Plan shall include one or more new proposals to increase the level of cooperation, collaboration, consolidation, innovation, or privatization within jurisdiction or with others. The timeline to complete and potential savings are also required.
- If no new initiatives identified, must address why it is not feasible to enter into any new consolidation efforts
- If second time, report on progress of prior plan, including barriers



To the City Council  
 City of Swartz Creek, Michigan

Category 3 - Unfunded Accrued Liability Plan (UALP) - Due Date 6/1/14

If the most recent audited financial report includes unfunded accrued liabilities for employee pensions or other postemployment benefits, a plan to lower all unfunded accrued liabilities must be completed with the following elements:

- Listing of all previous actions taken to reduce unfunded accrued liabilities. This should include an estimated cost savings.
- Detailed plan of how the previous actions will continue to be implemented and maintained
- A list of additional actions that could be taken
- In the event that no actions have been taken to reduce the liabilities, an explanation as to why should be provided as long as there are potential actions that could be taken
- Actuarial assumption changes and issuance of debt do not qualify as an action to reduce UALP
- The requirements of category 3 shall be readily available in the city, village, township, or county clerk’s office or posted on their website.
- If there are no unfunded accrued liabilities, the unit must certify to the Department of Treasury by the deadline and explain why none exist.

**Payment Timing has Changed**

For all except counties, the way that payments are distributed has changed. In 2011-2012, a portion of the payment for each of the three categories was paid on each of the six payment dates throughout the year. Now there are only two payment dates for each of the three categories, such that each local unit will not receive payment associated with each category until the due date, and then the payment will be split between the following two months. The following is an example:

	Prior methodology			New methodology		
	Category			Category		
	1	2	3	1	2	3
October 31, 2012	\$ 10,000	\$ 10,000	\$ 10,000	\$ 30,000		
December 31, 2012	10,000	10,000	10,000	30,000		
February 28, 2013	10,000	10,000	10,000		\$ 30,000	
April 30, 2013	10,000	10,000	10,000		30,000	
June 30, 2013	10,000	10,000	10,000			\$ 30,000
August 31, 2013	10,000	10,000	10,000			30,000
Total	60,000	60,000	60,000	60,000	60,000	60,000

If a local unit fails to meet the initial certification timeline, there is still an opportunity to get the second of the two payments if the unit certified prior to the first month of the second distribution. For example, if you miss the October 1, 2012 deadline, a certification prior to December 1, 2012 will allow you to receive the second normally scheduled payment, but not the first.



To the City Council  
City of Swartz Creek, Michigan

### **Personal Property Tax**

The personal property tax was repealed by the passing of several bills during the Legislature's lame duck session in December. This repeal is contingent upon a statewide vote in August 2014 to allow for a shifting of the use tax to a reimbursement fund. Key provisions of the act phase out the industrial portion of the tax over a nine-year period beginning in 2016. Also, businesses with less than \$40,000 taxable value in industrial and commercial personal property in any jurisdiction would no longer pay the tax. For the July 2013 and December 2013 levies, it will be business as usual and communities will continue to levy as they normally have. However, for the July 2014 levy, this will change. Communities will not be able to levy businesses with less than \$40,000 taxable value in industrial and commercial personal property. If during the statewide vote in August 2014, the proposed personal property tax legislation fails, for future levies the less than \$40,000 taxable value will no longer be in effect. If this is the case, the communities will NOT be able to recover the amounts that were not levied in the July 2014 levy for the taxable values less than \$40,000 for industrial and commercial personal property; this will just be lost.

As for the impact on local communities, in short, those local governments that would lose at least 2.3 percent of their property tax base as a result of the changes would be eligible to be reimbursed at 80 percent of the revenue the personal property tax currently provides. This reimbursement would come from the Metropolitan Area Authority, a newly created entity led by five members appointed by the governor. This authority would be responsible for distributing the use tax collections as well as monies generated from expiring tax credits.

In addition, local governments would have the option to assess a special assessment on industrial property (referred to as Essential Services Assessments). This assessment would not require local voter approval and would reimburse police, fire, ambulance services, and jail operations to ensure they receive 100 percent of the funding that they now get from the personal property tax.

When working through upcoming budgets and longer-term projections, please keep these items in mind. The final act has not yet been published by the State.

The Michigan Municipal League has developed a tool to aid communities in calculating the potential impact of the personal property tax cuts:

<http://www.mml.org/advocacy/inside208/post/PPT-calculation-spreadsheet-available.aspx>

### **Michigan Qualifying Statement Revisions and Changes to Filing Process**

Bulletin 6 was recently issued by the State Department of Treasury and is effective beginning May 1, 2013. The bulletin details out the revisions made to the form, changes in the electronic filing process, and provides information on the new process to submit a reconsideration request.

The Qualifying Statement is now Form 5047. The new form and link to the online filing are available at: [www.michigan.gov/municipalfinance](http://www.michigan.gov/municipalfinance). You can also find Bulletin 6 by following this same link.





To the City Council  
City of Swartz Creek, Michigan

Several minor changes have been made to the form including the following: additional question asking for the municipality's six-digit municode, information buttons to provide added instruction, and elimination of the requirement to include SEV and population. In addition, changes were made to help ease the completion of the form such as the elimination of certain questions which were duplicative of information that the Department of Treasury already had at its disposal (i.e., audit filing date) as well as separating out compound questions to ease the process of responding to them.

The more significant change, however, is with the electronic filing process. Starting May 1, 2013, there is only one way in which a Qualifying Statement can be submitted, as follows:

1. The form is now a PDF that can be downloaded and saved. The form is fillable allowing preparers to type in responses and save the form with answers intact.
2. The PDF will be uploaded via the Department of Treasury website. The upload page is [www.michigan.gov/municipalfinance](http://www.michigan.gov/municipalfinance). Once you are on the webpage choose the Online Qualifying Statement link.
3. The State has a set naming convention that should be used for each uploaded file. The file should be named as follows: municipality's six-digit municode + fiscal year + the words "QStmt" (example: 7830402012QStmt). Please note the system will only accept one Qualifying Statement per fiscal year per municipality.
4. Municipalities will not be able to use the same username and password that they used for filings prior to May 1, 2013. The State has directed each municipality to call the Local Audit and Finance Division at 517.373.3227 to obtain a new username and password.

The bulletin also allows the Qualifying Statement to be filed by an individual other than the chief administrative officer (CAO) as long as the CAO is made aware and takes full responsibility for the filing. The filer will be asked to indicate whether they are the CAO or the designee at the time the Qualifying Statement is filed.



To the City Council  
City of Swartz Creek, Michigan

Client: **City of Swartz Creek**  
Opinion Unit: **Governmental Activities**  
Y/E: **6/30/2013**

**SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS**

The pretax effect of misstatements and classification errors identified would be to increase (decrease) the reported amounts in the financial statement categories identified below:

Ref. #	Description of Misstatement	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	Equity	Revenue	Expenses	Net Income Statement Impact
<b>FACTUAL MISSTATEMENTS:</b>									
A1									
A2									
<b>JUDGMENTAL ADJUSTMENTS:</b>									
B1	To estimate for MTT adjustments			\$ 51,815			\$ (51,815)		\$ (51,815)
B2	Equity interest in joint venture - Swartz Creek Area Fire Department		\$ 139,757				139,757		139,757
<b>PROJECTED ADJUSTMENTS:</b>									
C1									
C2									
		\$ -	-	-	\$ -	\$ -	-	\$ -	-
	Total	\$ -	\$ 139,757	\$ 51,815	\$ -	\$ -	\$ 87,942	\$ -	\$ 87,942

**PASSED DISCLOSURES:**

D1  
D2

Client: **City of Swartz Creek**  
Opinion Unit: **Business-type Activities**  
Y/E: **6/30/2013**

**SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS**

The pretax effect of misstatements and classification errors identified would be to increase (decrease) the reported amounts in the financial statement categories identified below:

Ref. #	Description of Misstatement	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	Equity	Revenue	Expenses	Net Income Statement Impact
<b>FACTUAL MISSTATEMENTS:</b>									
A1									
A2									
<b>JUDGMENTAL ADJUSTMENTS:</b>									
B1	Adjust unbilled receivable amounts for the CY	\$ 64,455					\$ 64,455		\$ 64,455
B2									
<b>PROJECTED ADJUSTMENTS:</b>									
C1									
C2									
		-	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
	Total	\$ 64,455	\$ -	\$ -	\$ -	\$ -	\$ 64,455	\$ -	\$ 64,455

**PASSED DISCLOSURES:**

D1  
D2



To the City Council  
 City of Swartz Creek, Michigan

Client: City of Swartz Creek  
 Opinion Unit: General Fund (Major Governmental Fund)  
 Y/E: 6/30/2013

**SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS**

The pretax effect of misstatements and classification errors identified would be to increase (decrease) the reported amounts in the financial statement categories identified below:

Ref. #	Description of Misstatement	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	Equity	Revenue	Expenses	Net Income Statement Impact
<b>FACTUAL MISSTATEMENTS:</b>									
A1									
A2									
<b>JUDGMENTAL ADJUSTMENTS:</b>									
B1	To estimate for MTT adjustments			\$ 34,853			\$ (34,853)		\$ (34,853)
B2									
<b>PROJECTED ADJUSTMENTS:</b>									
C1									
C2									
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ 34,853	\$ -	\$ -	\$ (34,853)	\$ -	\$ (34,853)

**PASSED DISCLOSURES:**

D1  
 D2

Client: City of Swartz Creek  
 Opinion Unit: Garbage Fund (Major Governmental Fund)  
 Y/E: 6/30/2013

**SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS**

The pretax effect of misstatements and classification errors identified would be to increase (decrease) the reported amounts in the financial statement categories identified below:

Ref. #	Description of Misstatement	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	Equity	Revenue	Expenses	Net Income Statement Impact
<b>FACTUAL MISSTATEMENTS:</b>									
A1									
A2									
<b>JUDGMENTAL ADJUSTMENTS:</b>									
B1	To estimate for MTT adjustments			\$ 16,962			\$ (16,962)		\$ (16,962)
B2									
<b>PROJECTED ADJUSTMENTS:</b>									
C1									
C2									
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ 16,962	\$ -	\$ -	\$ (16,962)	\$ -	\$ (16,962)

**PASSED DISCLOSURES:**

D1  
 D2



To the City Council  
 City of Swartz Creek, Michigan

Client: **City of Swartz Creek**  
 Opinion Unit: **Water Fund - Major Enterprise Fund**  
 Y/E: **6/30/2013**

**SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS**

The pretax effect of misstatements and classification errors identified would be to increase (decrease) the reported amounts in the financial statement categories identified below:

Ref. #	Description of Misstatement	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	Equity	Revenue	Expenses	Net Income Statement Impact
<b>FACTUAL MISSTATEMENTS:</b>									
A1									
A2									
<b>JUDGMENTAL ADJUSTMENTS:</b>									
B1	Adjust unbilled receivable amounts for the CY	\$ 35,278					\$ 35,278		\$ 35,278
B2									
<b>PROJECTED ADJUSTMENTS:</b>									
C1									
C2									
	Total	<u>\$ 35,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,278</u>	<u>\$ -</u>	<u>\$ 35,278</u>

**PASSED DISCLOSURES:**

D1  
 D2

Client: **City of Swartz Creek**  
 Opinion Unit: **Sewer Fund - Major Enterprise Fund**  
 Y/E: **6/30/2013**

**SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS**

The pretax effect of misstatements and classification errors identified would be to increase (decrease) the reported amounts in the financial statement categories identified below:

Ref. #	Description of Misstatement	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	Equity	Revenue	Expenses	Net Income Statement Impact
<b>FACTUAL MISSTATEMENTS:</b>									
A1									
A2									
<b>JUDGMENTAL ADJUSTMENTS:</b>									
B1	Adjust unbilled receivable amount for the CY	\$ 29,177					\$ 29,177		\$ 29,177
B2									
<b>PROJECTED ADJUSTMENTS:</b>									
C1									
C2									
	Total	<u>\$ 29,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,177</u>	<u>\$ -</u>	<u>\$ 29,177</u>

**PASSED DISCLOSURES:**

D1  
 D2





# **City of Swartz Creek, Michigan**

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## **Financial Report with Supplemental Information June 30, 2013**

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# City of Swartz Creek, Michigan

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## Independent Auditor's Report

To the City Council  
City of Swartz Creek, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Swartz Creek, Michigan (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Swartz Creek, Michigan'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 an opinion 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.

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To the City Council  
City of Swartz Creek, Michigan

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Swartz Creek, Michigan as of June 30, 2013 and the respective changes in its financial position, and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental 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 an opinion on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Plante & Moran, PLLC*

October 25, 2013

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# City of Swartz Creek, Michigan

## Management's Discussion and Analysis

Our discussion and analysis of the City of Swartz Creek, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the City's financial statements.

### Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2013:

- The City's total net position is \$19.2 million.
- The City's overall unrestricted net position is \$6.1 million.
- The City's General Fund revenue exceeded expenditures by \$122 thousand before transfers in and out. After transfers in and out, the net increase in fund balance was \$72,875, leaving the General Fund with a fund balance of \$1,384,064.

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether or not the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

# City of Swartz Creek, Michigan

## Management's Discussion and Analysis (Continued)

### Governmental Activities

The following table shows, in a condensed format, the current year's net position and changes in net position, compared to the prior two years:

	Governmental Activities				Percent Change
	2011	2012	2013	Change	
<b>Assets</b>					
Other assets	\$ 3,462,897	\$ 3,557,503	\$ 3,727,701	\$ 170,198	5%
Capital assets	<u>7,970,508</u>	<u>8,035,502</u>	<u>7,837,141</u>	<u>(198,361)</u>	-2%
Total assets	11,433,405	11,593,005	11,564,842	(28,163)	0%
<b>Liabilities</b>					
Current liabilities	206,414	136,764	176,522	39,758	29%
Long-term liabilities	<u>784,587</u>	<u>742,718</u>	<u>626,969</u>	<u>(115,749)</u>	-16%
Total liabilities	<u>991,001</u>	<u>879,482</u>	<u>803,491</u>	<u>(75,991)</u>	-9%
<b>Net Position</b>					
Net investment in capital assets	7,300,508	7,415,502	7,267,141	(148,361)	-2%
Restricted	1,249,198	1,250,277	1,371,034	120,757	10%
Unrestricted	<u>1,892,698</u>	<u>2,047,744</u>	<u>2,123,176</u>	<u>75,432</u>	4%
Total net position	<u>\$ 10,442,404</u>	<u>\$ 10,713,523</u>	<u>\$ 10,761,351</u>	<u>\$ 47,828</u>	0%

The governmental net position increased .45 percent from a year ago - increasing from \$10.71 million to \$10.76 million. In comparison, last year's net position increased by 2.6 percent.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - increased by \$75 thousand for the governmental activities. This represents an increase of approximately 4 percent. The current level of unrestricted net position for our governmental activities stands at \$2.1 million, or about 75 percent of expenditures.

# City of Swartz Creek, Michigan

## Management's Discussion and Analysis (Continued)

	Governmental Activities				Percent Change
	2011	2012	2013	Change	
<b>Revenue</b>					
Program revenue:					
Charges for services	\$ 367,152	\$ 441,507	\$ 397,654	\$ (43,853)	-10%
Operating grants	332,446	385,145	300,175	(84,970)	-22%
Capital grants	169,583	295,919	311,643	15,724	5%
General revenue:					
Property taxes	1,248,323	1,128,298	1,208,678	80,380	7%
State-shared revenue	388,451	411,936	423,306	11,370	3%
Investment earnings	18,659	12,347	8,393	(3,954)	-32%
Other revenue	177,751	498,410	215,135	(283,275)	-57%
Total revenue	2,702,365	3,173,562	2,864,984	(308,578)	-10%
<b>Program Expenses</b>					
General government	315,891	296,304	293,010	(3,294)	-1%
Legislative	11,273	14,201	14,486	285	2%
Public safety	1,097,707	1,115,393	1,145,786	30,393	3%
Public works	917,088	1,310,722	1,198,499	(112,223)	-9%
Recreation and cultural	125,622	151,541	152,528	987	1%
Interest on long-term debt	15,918	14,282	12,847	(1,435)	-10%
Total expenses	2,483,499	2,902,443	2,817,156	(85,287)	-3%
<b>Change in Net Position</b>	<b>\$ 218,866</b>	<b>\$ 271,119</b>	<b>\$ 47,828</b>	<b>\$ (223,291)</b>	<b>-82%</b>

The City's total governmental revenue decreased by approximately \$309 thousand due to the previous year's one-time accounting adjustment to record two special tax assessments for road improvements in two of our unfinished subdivisions and the payments from those residents wishing to pay in advance instead of paying the amount on their taxes.

Expenses decreased by about \$85 thousand during the year. These decreases were due mainly to a winter season without major snowstorms, resulting in a decrease in snow plowing overtime.

# City of Swartz Creek, Michigan

## Management's Discussion and Analysis (Continued)

### Business-type Activities

The following table shows, in a condensed format, the current year's net position and changes in net position, compared to the prior two years:

	Business-type Activities				Percent Change
	2011	2012	2013	Change	
<b>Assets</b>					
Other assets	\$ 3,674,302	\$ 4,302,764	\$ 4,440,870	\$ 138,106	3%
Capital assets	<u>5,018,639</u>	<u>4,939,853</u>	<u>5,036,617</u>	<u>96,764</u>	2%
Total assets	8,692,941	9,242,617	9,477,487	234,870	3%
<b>Liabilities</b>					
Current liabilities	251,508	301,462	363,145	61,683	20%
Long-term liabilities	<u>721,807</u>	<u>707,386</u>	<u>695,694</u>	<u>(11,692)</u>	-2%
Total liabilities	<u>973,315</u>	<u>1,008,848</u>	<u>1,058,839</u>	<u>49,991</u>	5%
<b>Net Position</b>					
Net investment in capital assets	4,356,092	4,314,986	4,435,777	120,791	3%
Unrestricted	<u>3,363,534</u>	<u>3,918,783</u>	<u>3,982,871</u>	<u>64,088</u>	2%
Total net position	<u>\$ 7,719,626</u>	<u>\$ 8,233,769</u>	<u>\$ 8,418,648</u>	<u>\$ 184,879</u>	2%

	Business-type Activities				Percent Change
	2011	2012	2013	Change	
Operating revenue	\$ 2,352,408	\$ 2,388,841	\$ 2,447,083	\$ 58,242	2%
Operating expenses - Other than depreciation	2,098,208	1,973,347	2,081,781	(108,434)	5%
Depreciation	<u>154,408</u>	<u>160,626</u>	<u>170,622</u>	<u>(9,996)</u>	6%
Operating income	99,792	254,868	194,680	(60,188)	-24%
Interest income	20,396	11,228	9,466	(1,762)	-16%
Interest expense	28,533	27,303	26,337	966	4%
Capital contributions	<u>27,350</u>	<u>275,350</u>	<u>7,070</u>	<u>(268,280)</u>	-97%
Change in net position	<u>\$ 119,005</u>	<u>\$ 514,143</u>	<u>\$ 184,879</u>	<u>\$ (329,264)</u>	-64%

Operating revenues increased by \$58 thousand due to an increase in water rates that the City passed on to residents.

Operating expenses also increased since the City had to pay the water rate increase on to the County. The balance of the increase is due to the City resuming the project relining sewer lines. The net position of business-type activities increased 2 percent from a year ago - increasing from \$8.2 million to \$8.4 million. This was due to an increase in rates. Last year's net position increased by 7 percent, which was mainly due to the restructuring of the water and sewer billing and an increase in rates.

# City of Swartz Creek, Michigan

## Management's Discussion and Analysis (Continued)

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - increased by \$64 thousand. This represents an increase of approximately 1.6 percent. The current level of unrestricted net position stands at \$4.0 million, or about 175 percent of expenditures.

### The City's Funds

Our analysis of the City's major funds begins on page 12, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The City's major funds for 2013 include the General Fund, the Major Streets Fund, the Local Streets Fund, and the Garbage Fund.

The General Fund pays for most of the City's governmental services. The most significant is public safety activities. Public safety activities incurred expenses of approximately \$1.11 million in 2013, followed closely by public works at \$946 thousand which includes major and local streets.

The following table shows the total governmental fund activity, on a modified accrual basis:

	Governmental Funds				Percent Change
	2011	2012	2013	Change	
<b>Revenue</b>					
Property taxes	\$ 1,255,263	\$ 1,159,436	\$ 1,049,526	\$ (109,910)	-9%
Charges for services	191,837	181,511	207,906	26,395	15%
Licenses and permits	168,931	236,716	197,453	(39,263)	-17%
State-shared revenues	391,569	455,806	440,424	(15,382)	-3%
Act 51 funding	319,420	357,179	366,407	9,228	3%
Federal, state, and local grants	24,113	7,659	28,988	21,329	278%
Local donations	-	-	210,127	210,127	0%
Fines and forfeitures	67,953	89,875	60,250	(29,625)	-33%
Interest and rentals	17,577	12,060	8,059	(4,001)	-33%
Special assessments	6,350	114,357	45,013	(69,344)	-61%
Other	117,206	117,127	103,735	(13,392)	-11%
<b>Total revenue</b>	<b>2,560,219</b>	<b>2,731,726</b>	<b>2,717,888</b>	<b>(13,838)</b>	<b>-1%</b>
<b>Expenditures</b>					
Current:					
General government	310,960	331,561	375,363	43,802	13%
Legislative	11,353	14,288	14,513	225	2%
Public safety	1,088,088	1,083,734	1,111,566	27,832	3%
Public works	1,983,715	1,173,265	945,612	(227,653)	-19%
Recreation and culture	100,568	114,205	114,684	479	0%
Debt service	42,413	43,127	41,889	(1,238)	-3%
<b>Total expenditures</b>	<b>3,537,097</b>	<b>2,760,180</b>	<b>2,603,627</b>	<b>(156,553)</b>	<b>-6%</b>
<b>Net Change in Fund Balances</b>	<b>(976,878)</b>	<b>(28,454)</b>	<b>114,261</b>	<b>142,715</b>	<b>-502%</b>
<b>Fund Balances - Beginning of year</b>	<b>3,572,026</b>	<b>2,595,148</b>	<b>2,566,694</b>	<b>(28,454)</b>	<b>-1%</b>
<b>Fund Balances - End of year</b>	<b>\$ 2,595,148</b>	<b>\$ 2,566,694</b>	<b>\$ 2,680,955</b>	<b>\$ 114,261</b>	<b>4%</b>

# **City of Swartz Creek, Michigan**

## **Management's Discussion and Analysis (Continued)**

There were local donations of \$210,127 in the current year related to a road project on Morrish Road.

The public works expenditures decreased by \$227,653 in the current year due to road repairs and maintenance in the prior year that were unnecessary in the current year.

### **General Fund Budgetary Highlights**

Over the course of the year, the City amended the budget to take into account events during the year. City departments overall stayed below budget, resulting in total expenditures \$64 thousand below budget. Since revenues are budgeted slightly below what is anticipated, the City expects a slight over-budget increase. These events made the General Fund's fund balance increase from \$1.31 million a year ago to \$1.38 million at June 30, 2013.

### **Capital Asset and Debt Administration**

At the end of 2013, the City had \$12.87 million invested in a broad range of capital assets, including land, buildings, equipment, and water and sewer lines. In the past two years, the City has invested significantly in roads within the City. Major additions included road work on several roads in the City. Additional information on the City's capital assets can be found in Note 4 of this report.

Also at the end of 2013, the City had \$1,372,663 in long-term debt. A total of \$1,170,840 of long-term debt is the balance on the City's bonds. The remaining \$201,823 is related to accumulated compensated absences of \$80,410 and to other postemployment benefits of \$121,413.

### **Economic Factors and Next Year's Budgets and Rates**

Due to the economic generosity of the Michigan Tax Tribunal and the impact of Proposal A, the City is expecting a decrease in taxable real property values for this fiscal year and possibly through the next fiscal year. Also expected is the elimination of taxable personal property. Because of these probable reductions in revenue, the City has spent time reviewing various department cost structures to identify areas in which changes can be made.

### **Contacting the City's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

# City of Swartz Creek, Michigan

## Statement of Net Position June 30, 2013

	Primary Government			Component Unit - Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 1,430,976	\$ 1,527,707	\$ 2,958,683	\$ 28,216
Investments (Note 3)	1,150,000	2,111,000	3,261,000	10,000
Receivables:				
Property taxes receivable	15,695	-	15,695	-
Receivables from sales to customers on account	-	659,978	659,978	-
Accrued interest receivable	3,005	2,033	5,038	-
Other receivables	190,027	-	190,027	172
Due from other governmental units	243,737	-	243,737	-
Special assessments receivable	132,432	-	132,432	-
Inventory	-	21,319	21,319	-
Prepaid expenses and other assets	66,037	4,843	70,880	-
Land held for resale	35,848	-	35,848	-
Net pension asset (Note 9)	459,944	113,990	573,934	-
Capital assets (Note 4):				
Assets not subject to depreciation	1,597,884	-	1,597,884	-
Assets subject to depreciation	6,239,257	5,036,617	11,275,874	-
<b>Total assets</b>	<b>11,564,842</b>	<b>9,477,487</b>	<b>21,042,329</b>	<b>38,388</b>
<b>Liabilities</b>				
Accounts payable	82,170	105,320	187,490	721
Due to other governmental units	-	224,748	224,748	-
Deposits payable	-	16,000	16,000	-
Accrued liabilities and other	44,352	17,077	61,429	-
Deferred revenue	-	-	-	154
Noncurrent liabilities:				
Due within one year (Note 6):				
Compensated absences	55,000	10,000	65,000	-
Current portion of long-term debt	50,000	33,560	83,560	-
Due in more than one year:				
Compensated absences	1,278	14,132	15,410	-
Net OPEB obligation (Note 11)	50,691	70,722	121,413	-
Long-term debt (Note 6)	520,000	567,280	1,087,280	-
<b>Total liabilities</b>	<b>803,491</b>	<b>1,058,839</b>	<b>1,862,330</b>	<b>875</b>
<b>Net Position</b>				
Net investment in capital assets	7,267,141	4,435,777	11,702,918	-
Restricted for:				
Streets	908,564	-	908,564	-
Garbage collection	416,710	-	416,710	-
Weed control	45,760	-	45,760	-
Unrestricted	2,123,176	3,982,871	6,106,047	37,513
<b>Total net position</b>	<b>\$ 10,761,351</b>	<b>\$ 8,418,648</b>	<b>\$ 19,179,999</b>	<b>\$ 37,513</b>



# City of Swartz Creek, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 293,010	\$ 122,777	\$ -	\$ -
Legislative	14,486	-	-	-
Public safety	1,145,786	236,542	1,546	-
Public works	1,198,499	27,205	271,490	311,643
Recreation and culture	152,528	11,130	27,139	-
Interest on long-term debt	12,847	-	-	-
Total governmental activities	2,817,156	397,654	300,175	311,643
Business-type activities:				
Water Fund	1,335,204	1,363,240	-	6,970
Sewer Fund	943,536	1,083,843	-	100
Total business-type activities	2,278,740	2,447,083	-	7,070
Total primary government	<u>\$ 5,095,896</u>	<u>\$ 2,844,737</u>	<u>\$ 300,175</u>	<u>\$ 318,713</u>
Component unit - Downtown Development Authority	<u>\$ 3,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenue:  
 Property taxes  
 State-shared revenue (unrestricted)  
 Investment income  
 Cable franchise fees (unrestricted)  
 Other miscellaneous income

Total general revenue

## Change in Net Position

Net Position - Beginning of year

Net Position - End of year

**Statement of Activities**  
**Year Ended June 30, 2013**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit - Downtown Development Authority
\$ (170,233)	\$ -	\$ (170,233)	\$ -
(14,486)	-	(14,486)	-
(907,698)	-	(907,698)	-
(588,161)	-	(588,161)	-
(114,259)	-	(114,259)	-
(12,847)	-	(12,847)	-
(1,807,684)	-	(1,807,684)	-
-	35,006	35,006	-
-	140,407	140,407	-
-	175,413	175,413	-
(1,807,684)	175,413	(1,632,271)	-
-	-	-	(3,980)
1,208,678	-	1,208,678	-
423,306	-	423,306	-
8,393	9,466	17,859	129
88,370	-	88,370	-
126,765	-	126,765	-
1,855,512	9,466	1,864,978	129
47,828	184,879	232,707	(3,851)
10,713,523	8,233,769	18,947,292	41,364
<b>\$ 10,761,351</b>	<b>\$ 8,418,648</b>	<b>\$ 19,179,999</b>	<b>\$ 37,513</b>

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# City of Swartz Creek, Michigan

## Governmental Funds Balance Sheet June 30, 2013

	Major Special Revenue Funds				Nonmajor Governmental Funds	Total
	General Fund	Major Streets	Local Streets	Garbage Collection		
<b>Assets</b>						
Cash and cash equivalents (Note 3)	\$ 744,264	\$ 252,489	\$ 51,855	\$ 241,125	\$ 55,939	\$ 1,345,672
Investments (Note 3)	455,000	340,000	25,000	195,000	80,000	1,095,000
Receivables:						
Property taxes receivable	11,152	-	-	4,543	-	15,695
Special assessments receivable	132,432	-	-	-	-	132,432
Accrued interest receivable	133	251	2,402	203	-	2,989
Other receivables	18,194	164,548	-	18	7,267	190,027
Due from other governmental units	153,931	76,018	13,788	-	-	243,737
Due from other funds (Note 5)	-	-	-	-	1,200	1,200
Prepaid expenses and other assets	59,798	2,211	2,211	1,037	-	65,257
Land held for resale	35,848	-	-	-	-	35,848
<b>Total assets</b>	<b>\$ 1,610,752</b>	<b>\$ 835,517</b>	<b>\$ 95,256</b>	<b>\$ 441,926</b>	<b>\$ 144,406</b>	<b>\$ 3,127,857</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 35,551	\$ 18,943	\$ 1,988	\$ 22,842	\$ 200	\$ 79,524
Due to other funds (Note 5)	1,200	-	-	-	-	1,200
Accrued liabilities and other	34,711	910	368	2,374	-	38,363
Deferred revenue (Note 1)	155,226	160,126	2,400	4,543	5,520	327,815
<b>Total liabilities</b>	<b>226,688</b>	<b>179,979</b>	<b>4,756</b>	<b>29,759</b>	<b>5,720</b>	<b>446,902</b>
<b>Fund Balances</b>						
Nonspendable:						
Prepays	59,798	2,211	2,211	1,037	-	65,257
Land held for resale	35,848	-	-	-	-	35,848
Restricted:						
Roads	-	653,327	88,289	-	-	741,616
Garbage collection	-	-	-	411,130	-	411,130
Weed control	-	-	-	-	40,240	40,240
Assigned:						
Subsequent year's budget	377,242	-	-	-	-	377,242
Debt service	-	-	-	-	2,469	2,469
Capital projects	-	-	-	-	81,710	81,710
Drug enforcement	-	-	-	-	14,267	14,267
Unassigned	911,176	-	-	-	-	911,176
<b>Total fund balances</b>	<b>1,384,064</b>	<b>655,538</b>	<b>90,500</b>	<b>412,167</b>	<b>138,686</b>	<b>2,680,955</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,610,752</b>	<b>\$ 835,517</b>	<b>\$ 95,256</b>	<b>\$ 441,926</b>	<b>\$ 144,406</b>	<b>\$ 3,127,857</b>

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# City of Swartz Creek, Michigan

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2013

<b>Fund Balance Reported in Governmental Funds</b>	\$ 2,680,955
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	7,760,467
Other long-term assets, such as net pension assets, are not available for current financial resources and are not reported as fund assets	453,983
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	132,432
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	195,383
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(570,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(5,588)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(54,810)
Other postemployment benefit obligations do not present a claim on current financial resources and are not reported as fund liabilities	(50,691)
Internal Service Funds are included as part of governmental activities	219,220
<b>Net Position of Governmental Activities</b>	<b>\$ 10,761,351</b>

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# City of Swartz Creek, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2013

	Major Special Revenue Funds				Nonmajor Governmental Funds	Total
	General Fund	Major Streets	Local Streets	Garbage Collection		
<b>Revenue</b>						
Property taxes	\$ 715,046	\$ -	\$ -	\$ 334,480	\$ -	\$ 1,049,526
Licenses and permits	197,453	-	-	-	-	197,453
Federal grants	28,988	-	-	-	-	28,988
State-shared revenue and grants	470,424	253,134	83,273	-	-	806,831
Charges for services	206,757	1,149	-	-	-	207,906
Fines and forfeitures	35,846	-	-	-	24,404	60,250
Investment income	5,030	1,375	74	1,339	241	8,059
Other revenue:						
Special assessments	38,235	-	-	-	6,778	45,013
Local donations	-	210,127	-	-	-	210,127
Other miscellaneous income	80,829	4,029	18,729	148	-	103,735
Total revenue	1,778,608	469,814	102,076	335,967	31,423	2,717,888
<b>Expenditures - Current</b>						
General government	371,756	-	2,389	1,218	-	375,363
Legislative	14,513	-	-	-	-	14,513
Public safety	1,037,184	15,663	-	-	58,719	1,111,566
Public works	118,672	379,582	72,986	374,372	-	945,612
Recreation and culture	114,684	-	-	-	-	114,684
Debt service:						
Principal	-	-	-	-	29,042	29,042
Interest on long-term debt	-	-	-	-	12,847	12,847
Total expenditures	1,656,809	395,245	75,375	375,590	100,608	2,603,627
<b>Excess of Revenue Over (Under) Expenditures</b>	121,799	74,569	26,701	(39,623)	(69,185)	114,261
<b>Other Financing (Uses) Sources</b>						
Transfers in (Note 5)	-	-	-	-	69,882	69,882
Transfers out (Note 5)	(48,924)	-	-	(20,958)	-	(69,882)
Total other financing (uses) sources	(48,924)	-	-	(20,958)	69,882	-
<b>Net Change in Fund Balances</b>	72,875	74,569	26,701	(60,581)	697	114,261
<b>Fund Balances - Beginning of year</b>	1,311,189	580,969	63,799	472,748	137,989	2,566,694
<b>Fund Balances - End of year</b>	<u>\$ 1,384,064</u>	<u>\$ 655,538</u>	<u>\$ 90,500</u>	<u>\$ 412,167</u>	<u>\$ 138,686</u>	<u>\$ 2,680,955</u>



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# City of Swartz Creek, Michigan

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2013

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	114,261
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:</p>		
Capital outlay		181,313
Depreciation expense		(468,298)
Capital contributions are recorded in the statement of activities when received; they are not reported in the funds		101,516
Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end		60,011
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		50,000
Decreases in accumulated employee sick and vacation pay reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment		11,569
Other postemployment benefit obligation expense is recognized in the statement of activities, but not in the governmental funds		2,797
Increase in net pension asset is shown on the statement of net position, which reduces pension expense in the statement of activities		5,664
Internal Service Funds are included as part of governmental activities		(11,005)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>47,828</u></b>

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# City of Swartz Creek, Michigan

## Proprietary Funds Statement of Net Position June 30, 2013

	Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Proprietary Internal Service Fund
<b>Assets</b>				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 859,622	\$ 668,085	\$ 1,527,707	\$ 85,304
Investments (Note 3)	1,166,000	945,000	2,111,000	55,000
Receivables:				
Receivables from sales to customers on account	357,177	302,801	659,978	-
Accrued interest receivable	1,229	804	2,033	16
Inventory	21,319	-	21,319	-
Prepaid expenses and other assets	2,896	1,947	4,843	780
Total current assets	2,408,243	1,918,637	4,326,880	141,100
Noncurrent assets:				
Net pension asset (Note 9)	60,356	53,634	113,990	5,961
Capital assets (Note 4)	2,182,014	2,854,603	5,036,617	76,674
Total noncurrent assets	2,242,370	2,908,237	5,150,607	82,635
Total assets	4,650,613	4,826,874	9,477,487	223,735
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	14,528	90,792	105,320	2,646
Due to other governmental units	79,557	145,191	224,748	-
Deposits payable	13,500	2,500	16,000	-
Accrued liabilities and other	6,343	10,734	17,077	401
Compensated absences	5,000	5,000	10,000	-
Current portion of long-term debt (Note 6)	-	33,560	33,560	-
Total current liabilities	118,928	287,777	406,705	3,047
Noncurrent liabilities:				
Compensated absences	7,632	6,500	14,132	1,468
Net OPEB obligation (Note 11)	38,438	32,284	70,722	-
Long-term debt (Note 6)	-	567,280	567,280	-
Total noncurrent liabilities	46,070	606,064	652,134	1,468
Total liabilities	164,998	893,841	1,058,839	4,515
<b>Net Position</b>				
Net investment in capital assets	2,182,014	2,253,763	4,435,777	76,674
Unrestricted	2,303,601	1,679,270	3,982,871	142,546
Total net position	<u>\$ 4,485,615</u>	<u>\$ 3,933,033</u>	<u>\$ 8,418,648</u>	<u>\$ 219,220</u>

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# City of Swartz Creek, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2013

	Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Proprietary Internal Service Fund
<b>Operating Revenue</b>				
Sale of water	\$ 1,350,844	\$ -	\$ 1,350,844	\$ -
Sewage disposal charges	-	1,070,199	1,070,199	-
Interest and penalty charges	12,396	13,644	26,040	-
Equipment rental	-	-	-	144,400
Total operating revenue	1,363,240	1,083,843	2,447,083	144,400
<b>Operating Expenses</b>				
Cost of water	1,118,750	-	1,118,750	-
Cost of sewage treatment	-	683,277	683,277	410
General operations and maintenance	71,175	38,012	109,187	117,865
Meter reading and billing	53,508	117,059	170,567	-
Depreciation	91,771	78,851	170,622	45,768
Total operating expenses	1,335,204	917,199	2,252,403	164,043
<b>Operating Income (Loss)</b>	28,036	166,644	194,680	(19,643)
<b>Nonoperating Revenue (Expenses)</b>				
Investment income	5,248	4,218	9,466	334
Interest expense	-	(26,337)	(26,337)	-
Other nonoperating general revenue	-	-	-	8,304
Total nonoperating revenue (expenses)	5,248	(22,119)	(16,871)	8,638
<b>Income (Loss) - Before contributions</b>	33,284	144,525	177,809	(11,005)
<b>Capital Contributions - Tap fees</b>	6,970	100	7,070	-
<b>Change in Net Position</b>	40,254	144,625	184,879	(11,005)
<b>Net Position - Beginning of year</b>	4,445,361	3,788,408	8,233,769	230,225
<b>Net Position - End of year</b>	<u>\$ 4,485,615</u>	<u>\$ 3,933,033</u>	<u>\$ 8,418,648</u>	<u>\$ 219,220</u>

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# City of Swartz Creek, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2013

	Enterprise Funds			Internal Service
	Water Fund	Sewer Fund	Total	Motor Pool
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 1,380,558	\$ 1,094,801	\$ 2,475,359	\$ 1,051
Receipts from interfund services and reimbursements	-	-	-	141,649
Payments to suppliers	(1,145,331)	(665,910)	(1,811,241)	(90,355)
Payments to employees	(106,906)	(82,659)	(189,565)	(28,016)
Net cash provided by operating activities	128,321	346,232	474,553	24,329
<b>Cash Flows from Capital and Related Financing Activities</b>				
Benefit fees	6,970	100	7,070	-
Proceeds from sales of capital assets	-	-	-	4,558
Purchase of capital assets	(27,776)	(239,610)	(267,386)	(32,876)
Principal and interest paid on capital debt	-	(58,600)	(58,600)	-
Payments to other funds for reimbursement of capital expenditures	-	-	-	3,746
Net cash used in capital and related financing activities	(20,806)	(298,110)	(318,916)	(24,572)
<b>Cash Flows from Investing Activities</b>				
Interest received on investments	5,362	4,129	9,491	327
Purchase of investment securities	(1,076,000)	(635,000)	(1,711,000)	(35,000)
Proceeds from sale and maturities of investment securities	866,000	320,000	1,186,000	15,000
Net cash used in investing activities	(204,638)	(310,871)	(515,509)	(19,673)
<b>Net Decrease in Cash and Cash Equivalents</b>	(97,123)	(262,749)	(359,872)	(19,916)
<b>Cash and Cash Equivalents - Beginning of year</b>	956,745	930,834	1,887,579	105,220
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 859,622</b>	<b>\$ 668,085</b>	<b>\$ 1,527,707</b>	<b>\$ 85,304</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 28,036	\$ 166,644	\$ 194,680	\$ (19,643)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	91,771	78,851	170,622	45,768
Changes in assets and liabilities:				
Receivables	17,318	10,958	28,276	-
Prepaid and other assets	185	63	248	-
Accounts payable	(18,046)	78,447	60,401	(127)
Accrued and other liabilities	9,057	11,269	20,326	(1,669)
Net cash provided by operating activities	<b>\$ 128,321</b>	<b>\$ 346,232</b>	<b>\$ 474,553</b>	<b>\$ 24,329</b>



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# City of Swartz Creek, Michigan

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## Fiduciary Funds Statement of Fiduciary Net Position June 30, 2013

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 43,006
Receivables	<u>77,313</u>
Total assets	<u><b>\$ 120,319</b></u>
<b>Liabilities</b>	
Due to other governmental units	\$ 78,606
Deposits payable	<u>41,713</u>
Total liabilities	<u><b>\$ 120,319</b></u>

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### Note 1 - Nature of Business and Significant Accounting Policies

The accounting policies of the City of Swartz Creek (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Swartz Creek:

#### Reporting Entity

The City of Swartz Creek was incorporated in 1959 under the provision of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates a council-manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, community development, culture-recreation, public improvements, planning and zoning, water supply and sewage disposal systems, and general administrative services.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

**Blended Component Units** - For financial reporting purposes, the City of Swartz Creek Building Authority has been reported as if it were a part of the City's operations because:

- The City pledged its full faith and credit as a guarantee for the Authority's outstanding debt
- The City is obligated to fund deficits of the Authority

**Discretely Presented Component Unit** - The Swartz Creek Downtown Development Authority (the "Authority") was established in accordance with state law to promote and rehabilitate the downtown area. State law provides for a specific tax levy for the operations of the Authority. The City appoints the board and has to approve the annual budget and the issuance of any debt. Any surplus funds remaining at the termination of the Authority vest to the City.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

### Note I - Nature of Business and Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

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 and Local Street Funds account for the City's share of proceeds from gas and weight tax levied by the State and distributed to local governmental units. State law requires that these taxes be used for street maintenance and construction.
- The Garbage Collection Fund accounts for a special property tax millage allowed to provide garbage and compost collection services.

The City reports the following major proprietary funds:

- The Water Fund accounts for the operations of the water distribution system.
- The Sewer Fund accounts for the operations of the sewage pumping and collection system.

Additionally, the City reports the following internal service and fiduciary activities:

Internal service funds account for services provided to other departments of the government on a cost reimbursement basis. The City has a motor pool internal service fund.

The agency funds account for assets held by the City in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

# City of Swartz Creek, Michigan

## Notes to Financial Statements June 30, 2013

### Note 1 - Nature of Business and Significant Accounting Policies (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: committed, assigned, and unassigned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

#### Property Tax Revenue

Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on September 30 of the following year, at which time penalties and interest are assessed.

The City's 2012 tax is levied and collectible on July 1, 2012 and is recognized as revenue in the year ended June 30, 2013, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2012 taxable valuation of the City totaled \$148 million (a portion of which is abated and a portion of which is captured by the TIFA and DDA). Taxes were levied as follows:

<u>Purpose</u>	<u>Millage Rate</u>	<u>Revenue</u>
General operating	4.829 \$	715,046
Garbage collection	2.350	334,480
Total	<u>7.179 \$</u>	<u>1,049,526</u>

**Note I - Nature of Business and Significant Accounting Policies  
(Continued)**

**Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventory consists of expendable supplies for consumption. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets** - Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Infrastructure, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Infrastructure	15 to 25 years
Water and sewer lines	50 to 75 years
Land improvements	20 years
Buildings and improvements	50 years
Machinery and equipment	3 to 20 years
Vehicles	5 to 10 years



### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

**Deferred Revenue** - Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, all deferred revenue related to revenue that was unavailable, but earned.

**Compensated Absences (Vacation and Sick Leave)** - In accordance with contracts negotiated with the various employee groups of the City, individual employees have a vested right upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Pension and Other Postemployment Benefit Costs** - The City offers both pension and retiree healthcare benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the pension obligation over the remaining amortization period. The City uses the alternative measurement method to compute the ARC necessary to fund the OPEB obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

**Fund Equity** - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the City Council for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Council.
- **Assigned:** Intent to spend resources on specific purposes expressed by the City Council
- **Unassigned:** Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

# City of Swartz Creek, Michigan

## Notes to Financial Statements June 30, 2013

### Note 2 - Stewardship, Compliance, and Accountability

**Construction Code Fees** - The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Shortfall at July 1, 2012	\$ (172,852)
Current year permit revenue	16,285
Related expenses - Direct costs	<u>58,079</u>
Current year shortfall	<u>(41,794)</u>
Cumulative shortfall at June 30, 2013	<u>\$ (214,646)</u>

### Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City has designated several banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above.

# City of Swartz Creek, Michigan

## Notes to Financial Statements June 30, 2013

### Note 3 - Deposits and Investments (Continued)

The City's cash and investments are subject to risks, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City, including its component unit, had \$1,933,707 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City, including its component unit, believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, 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.

**Credit Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
MBIA Michigan Class Pool	\$ 812	AAA	Fitch
Chase Money Market Sweep	317,427	Not rated	N/A

# City of Swartz Creek, Michigan

## Notes to Financial Statements June 30, 2013

### Note 4 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

	Balance July 1, 2012	Reclassifications	Additions	Disposals	Balance June 30, 2013
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 1,535,061	\$ -	\$ 3,072	\$ -	\$ 1,538,133
Construction in progress	47,684	(24,568)	36,635	-	59,751
Subtotal	1,582,745	(24,568)	39,707	-	1,597,884
Capital assets being depreciated:					
Infrastructure	4,987,513	24,568	243,123	-	5,255,204
Buildings and improvements	2,791,446	-	-	-	2,791,446
Machinery and equipment	1,098,557	-	11,419	(27,578)	1,082,398
Vehicles	620,053	-	21,457	(20,023)	621,487
Land improvements	606,442	-	-	-	606,442
Subtotal	10,104,011	24,568	275,999	(47,601)	10,356,977
Accumulated depreciation:					
Infrastructure	835,180	-	351,375	-	1,186,555
Buildings and improvements	1,017,401	-	55,829	-	1,073,230
Machinery and equipment	855,259	-	49,604	(27,578)	877,285
Vehicles	533,991	-	41,597	(20,023)	555,565
Land improvements	409,423	-	15,662	-	425,085
Subtotal	3,651,254	-	514,067	(47,601)	4,117,720
Net capital assets being depreciated	6,452,757	24,568	(238,068)	-	6,239,257
Net capital assets	\$ 8,035,502	\$ -	\$ (198,361)	\$ -	\$ 7,837,141
<b>Business-type Activities</b>					
Capital assets being depreciated:					
Water and sewer lines	\$ 9,037,513	\$ -	\$ 260,221	\$ -	\$ 9,297,734
Machinery and equipment	147,981	-	7,165	-	155,146
Subtotal	9,185,494	-	267,386	-	9,452,880
Accumulated depreciation:					
Water and sewer lines	4,125,247	-	157,292	-	4,282,539
Machinery and equipment	120,394	-	13,330	-	133,724
Subtotal	4,245,641	-	170,622	-	4,416,263
Net capital assets being depreciated	4,939,853	-	96,764	-	5,036,617
Net capital assets	\$ 4,939,853	\$ -	\$ 96,764	\$ -	\$ 5,036,617

# City of Swartz Creek, Michigan

## Notes to Financial Statements June 30, 2013

### Note 4 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 36,754
Public safety	13,961
Public works	371,344
Recreation and culture	46,240
Internal service fund depreciation is charged to the various functions based on their usage of the asset	<u>45,768</u>
Total governmental activities	<u>\$ 514,067</u>

Business-type activities:

Water	\$ 91,771
Sewer	<u>78,851</u>
Total business-type activities	<u>\$ 170,622</u>

### Note 5 - Interfund Transfers

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
Nonmajor governmental funds	General Fund	<u>\$ 1,200</u>

The amount due from the General Fund to nonmajor governmental funds relates to special assessments for blight mowing that were moved to the tax roll. This is a short-term due to/from as the transfer will take place in 2014.

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Nonmajor governmental funds	\$ 48,924
Garbage Collection Fund	Nonmajor governmental funds	<u>20,958</u>
	Total	<u>\$ 69,882</u>

The transfer from the Garbage Collection Fund represents the movement of resources to be used to service debt.

The transfers from the General Fund to nonmajor governmental funds were for drug forfeitures, resources to service debt, and the use of unrestricted resources to finance special assessment road projects, in accordance with budgetary authorizations.

# City of Swartz Creek, Michigan

## Notes to Financial Statements June 30, 2013

### Note 6 - 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. County contractual agreements and installment purchase agreements are also general obligations of the government.

Description	Amount
<b>Governmental Activities</b>	
General obligations - 2001 Building Authority Bond, used to renovate city hall, bearing interest from 4.25 percent to 5.65 percent, maturing in 2021	\$ <u>570,000</u>

Description	Amount
<b>Business-type Activities</b>	
County contractual obligations - 2006 Genesee County Sewer Extension Bonds, bearing interest from 4 percent to 4.35 percent, maturing in 2026	\$ <u>600,840</u>

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General obligations	\$ 620,000	\$ -	\$ (50,000)	\$ 570,000	\$ 50,000
Other postemployment benefit obligation (Note 11)	53,488	-	(2,797)	50,691	-
Accumulated compensated absences	69,230	72,946	(85,898)	56,278	55,000
Total governmental activities	<u>\$ 742,718</u>	<u>\$ 72,946</u>	<u>\$ (138,695)</u>	<u>\$ 676,969</u>	<u>\$ 105,000</u>
<b>Business-type Activities</b>					
County contractual obligations	\$ 632,235	\$ -	\$ (31,395)	\$ 600,840	\$ 33,560
Accumulated compensated absences	17,448	33,218	(26,534)	24,132	10,000
Other postemployment benefit obligation (Note 11)	57,703	13,019	-	70,722	-
Total business-type activities	<u>\$ 707,386</u>	<u>\$ 46,237</u>	<u>\$ (57,929)</u>	<u>\$ 695,694</u>	<u>\$ 43,560</u>

# City of Swartz Creek, Michigan

## Notes to Financial Statements June 30, 2013

### Note 6 - Long-term Debt (Continued)

Total interest expense for the year was approximately \$60,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Year Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 50,000	\$ 31,030	\$ 81,030	\$ 33,560	\$ 24,994	\$ 58,554
2015	50,000	28,480	78,480	35,726	23,652	59,378
2016	75,000	25,880	100,880	36,808	22,222	59,030
2017	75,000	21,906	96,906	38,973	20,750	59,723
2018	75,000	17,856	92,856	41,139	19,192	60,331
2019-2023	245,000	28,666	273,666	239,253	69,138	308,391
2024-2028	-	-	-	175,381	15,514	190,895
Total	\$ 570,000	\$ 153,818	\$ 723,818	\$ 600,840	\$ 195,462	\$ 796,302

**County Contractual Obligations** - The above contractual obligations to the county are the result of the county issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the Sewer Fund, net of operating expenses, to repay the obligations. Proceeds from the county bonds provided financing for the construction of the Western Trunk sewer extension project. The remaining principal and interest to be paid on the bonds total \$796,302. During the current year, net revenue of the system totaled \$245,495 compared to the annual debt requirements of \$57,645.

### Note 7 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City participates in a public entity risk pool that assumes the risk of loss for these claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The City has purchased commercial insurance for property, liability, wrongful acts, and health care. The City participates in the Michigan Municipal Workers' Compensation Self-Insurer's Fund administered by the Michigan Municipal League. The fund provides coverage for workers' compensation claims subject to a maximum limit of \$500,000 per occurrence.



### Note 8 - Joint Venture Agreement

The Swartz Creek Area Fire Board (Fire Board) has been organized as a joint venture of the City of Swartz Creek and Township of Clayton (Township). The organization agreement provides for a joint exercise of power and the establishment of a separate administrative entity. Members of the Fire Board are appointed by the City and Township. The participating units provide revenue to the Fire Board on the basis of fire runs and general contributions. The City and Township have provided the Fire Board with the use of several vehicles and real property. Title to these vehicles remains with the contributing unit of governments.

During the year ended June 30, 2013, the City was billed \$29,415 for fire runs by the Authority. The City contributed an additional \$94,317 toward operating costs.

The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Audited financial statements are available for public inspection at the Fire Board headquarters.

### Note 9 - Defined Benefit Pension Plan

**Plan Description** - The City participates in the Michigan Municipal Employees' Retirement System (the "System"), 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 Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

**Funding Policy** - City employees are required to contribute to the plan at the following rates: general employees - 2 percent, police - 2.5 percent, supervisor - 4 percent.

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at December 31, 2010 (the most recent actuarial valuation) using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0 percent to 8.40 percent per year depending on age, attributable to seniority/merit. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll contributions, using a prospective gradual reduction of the amortization period for open divisions from 30 years to 25 years.

# City of Swartz Creek, Michigan

## Notes to Financial Statements June 30, 2013

### Note 9 - Defined Benefit Pension Plan (Continued)

#### Annual Pension Cost and Net Pension Asset

Annual required contribution	\$ 79,845
Interest on net pension asset	(45,329)
Adjustment to annual required contribution	<u>38,005</u>
Annual pension cost (APC)	72,521
Contributions made	<u>79,845</u>
Increase in net pension asset	7,324
Net pension asset - Beginning of year	<u>566,610</u>
Net pension asset - End of year	<u>\$ 573,934</u>

#### Three-year Trend Information

	Fiscal Year Ended June 30		
	2013	2012	2011
Annual pension cost (APC)	\$ 72,521	\$ 68,154	\$ 67,540
Percentage of ARC contributed	100 %	137 %	157 %
Net pension asset	573,934	566,610	541,601

	Actuarial Valuation December 31		
	2012	2011	2010
Actuarial value of assets	\$ 7,719,776	\$ 7,829,897	\$ 7,924,796
Actuarial Accrued Liability (AAL) (entry age)	\$ 8,184,102	\$ 8,597,380	\$ 8,532,967
Unfunded AAL (UAAL)	\$ 464,326	\$ 767,483	\$ 608,171
Funded ratio	94.3 %	91.1 %	92.9 %
Covered payroll	\$ 573,530	\$ 568,710	\$ 572,087
UAAL as a percentage of covered payroll	81.0 %	134.9 %	106.3 %

### **Note 10 - Defined Contribution Pension Plan**

The City has adopted by ordinance, a defined contribution money purchase pension plan administered by MERS and the ICMA Retirement Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is for all full-time supervisors and employees represented by AFSCME hired after July 1, 1997. Employees hired prior to that date that do not participate in the defined benefit plan (MERS) may also participate in the defined contribution plan. The City contributes 7 percent of supervisors' wages and 5 percent of AFSCME employees' annual compensation. No employee contributions are required, but voluntary contributions can be made by the participants in accordance with IRS regulations. Participants vest in the employer contribution at the rate of 20 percent for each year of employment, becoming fully vested after five years. Contribution requirements and plan provisions are established and may be amended by the City Council.

The City's total payroll during the current year was \$1,088,630. The current year contribution was calculated based on covered payroll of \$361,716, resulting in an employer contribution of \$22,494.

### **Note 11 - Other Postemployment Benefits**

**Plan Description** - The City provides retiree healthcare benefits to eligible employees and their spouses. This is a single employer defined benefit plan administered by the City. The benefits are provided under collective bargaining agreements. The Plan does not issue a publicly available financial report.

**Funding Policy** - The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis).

# City of Swartz Creek, Michigan

## Notes to Financial Statements June 30, 2013

### Note 11 - Other Postemployment Benefits (Continued)

**Funding Progress** - The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB No. 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities on a closed basis (or funding excess) over a period of 27 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the net OPEB obligation:

Annual required contribution (recommended)	\$ 46,706
Interest on OPEB obligation	4,488
Less adjustment to the annual required contribution	<u>(4,943)</u>
Annual OPEB cost	46,251
Amounts contributed:	
Payments of current premiums	(36,029)
Advance funding	<u>-</u>
Increase in net OPEB obligation	10,222
OPEB obligation - Beginning of year	<u>111,191</u>
OPEB obligation - End of year	<u>\$ 121,413</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and two previous years are as follows:

Fiscal Year Ended	Alternative Measurement Method Date	Annual OPEB Costs	Percentage Contributed	Net OPEB Obligation
6/30/11	6/30/11	\$ 69,297	52.0 %	\$ 90,622
6/30/12	6/30/12	55,418	62.9	111,191
6/30/13	6/30/13	46,251	77.9	121,413

The funding progress of the plan is as follows:

Alternative Measurement Method Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Annual Covered Payroll (c)	Ratio of UAAL to Covered Payroll
6/30/11	\$ -	\$ 1,355,675	\$ 1,355,675	-	%	-
6/30/12	-	747,638	747,638	-	-	-
6/30/13	-	619,620	619,620	-	-	-

### Note 11 - Other Postemployment 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 55, 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 Cost Trend Rate* - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services. A rate of 3.8 percent initially, increased to an ultimate rate of 6.5 percent after six years, was used.

*Health Insurance Premiums* - 2013 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

### **Note 11 - Other Postemployment Benefits (Continued)**

*Payroll Growth Rate* - The expected long-term payroll growth rate was assumed to equal 1 percent.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4 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 remaining amortization period at June 30, 2013 was 27 years.

### **Note 12 - Upcoming Accounting Pronouncements**

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the City as of June 30, 2014.

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

### **Note 13 - Accounting and Reporting Change**

During the year, the City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. The statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The statement impacts the format and reporting of the balance sheet at the government-wide level and also at the fund level.

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## **Required Supplemental Information**

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# City of Swartz Creek, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 746,744	\$ 746,744	\$ 715,046	\$ (31,698)
Licenses and permits	176,861	176,861	197,453	20,592
Federal grants	-	6,066	28,988	22,922
State-shared revenue and grants	451,061	451,061	470,424	19,363
Charges for services	170,061	170,061	206,757	36,696
Fines and forfeitures	29,893	29,893	35,846	5,953
Investment income	3,800	3,800	5,030	1,230
Other revenue	65,990	67,190	119,064	51,874
Total revenue	<u>1,644,410</u>	<u>1,651,676</u>	<u>1,778,608</u>	<u>126,932</u>
<b>Expenditures - Current</b>				
General government	388,627	427,659	371,756	55,903
Legislative	16,650	16,653	14,513	2,140
Public safety	1,009,950	1,030,814	1,037,184	(6,370)
Public works	140,500	126,501	118,672	7,829
Recreation and culture	106,807	119,159	114,684	4,475
Total expenditures	<u>1,662,534</u>	<u>1,720,786</u>	<u>1,656,809</u>	<u>63,977</u>
<b>Excess of Revenue (Under) Over Expenditures</b>	(18,124)	(69,110)	121,799	190,909
<b>Other Financing Sources (Uses)</b>				
Transfers in	36,202	36,202	-	(36,202)
Transfers out	(71,916)	(71,916)	(48,924)	(22,992)
<b>Net Change in Fund Balance</b>	(53,838)	(104,824)	72,875	177,699
<b>Fund Balance - Beginning of year</b>	<u>1,311,189</u>	<u>1,311,189</u>	<u>1,311,189</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u>\$ 1,257,351</u>	<u>\$ 1,206,365</u>	<u>\$ 1,384,064</u>	<u>\$ 177,699</u>

# City of Swartz Creek, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 273,809	\$ 303,809	\$ 253,134	\$ (50,675)
Charges for services	-	-	1,149	1,149
Investment income	525	525	1,375	850
Local donations	-	16,273	210,127	193,854
Other revenue - Other miscellaneous income	4,000	4,000	4,029	29
Total revenue	<u>278,334</u>	<u>324,607</u>	<u>469,814</u>	<u>145,207</u>
<b>Expenditures - Current</b>				
Public safety	-	16,273	15,663	610
Public works:				
Street construction	326,292	379,315	259,503	119,812
Routine maintenance	64,634	69,913	48,837	21,076
Winter maintenance	49,092	40,964	24,235	16,729
Traffic services	81,744	165,712	42,050	123,662
Administration	2,375	2,836	2,941	(105)
Occupational safety	626	899	1,106	(207)
Right of way	-	910	910	-
Total expenditures	<u>524,763</u>	<u>676,822</u>	<u>395,245</u>	<u>281,577</u>
<b>Net Change in Fund Balance</b>	(246,429)	(352,215)	74,569	426,784
<b>Fund Balance - Beginning of year</b>	<u>580,969</u>	<u>580,969</u>	<u>580,969</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u>\$ 334,540</u>	<u>\$ 228,754</u>	<u>\$ 655,538</u>	<u>\$ 426,784</u>

# City of Swartz Creek, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Streets Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 82,000	\$ 82,000	\$ 83,273	\$ 1,273
Investment income	47	47	74	27
Other revenue	14,675	14,675	18,729	4,054
Total revenue	96,722	96,722	102,076	5,354
<b>Expenditures - Current</b>				
General government	2,576	2,389	2,389	-
Public works:				
Street construction	33,565	38,783	26,718	12,065
Routine maintenance	14,000	70,624	10,163	60,461
Winter maintenance	39,586	39,586	22,181	17,405
Traffic services	6,293	7,743	4,855	2,888
Administration	2,853	2,974	2,969	5
Stormwater drainage	10,000	7,725	4,637	3,088
Right of way	4,500	5,500	1,463	4,037
Total expenditures	113,373	175,324	75,375	99,949
<b>Net Change in Fund Balance</b>	(16,651)	(78,602)	26,701	105,303
<b>Fund Balance - Beginning of year</b>	63,799	63,799	63,799	-
<b>Fund Balance (Deficit) - End of year</b>	<u>\$ 47,148</u>	<u>\$ (14,803)</u>	<u>\$ 90,500</u>	<u>\$ 105,303</u>

# City of Swartz Creek, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Garbage Collection Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 350,160	\$ 350,160	\$ 334,480	\$ (15,680)
Investment income	1,350	1,350	1,339	(11)
Other revenue	120	120	148	28
Total revenue	351,630	351,630	335,967	(15,663)
<b>Expenditures - Current</b>				
General government	1,500	1,500	1,218	282
Public works:				
Rubbish disposal	281,448	284,085	263,556	20,529
Wood chipping	45,144	44,060	37,581	6,479
Facilities	86,079	84,526	73,235	11,291
Total expenditures	414,171	414,171	375,590	38,581
<b>Other Financing Uses - Transfers out</b>	<u>(20,958)</u>	<u>(20,958)</u>	<u>(20,958)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(83,499)	(83,499)	(60,581)	22,918
<b>Fund Balance - Beginning of year</b>	<u>472,748</u>	<u>472,748</u>	<u>472,748</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 389,249</u></u>	<u><u>\$ 389,249</u></u>	<u><u>\$ 412,167</u></u>	<u><u>\$ 22,918</u></u>

# City of Swartz Creek, Michigan

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## **Note to Required Supplemental Information Year Ended June 30, 2013**

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The City did not have significant expenditure budget variances.

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## **Other Supplemental Information**

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# City of Swartz Creek, Michigan

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2013

	Special Revenue Funds		Debt Service	Capital Projects Funds		Total Nonmajor Governmental Funds
	Drug Enforcement	Special Assessment	City Hall - Debt Service	Fire Capital Project	Capital Projects	
<b>Assets</b>						
Cash and cash equivalents	\$ 14,267	\$ 37,547	\$ 2,469	\$ 1,648	\$ 8	\$ 55,939
Investments	-	-	-	80,000	-	80,000
Receivables	-	7,213	-	54	-	7,267
Due from other funds	-	1,200	-	-	-	1,200
<b>Total assets</b>	<b>\$ 14,267</b>	<b>\$ 45,960</b>	<b>\$ 2,469</b>	<b>\$ 81,702</b>	<b>\$ 8</b>	<b>\$ 144,406</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 200	\$ -	\$ -	\$ -	\$ 200
Deferred revenue	-	5,520	-	-	-	5,520
<b>Total liabilities</b>	<b>-</b>	<b>5,720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,720</b>
<b>Fund Balances</b>						
Restricted - Weed control	-	40,240	-	-	-	40,240
Assigned:						
Debt service	-	-	2,469	-	-	2,469
Capital projects	-	-	-	81,702	8	81,710
Drug enforcement	14,267	-	-	-	-	14,267
<b>Total fund balances</b>	<b>14,267</b>	<b>40,240</b>	<b>2,469</b>	<b>81,702</b>	<b>8</b>	<b>138,686</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,267</b>	<b>\$ 45,960</b>	<b>\$ 2,469</b>	<b>\$ 81,702</b>	<b>\$ 8</b>	<b>\$ 144,406</b>

# City of Swartz Creek, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2013

	Special Revenue Funds		Debt Service	Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Enforcement	Special Assessment	City Hall - Debt Service	Fire Capital Project	Capital Projects	
<b>Revenue</b>						
Fines and forfeitures	\$ 24,404	\$ -	\$ -	\$ -	\$ -	\$ 24,404
Investment income	9	-	22	203	7	38
Other revenue	-	6,778	-	-	-	6,778
<b>Total revenue</b>	<b>24,413</b>	<b>6,778</b>	<b>22</b>	<b>203</b>	<b>7</b>	<b>31,220</b>
<b>Expenditures - Current</b>						
Public safety	52,230	6,489	-	-	-	58,719
Debt service:						
Principal	-	-	29,042	-	-	29,042
Interest on long-term debt	-	-	12,847	-	-	12,847
<b>Total expenditures</b>	<b>52,230</b>	<b>6,489</b>	<b>41,889</b>	<b>-</b>	<b>-</b>	<b>100,608</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(27,817)</b>	<b>289</b>	<b>(41,867)</b>	<b>203</b>	<b>7</b>	<b>(69,388)</b>
<b>Other Financing Sources -</b>						
Transfers in	27,965	-	41,916	-	1	69,882
<b>Net Change in Fund Balances</b>	<b>148</b>	<b>289</b>	<b>49</b>	<b>203</b>	<b>8</b>	<b>494</b>
<b>Fund Balances - Beginning of year</b>	<b>14,119</b>	<b>39,951</b>	<b>2,420</b>	<b>81,499</b>	<b>-</b>	<b>56,490</b>
<b>Fund Balances - End of year</b>	<b>\$ 14,267</b>	<b>\$ 40,240</b>	<b>\$ 2,469</b>	<b>\$ 81,702</b>	<b>\$ 8</b>	<b>\$ 56,984</b>

# City of Swartz Creek, Michigan

## Other Supplemental Information Statement of Net Position Fiduciary Funds June 30, 2013

	Agency Funds				
	Trust and Agency	Current Tax Collection	Winter Tax Collection	Delinquent Personal Property Tax	Total Agency Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 41,710	\$ 3	\$ 1,293	\$ -	\$ 43,006
Receivables	-	-	-	77,313	77,313
Total assets	<u>\$ 41,710</u>	<u>\$ 3</u>	<u>\$ 1,293</u>	<u>\$ 77,313</u>	<u>\$ 120,319</u>
<b>Liabilities</b>					
Due to other governmental units	\$ -	\$ -	\$ 1,293	\$ 77,313	\$ 78,606
Deposits payable	41,710	3	-	-	41,713
Total liabilities	<u>\$ 41,710</u>	<u>\$ 3</u>	<u>\$ 1,293</u>	<u>\$ 77,313</u>	<u>\$ 120,319</u>

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# *City of Swartz Creek*

## **2013-2014 Final Budget Report Long-Term Structural Deficit Review** *Final Report to City Council*



**August 12, 2013**  
*Paul Bueche, City Manager*

# City of Swartz Creek

8083 Civic Drive  
Swartz Creek  
Michigan 48473

Incorporated 1959... *A Quality Community, 54 Years Young*

**12-August-2013**

**To:** Honorable: **DAVE KRUEGER, Mayor**  
Councilmembers: **Dave Hurt** **Curt Porath**  
**John Gilbert** **Mike Shumaker**  
**Rae Lynn Hicks** **Richard B. Abrams**  
Residents: **Citizens of the City of Swartz Creek**

**In Reference:** 2013-2014 Fiscal Year Budget

Dear **Mayor, Mayor Pro-Tem, Councilmembers** and **City Residents,**

As I have written in recent past years, our business of government has thrust us to a time and place that is unprecedented. Over the last four years, we have seen a rapid decay of the value of our residential housing stock. Regarding our industrial and commercial properties, a disturbing trend began three years ago with the mass filing of tax appeals. A considerable number of these businesses continue to file appeals annually which are granted with little question from the State Tax Tribunal. The taxable values of our larger commercial and industrial properties have been chipped away to a point that in many cases, they have declined by 75% of what they were just four short years ago. The cost of defending these appeals is significant with no financial assistance from the other taxing entities we collect for. Couple this with near zero interest income, revenue sharing reductions, unfunded mandates and expanding costs in labor, services, utility, commodity, and bankruptcy debt discharges, our revenues continue to spiral downward.

This economy has permanently changed the shape of government and we are compelled to seek solutions in order to adequately serve the public. In comparison, the public we serve are also struggling in managing families, college, debt, utilities, taxes, and the list goes on. In my humble opinion, I do not believe our government, as we have come to know it in our careers and under our existing tax structure, is fiscally sustainable. I do believe that the City, County or State will not recover from this anytime soon and in fact, it may be decades. Having said this, we have stayed ahead of the slide by adjusting services accordingly; however, we have arrived at a critical crossroad that will need decisions.

Before you tonight is a report that addresses an exhaustive 18 months of study that looked closely at consolidation of services, long term structural deficits, legacy commitments and the preservation of a community that provides a good quality of life for its residents. I have gone to great lengths to provide a document that is non-technical in nature for simplicity and comprehension. Wherever possible, we have used illustrations and pictorials to establish points and comparatives. On behalf of the staff and from myself, I Thank the Council for your patience, professionalism and unprecedented quality leadership you have shown.

Sincerely,

***Paul Bueche***  
City Manager

## **HOW DID WE GET WHERE WE ARE TODAY?**

A. There are two primary reasons for why we are where we are today. Simply put, the principal reason is bad policy from long-gone, term limited state politicians. If you look at it simplistically, state elected officials are voted to either two year (representatives) or four year (senate) terms and are “term limited” to either six years maximum (representatives) or eight years maximum (senators). Every two years the entire House of Representatives stand for election and the Senate does so at four-year intervals concurrently with elections for governor. One only has to use an imagination to see what good planning strategies might be crafted from a state congress person who starts a term having to begin campaigning immediately to keep their job and face a total career of six or eight years maximum.

Poor state policy coupled with several other variables, are addressed very well and simplistic in a recent article published by Mlive Guest Columnist Mike Bean, (Bridge Magazine). Excerpts from the article are as follows:

The decline of local governments in Michigan is due in part to the 1990s recession and plummeting property values – the effects of which are exacerbated by the consequences of Headlee limits on taxation and spending and Proposal “A” caps on taxable values. The decline in local fiscal stability also was exacerbated by the dramatic reductions in state support for local governments in the last decade or so and major tax-policy changes.

For example, cumulative reductions in statutory revenue sharing (money from the state to local governments) exceeded \$4.4 billion from 1998 through 2011. In addition, nearly all of the major tax-policy decisions the state has made in recent years have hurt local government funding. When the state enacted the state sales tax, local governments were not allowed to levy one of their own, as local governments can in many other states. Local options were not allowed because the state concluded it could collect and distribute some of the revenue in a much more efficient and equitable manner. Limits also exist on the personal income tax, with only 22 of Michigan cities with their own local version.

Until the early 1990s statutory revenue sharing was funded through earmarks from the personal income tax, sales tax, Single Business Tax and the Intangibles Tax. The Intangibles Tax was repealed without replacement revenue, and during the 1990s recession, statutory revenue sharing experienced cuts, as you might expect. But those cuts pale in comparison to what happened just a few years later.

When the recession of the early 1990s ended, most of those cuts were not fully restored. In the late 1990s the prior cuts were rolled into a new baseline and a new statutory dedication based on sales tax collections was enacted. The problem for local governments is that since 1998 this new system has been fully funded just once – in 2001. At roughly the same time, at the start of the 21<sup>st</sup> century, the Engler administration and Legislature agreed to use up about \$3.2 billion in surpluses and one-time revenue fixes for state spending, while they were still busy cutting taxes. Everyone who understood the budget knew they were setting up future administrations and future Legislatures for a problem. Term-limited lawmakers knew they wouldn't be around to face the problem – and some of them wanted to “starve the beast” anyway.

Let's fast-forward 10 years and look at how times have changed. The fiscal 2012 legislative budget negotiations led to another cut to local government of about \$140 million – via the elimination of statutory revenue sharing – and the creation of an Economic Vitality Incentive Program, or EVIP. EVIP rolled all the previous cuts in state aid into a new baseline. The name “Economic Vitality Incentive Program” is certainly a bit of a misnomer, since it hasn't brought much vitality to local communities. Citizens want some vitality in their local governments so they can protect local services, such as public safety. A community and an economy cannot thrive if



citizens are afraid to live there. Local police and fire services are essential. Infrastructure is also essential. That includes roads and bridges, but it also includes the resources to remove derelict structures and the resources to repurpose old-use structures to new-use purposes. It also means maintaining the historical and cultural identity of cities and neighborhoods by restoring historical residential and commercial sites.

The quality of life for Michigan residents is impacted daily by choices made by local governments. The ability of local government to make quality decisions has been significantly and negatively affected by state government decisions in recent years. State government should provide local governments with the necessary resources. And if state government doesn't want to provide the resources, they should eliminate restrictions they've placed on local governments and give them the tools to do the job themselves.

Term-limited politicians have made too many poor decisions. The problem is that while politicians may be term-limited, the consequences of their actions are not.

**B.** The second fault factor can be laid at the feet of the City's Founding Fathers. State statute permits cities, by charter, to levy up to 20 mills for general operating. The movement to create a "City of Swartz Creek" carved areas from three surrounding townships and drafted a new charter. All of this is right as rain, but for reasons that we can only speculate on today, the "fathers" decided in our charter to limit the City's ability to levy at a maximum of 5.0 mills (2.35 additional mills levied for garbage collection). I'll venture a guess that the decision was made due to differing opinions on taxes coupled with the fact that the GM-SPO plant was lucrative in that it provided a significant contribution. In many ways, the size of the City with such a large industrial complex such as the SPO Plant permitted very low taxes for our resident population. Either way, it worked adequately for many years and kept a throttle on spending. Interestingly, it also put the City in a very elite category. Of the 279 cities in the state, we are the sixth lowest; the bottom 2 percentile (includes garbage, debt, etc.). The state average is 17.3 mills. Concurrently, we are in a county and school district that levy some of the highest taxes in the state. If not for the problems described in "A" above, we could continue to get by as we have in the past.

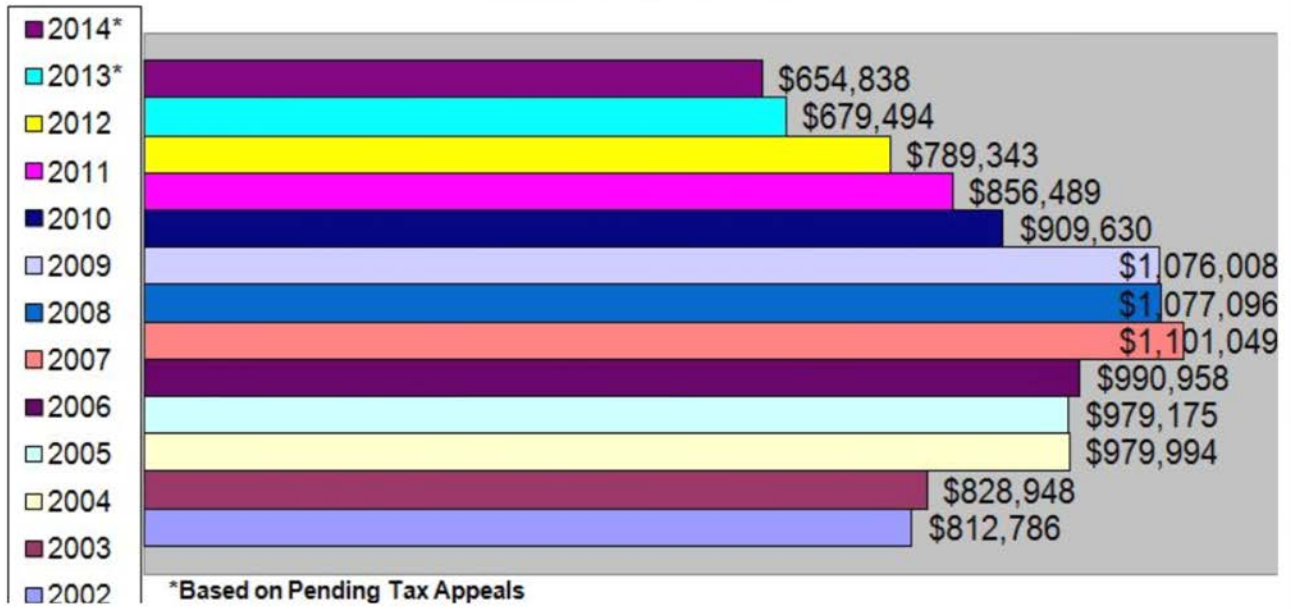
<u>Existing</u>	<u>Levy</u>	<u>Levy Rank</u>	<u>State Avg</u>	<u>Percent Deviation Local to state</u>
City	8.18	6 of 277	17.32	-52.77%
County	9.46	72 of 83	6.5	45.54%
School	15.65	69 of 277*	19.63	-20.28%
Total	33.29	15 of 277	43.44	-23.37%

**HOW LONG BEFORE WE GET BACK TO TAX REVENUES WE HAD AT OUR MAXIMUM?**

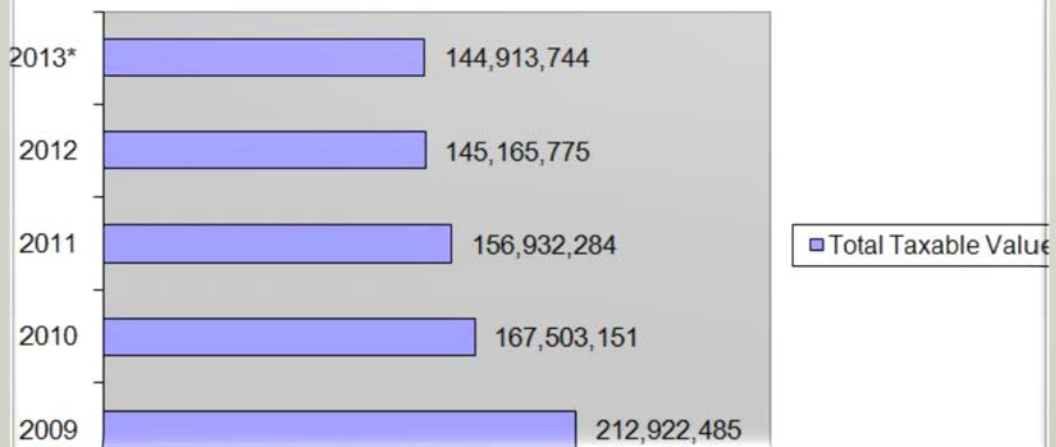
The City's highest tax revenue year was in 2007, being \$1,101,000. The 2013-2014 projected tax revenues are estimated to be \$655,000. Under the state's existing tax model, all of our housing, commercial, industrial and vacant properties would have to return to the 2007 market and taxable values AND they would have to all sell now to uncap the value at the 2007 rate. Best guess? Never, or at least, two or more decades.

Bear in mind that these are tax revenues only. We have lost revenue in virtually all categories', one of which returned us nearly \$100,000 in the general fund – interest income. Prior to 2009, we saw interest rates that approached 10% in some cases, enough to fund a police officer for a year. The rate today runs just over zero percent.

## Property Tax Revenue

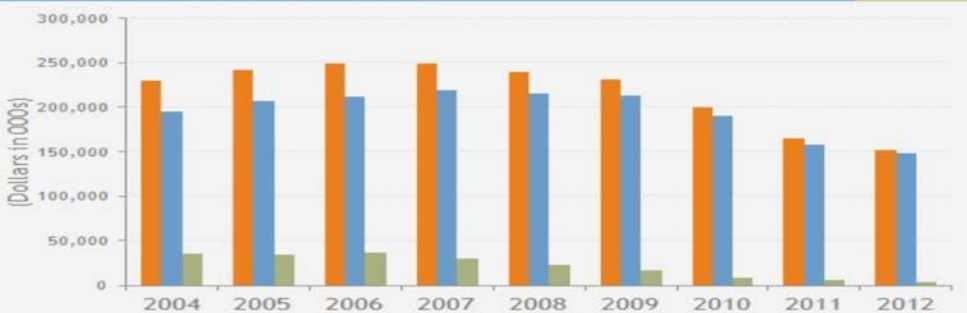


## Total Taxable Value



## City of Swartz Creek Taxable Values - In Thousands Years Ended June 30

plante  
moran



# City of Swartz Creek Revenue Sharing Payment History and Estimates Fiscal Year Ended June 30



## WHAT CITY SERVICES HAVE SUFFERED?

In short, all of them have. We have been successful in negotiating employees into retirements and not replacing them. The Police Department is operating at a staffing level dating back to the 1960's with the slack picked up by part-time officers. Fire services have been held at a 10% cut in operating since 2010 with insufficient funding for capital apparatus purchases. The DPW operates at just three workers, an all time low since our inception as a city. Janitorial services have been eliminated as well as office and summer part-time help.

*The disturbing trend is public safety, specifically two categories'. The Police Department is been eroded to a point wherein it's staffed by part-time officers, and the second is the lack of funding for apparatus replacements. There are little funds for these capital purchases. It's been somewhere near a dozen years since we have invested in a capital apparatus expense. Given recent talks with our fire service partner, it appears doubtful that such a replacement purchase will happen in the near future. Following is a ten year snapshot of the City's employee roster that reflects once filled and now vacant positions:*

<i>JOB TITLE</i>	<i>STATUS</i>
<b>FULL- TIME</b>	
City Manager	Active- Funded
Assistant City Manager	Vacant
Director of Finance/Dep Clerk	Active- Funded
Treasurer/Deputy Clerk	Active- Funded
Dir of Admin/City Clerk	Active- Funded
Assessor, Z/A, Building Insp	Vacant
Director of Public Works	Active- Funded
Administrative Assistant	Active- Funded
Administrative Assistant	Active- Funded
Administrative Assistant	Active- Funded
Lead Worker	Vacant
Maintenance Worker	Active- Funded

Maintenance Worker	Active- Funded
Maintenance Worker	Active- Funded
<b>Maintenance Worker</b>	<b>Vacant</b>
Chief of Police	Active- Funded
Administrative Assistant	Active- Funded
Police Lieutenant	Active- Funded
Police Officer	Active- Funded
Police Officer	Active- Funded
Police Officer	Active- Funded
Police Officer	Active- Funded
<b>Police Officer</b>	<b>Vacant</b>
<b>Police Officer</b>	<b>Vacant</b>

**PART- TIME**

Council Members***	Active (7)
<b>Office Assistant</b>	<b>Vacant</b>
<b>Office Assistant</b>	<b>Vacant</b>
Election Worker	Active (47)
Election Chairperson	Active (9)
Board of Review	Active (3)
<b>Maintenance Worker</b>	<b>Vacant</b>
<b>Maintenance Worker</b>	<b>Vacant</b>
<b>Maintenance Worker</b>	<b>Vacant</b>
<b>Maintenance Worker</b>	<b>Vacant</b>
<b>Janitor</b>	<b>Vacant</b>
<b>Maintenance Worker (Seasonal)</b>	<b>Vacant (4)</b>
<b>Administrative Assistant</b>	<b>Vacant</b>
Police Officer	Active- Funded
Police Officer	Active- Funded
Police Officer	Active- Funded
Police Officer	Active- Funded
Police Officer	Active- Funded
Police Officer	Active- Funded
Police Officer	Active- Funded
<b>Police Officer</b>	<b>Vacant</b>
Building Inspector	Active- Funded
<b>CONTRACTED*</b>	
Assessor	Contracted

**WHAT ABOUT CONSOLIDATION OF SERVICES?**

With the election of Governor Snyder in 2010, the concept of consolidated services was ushered in under the “carrot and stick” approach. We had already begun this out of necessity, but it did drive a full evaluation of our services operation. We engaged a consulting firm to study options with the neighboring communities of Flint and Mundy Townships. The results of such were less than exciting. The results were useful in that they gave us significant insight into comparative efficiency of our departments, but the cost savings was not measurable in the larger cost departments such as public safety. A committee of Council and Staff evaluated the results of the various departments, conclusions as follow:

Police: The study offers several observations and options. Full contracting would offer some savings, but the level of service would drop significantly as Flint Township is a far more urbanized community than is the City. Another option provides for the elimination of the City’s Police Chief and Lieutenant, contracting the supervision out and keeping the patrol officers. The study did not address that the Lieutenant also functions as a patrol officer and would have to be replaced, nor does it address the cost for contracted supervision. Aside from several other minor cost saving observations, the study finds the police department to be very efficient and cost effective.

Fire: The study finds that the City’s joint operation of the Fire Department with Clayton Township is very efficient. It recommends against any further consolidation.

The study re-affirms that operational cost savings can be utilized by following the City – Township Fire Evaluation completed in 2008.

**Building:** The study finds the City’s building department to be inefficient and poor in compliance and record keeping. It recommends that the City contract with Mundy Township for building and trade inspection services. The cost savings would be minimal, if any, however, the efficiency and record keeping would be vastly improved at similar expense.

**Code:** The City has no code enforcement services. The combined building – zoning – and assessing position was not filled when a retirement occurred in 2006. The individual jobs associated with the single position were partially contracted out with code enforcement eliminated. Major issues are addressed by the City Manager, DPW Director and the Police chief.

**Assessing:** The study finds that our contracted assessing firm operates very efficiently and is cost effective. Reporting is accurate, computerized, modern, compliant and up to date.

**Misc:** In the course of evaluating our operation, we found that a great many of the services the City provides are already consolidated with other agencies, including, but not limited to: water, sewer, street grants, bridge repair grants, 911 dispatch, narcotics policing, auto theft policing, CDBG allocations, senior services, library services, neighborhood stabilization, storm water management, traffic signal maintenance, etc.

**EMPLOYEE COMPENSATION PACKAGES, ARE THEY EXCESSIVE?**

Concern of salary and compensation packages for public employees have become a magnate for scrutiny as of recent. Good reason exist as many taxpayer funded operations across the state have abused discretion and in many cases, logic and reasoning. Fortunately, we have not been one of them. As indicated earlier in this report, we have been greatly limited in our taxing authority as designed by the City’s founding fathers. The fine line balance of providing adequate services with limited resources have kept compensation packages well below comparative cities across the state. I’d like to say that we’ve been very fortunate in obtaining and keeping qualified and competent employees for reduced compensation. Our benefit packages are modest. Medical insurance is shopped and price compared several times yearly. We opt for a single provider, cost effective, managed care policy provided by Blue Care Network. To go further, we self insure a portion of the deductibles to further reduce the total cost, an approach that has worked very well in controlling escalating costs. The insurance creates a fair amount of oversight and work in the office, but the savings is well worth it. All other benefits provided for are modest in comparison with most all cities our size in the state. The unions we employ work well with management and have been very reasonable and understanding when shown financial resources the City relies on. Salaries of our employee positions are as follows:

<i>TITLE</i>	<i>TOTAL WAGES</i>
City Manager	\$ 61,778
Director of Finance/Deputy Clerk	\$ 55,812
Treasurer/Deputy Clerk	\$ 49,915
Dir of Admin/City Clerk	\$ 56,873
Administrative Assistant #2	\$ 33,991
Director of Public Works	\$ 59,368
Building Inspector	\$ 15,600
Maintenance Worker	\$ 46,448

Chief of Police	\$	61,798
Administrative Assistant #1	\$	38,960
Police Lieutenant	\$	56,011
Police Officer	\$	52,671

**WHAT ABOUT POST RETIREMENT PACKAGES?**

Another area of public concern and significant irresponsibility on the part of government has been post retirement benefits and packages. The City currently spends about \$40,000 per year for post retirement medical benefits. All of our contracts going back for twenty years have a cost sharing mechanism for retired employee medical insurance. They also have a cap, in that when an employee becomes eligible for Medicare, they must go on the federal plan. There are some horror stories out there wherein some plans are so in deficit that a substantial portion of their tax levy goes to retirees.

As to retirement income, our MMERS plan stands at 90% or better in funding. Despite the economy and interest rates, we have remained diligent in keeping our contributions current and ahead. I have only recently scaled back our contributions as the state has a history of rewarding bad government practices. Many governments across the state have seriously underfunded retirement plans. The state once owned the MMERS system and I fear there may be a backdoor somewhere that may allow changes to average out funded plans with unfunded plans, thus rewarding poor choices. I do not believe the taxpayers for the City of Swartz Creek should help fund those poor choices made by other municipalities.

**TAXES HAVE DROPPED, BUT BY HOW MUCH?**

This is variable depending on a number of factors. We chose four houses in the City and collected precise data. The comparatives are as follows:

Effect of Declining Taxable Value on Tax Revenue			
These are examples of properties in the different taxable value ranges for years 2009-2013 (2013 is estimated at this time based on assessment data)			
Taxable Value of Property 2013		19,251	McLain St
Tax Year	General Operating Taxes	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)
2009	\$157.75	--	
2010	\$129.98	-\$27.77	-\$27.77
2011	\$111.06	-\$18.92	-\$46.69
2012	\$90.78	-\$20.28	-66.97
2013	\$92.96	\$2.18	-64.79

<b>Taxable Value of Property 2013</b>				<b>28,600</b>	Cappy Ln
Tax Year	General Operating Taxes	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)		
2009	\$205.25	--			
2010	\$204.63	-\$0.62	-\$0.62		
2011	\$161.28	-\$43.35	-\$43.97		
2012	\$143.41	-\$17.87	-61.84		
2013	\$138.11	-\$5.30	-67.14		
<b>Taxable Value of Property 2013</b>				<b>51,097</b>	Jennie Ln
Tax Year	General Operating Taxes	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)		
2009	\$494.47	--			
2010	\$381.00	-\$113.47	-\$113.47		
2011	\$377.61	-\$3.39	-\$116.86		
2012	\$367.96	-\$9.65	-126.51		
2013	\$376.79	\$8.83	-117.68		
<b>Taxable Value of Property 2013</b>				<b>105,984</b>	Oakview Dr
Tax Year	General Operating Taxes	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)		
2009	\$665.42	--			
2010	\$518.62	-\$146.80	-\$146.80		
2011	\$513.31	-\$5.31	-\$152.11		
2012	\$499.79	-\$13.52	-165.63		
2013	\$511.79	\$12.00	-153.63		

**HOW MUCH VALUE HAS THE CITY LOST IN ITS PROPERTY?**

In 2009, the total taxable value for the entire City was \$212,922,485. The 2013 estimate is \$144,913,744 or about 32%. A breakdown by property type is as follows:

<b>Decrease in Taxable Value 2009 - 2013</b>									
Tax Year	Residential Real Property	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)	Comm/ Indust Real Property	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)	Comm/ Indust/Util Personal Property	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)
2009	118,833,721	--		74,942,464	--		19,146,300	--	
2010	104,146,243	(14,687,478)	(14,687,478)	50,867,408	(24,075,056)	(24,075,056)	12,489,500	(6,656,800)	(6,656,800)
2011	96,069,801	(8,076,442)	(22,763,920)	49,782,483	(1,084,925)	(25,159,981)	11,080,000	(1,409,500)	(8,066,300)
2012	88,073,690	(7,996,111)	(30,760,031)	45,979,585	(3,802,898)	(28,962,879)	11,112,500	32,500	(8,033,800)
2013	84,930,625	(3,143,065)	(33,903,096)	48,665,019	2,685,434	(26,277,445)	11,318,100	205,600	(7,828,200)

## **SO NOW WHAT?**

The 2013-2014 General Fund Fiscal Year Operating Budget was approved in a deficit of \$194,000. We can do this for a year, but a permanent solution must be found.

	FY 14 Recom'd Operating Revenues	FY 14 Recom'd Operating Expend	FY 14 Est Effect on Fund Balance
General Fund	1,713,753	1,893,778	(194,242)

Options are limited, but simple.

1. We can continue following the spiral down and wait for the bottom using the “cut and slash” method. Trends indicate we are near the bottom, but may not there yet. The problem is that when we reach this point, state statutes will force us to remain there for a very long time. We have reached the point where further reduction in services will affect the very things we are charged with providing for residents... health and safety and quality of life. The next step in cutting is going to less than 24 hour police protection and additional reduction in fire services. We currently have no code enforcement, and it shows. Parks are suffering as when equipment deteriorates, we do not replace it, we remove it. Other infrastructure repairs related to buildings, parking lots, etc., have been abandoned so as to continue public safety. Local street repairs are a good example of where public safety, parks, buildings and lots are headed. Two failed street millages over three decades have left many local streets in ruins. The same will happen to the general fund operations.
2. Approach residents with a ballot question for funding a portion of public safety. The average resident today better understands the loss their communities have sustained over the last four years. The problem with this approach is that a small amount will not be sufficient. I suggest that the City would need a four to five mill increase just to get back to the 2009 levels and continue covering losses until values and tax appeals stabilize.
3. The last potential option is a special assessment. Changes in the law and recent appellate court decisions have opened up new avenues for public safety assessments. The City could levy up to ten mills for police and fire. The process would require a series of public hearings along with a referendum period wherein property owners could seek a petition to push the matter to a ballot question.

## **CLOSING**

I suspect that the City's Founding Fathers and very first seated Council had insurmountable issues, problems and concerns in creating the City and setting up an affordable government that provided a good quality of life for its residents, businesses and visitors. Without a doubt, they were very successful. Not to detract from the seated Council's from 1959 to 2013, but today's seated Council has very similar issues, problems and concerns in continuing to provide good government in a toxic economic roller coaster environment. Our current leadership could not be any better in the challenge we are faced with.

Thank-you.

***Paul Bueche***

City Manager



**The table below shows the approximate revenue that would have been collected in tax year 2013 for a proposed police millage**

2013 Real Property	Taxable Value	127,655,867 **
Unit Oper	616,437.42	
Admin*	51,431.91	
	<u>\$667,869.33</u>	
Residential Property Only		
Unit Oper	410,121.50	

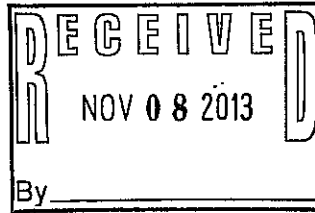
**Proposed Police Millage:**

<b>4 Mills</b>		
Real Property	\$510,623.47	Admin \$5,106.23
<b>4.5 Mills</b>		
Real Property	\$574,451.40	Admin \$5,744.51
<b>5 Mills</b>		
Real Property	\$638,279.34	Admin \$6,382.79
<b>5.5 Mills</b>		
Real Property	\$702,107.27	Admin \$7,021.07
<b>6 Mills</b>		
Real Property	\$765,935.20	Admin \$7,659.35

\* Admin Fee calculation based on FY14 Revenue Estimate for taxes and taken from that worksheet.

\*\* The taxable value reflects General Motors MTT Settlement

Albert & Barbara Villarreal  
7096 Yarmy Dr.  
Swartz Creek, Mi. 48473  
Nov. 8, 2013



Swartz Creek City Council:

Even though Swartz Creek is surrounded with troubled communities, we are still a peaceful, stable, secure community. We will support a police/fire department assessment to keep our community safe.

The millage is cheaper than higher insurance rates, the cost of improved security measures on our homes & businesses, & the fear that comes with crime.

Common sense tells us that criminals target the most vulnerable communities where the risk of being caught is minimal due to police response times (if they respond at all) & longer response for fire departments.

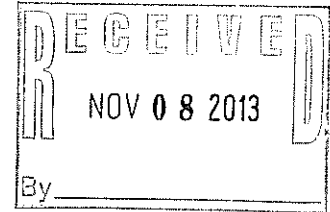
We have a city government that has forseen changes & acted with wisdom & sacrifice. In that we are blessed. We live on retirement & don't like more taxes, but the alternative is unacceptable. We can live without some things, but safety is not one of them.

Sincerely

*Albert J. Villarreal*  
*Barb Villarreal*

Al Villarreal  
Barb Villarreal

**Dave J Caudle**  
**4015 Elms Road**  
**Swartz Creek, MI 48473**



City Council,  
6, 2013

November

In reference to the public hearing re Police-Fire Special Assessment...

Dave Caudle, 4015 Elms Road,  
Sorry, I am on vacation in North Carolina or I would be standing here....  
For reference I am the resident that has displayed signs in front of my house  
opposing the last three school district tax increases. The City maintenance  
crew once removed my signs but after consideration returned the signs.

Frankly, I am not a TEA party but basically against increasing taxes.  
Understanding that our City government must have enough dollars to  
operate, I am in favor of increasing the funding for City operations.  
That said, the fact that the City Council is attempting to railroad through a  
"tax" without a vote is extremely distasteful to this resident.

So, let me put it this way... This council must request a vote. If a vote is  
requested... I will aggressively support the approval!

If this council passes the Special Assessment, thereby not allowing a vote, I  
will aggressively engage to unseat every council member. Let me say that  
again,

Let our residents VOTE ... If not you will be unseated.  
Search your sole & ask your city residents. They understand & will support  
but "TELL US" and you will be replaced with individuals that will  
understand their role.

Thank you and PLEASE make the decision to allow the people to decide!

Frankly,

A handwritten signature in black ink, appearing to read "Dave J Caudle".

Dave J Caudle

# POLLING PLACE AGREEMENT

CITY OF SWARTZ CREEK

And

UNITED METHODIST CHURCH of SWARTZ CREEK

---

This agreement is made this \_\_\_\_ day of November, 2013 by and between the City of Swartz Creek, a Michigan Municipal Corporation, with principal offices at 8083 Civic Drive, Swartz Creek, Michigan 48473 ("City") and the United Methodist Church of Swartz Creek, an Ecclesiastical Corporation, with principal offices at 7400 Miller Road, PO Box 268, Swartz Creek, MI 48473 ("Church" or "Owner")

**WHEREAS**, the City is in need of a conveniently located facility with sufficient size to serve as a polling place for various elections conducted by the City; and

**WHEREAS**, the Owner has a building located at 7400 Miller Road, Swartz Creek, MI 48473 which building has sufficient space for the efficient conduct of elections;

**NOW, THEREFORE, the City and the Owner, acting by and through their duly authorized representatives, hereby AGREE AS FOLLOWS:**

1. The owner will make available to the City sufficient space in its building located at 7400 Miller Road, Swartz Creek, MI 48473 (the "Facility") for the City to establish a polling place and to conduct City and school elections therein.
2. The space provided within the Facility shall be sufficient to accommodate voters as well as house the election workers and election equipment necessary to conduct a City election and/or a school election. To that end, school elections held on dates other than those on which a City election is held may be held in the so called "Johnson Room" which is located in the northern most room in the newest building addition, with general elections being held in the gym which is significantly larger.
3. The elections for which the City will use the Facility are:
  - a) The February regular election held on the fourth Tuesday in February;
  - b) The May regular election held on the first Tuesday after the first Monday in May;
  - c) The August regular election held on the first Tuesday after the first Monday in August;
  - d) The November regular election held on the first Tuesday after the first Monday in November; and

- e) Other dates for special elections held in accordance with the Michigan Election law.
4. For each said election, the Owner shall make the space in the Facility available to the City one-half (%) day before the scheduled election date and no later than 1:00 PM, and for no more than one-half (%) day after each scheduled election date, up to 11:00 AM. Said dates will be extended whenever reasonably possible if such extension is necessary due to a change in the standard election procedures. Additional fees for such an extension may be decided by the parties. The City will need to have access to the facility by 6:00 AM. of an election day. It is anticipated that the City personnel will vacate the facility by 10:00 P.M. of an election day. Labor to set up tables and chairs will be provided by the City.
  5. The City shall pay the Owner the sum of **Three-Hundred & Seventy-Five Dollars (\$375)** for each time the City uses the Johnson Room for an election and **Seven-Hundred & Fifty Dollars (\$750)** for each time the City uses the gym for an election.
  6. The term of this agreement extends until **December 31, 2018**; however, either party may terminate this agreement for any reason upon giving the other party One Hundred Eighty (180) days written notice of such termination. In the event the Church elects to terminate this agreement, notice of such shall be sent to the City Clerk by certified-registered mail, return receipt requested.
  7. The Owner shall take all reasonable steps to ensure that the Facility is maintained in such a condition that election workers and voters will be able to conduct their activities at the Facility in a safe manner. If additional snow removal services are needed, other than that which may be provided by the Church, the City of Swartz Creek reserves the right to remove snow from any parking lot or sidewalk that may be needed to conduct election services. The removal of snow shall be without cost to the Church.
  8. The City shall take all reasonable steps to ensure that its election workers do not create any nuisance at the Facility or create any condition which would present a danger to persons using the Facility.
  9. Each party will indemnify and hold the other party harmless for any damages to persons or property occasioned by, and to the extent of, its negligence.
  10. The Church shall maintain a general liability insurance policy covering injuries to persons and property for persons using its Facility in an amount acceptable from time to time to the City Manager, but in no event less than One-Million Dollars (\$1,000,000) per occurrence and Two-Million Dollars Aggregate, and shall list the City as an additional insured on said policy.
  11. The City shall maintain a general liability insurance policy covering injuries to persons property for persons using the Facility for activities in connection with a City election. Such insurance shall be in an amount no less than One-Million Dollars (\$1,000,000) per

occurrence and Two-Million Dollars Aggregate, and shall list the Owner as an additional insured on said insurance policy.

12. The Owner shall maintain a policy of fire and casualty insurance on the Facility and such insurance coverage shall cover any equipment and other property of the City while such equipment and property is at the Facility for the purposes of this agreement.
13. The City shall provide casualty and property damage insurance coverage for its equipment and other property placed on the premises of the facility for the purposes of this agreement.
14. Except as stated in Section 6, any notices required to be given by either party to this agreement to the other shall be sufficient if given in writing and deposited in a United States Postal Service mailbox with sufficient first class postage thereon and addressed to:

a. For the City:

City Clerk & City Manager  
City of Swartz Creek  
8083 Civic Drive,  
Swartz Creek, Michigan 48473

With a copy to:

City Attorney Michael Gildner, Esq.  
SIMEN, FIGURA & PARKER, P.L.C.  
5206 Gateway Centre Blvd, Ste. 200  
Flint, MI 48507

b. For the Owner:

Pastor  
United Methodist Church of Swartz Creek  
7400 Miller Road  
PO Box 268  
Swartz Creek, MI 48473

15. This is the entire agreement between the parties regarding the City's use of the Facility for staging a polling place for elections and no other agreement regarding same is valid or enforceable unless such agreement is in writing as an amendment hereto.

*(Signature Page to Follow)*

**CITY OF SWARTZ CREEK**

**UNITED METHODIST CHURCH OF  
SWARTZ CREEK**

\_\_\_\_\_  
**David Krueger, Mayor**

\_\_\_\_\_  
**Trustees**, Chairperson Board

\_\_\_\_\_  
**Juanita Aguilar, City Clerk**

*Approved as to form  
Michael Gildner  
City Attorney*

CITY OF SWARTZ CREEK  
SWARTZ CREEK, MICHIGAN

STREET CLOSURE APPLICATION

DATE OF REQUEST: 12/7/13 200B  
SPONSOR ORGANIZATION SWARTZ CREEK AREA FIREFIGHTERS  
AUTHORIZED REPRESENTATIVE: BRETT COLE SEC/TRES  
WORK ADDRESS: 8100-BANK DR HOME ADDRESS: 1411 HOUSTON DR.  
PHONE NO: WORK (810) 635-2300 HOME: ( ) CELL: (810) 691-2641  
TYPE OF EVENT:  PARADE\* (DRAW ROUTE ON ATTACHED MAP)  
 CARNIVAL  CRAFT SHOW  
 STREET DANCE  CONCERT  
 OTHER: \_\_\_\_\_

DATE OF EVENT: 12 / 7 / 13 TIME OF EVENT: FROM: 1800 AM /  PM  
TO: 2000 AM /  PM

ESTIMATED NUMBER OF PARTICIPANTS: 30  
ROADS REQUESTED TO BE CLOSED: \*\* FARRELL, MILLER, FONTANO

The applicant agrees, as a condition of the granting of this permit, to hold the City of Swartz Creek, it's officers, employees, and agents harmless from any liability from any injuries caused to persons or property in connection with this event. To that end, the applicant shall provide the City with evidence of insurance for such liability in an amount determined adequate by the City Attorney, but in no case less than \$1,000,000/2,000,000 aggregate and the City of Swartz Creek shall be named as an insured party on said policy. The policy shall also contain a provision providing the City with ten (10) days written notice of cancellation.

For: SWARTZ CREEK AREA FIREFIGHTERS (Organization) By: [Signature] (Authorized Representative)

APPROVED BY: [Signature] (Chief of Police) 10-8-13

APPROVED:  
Chief Rick Clolinger  
City of Swartz Creek

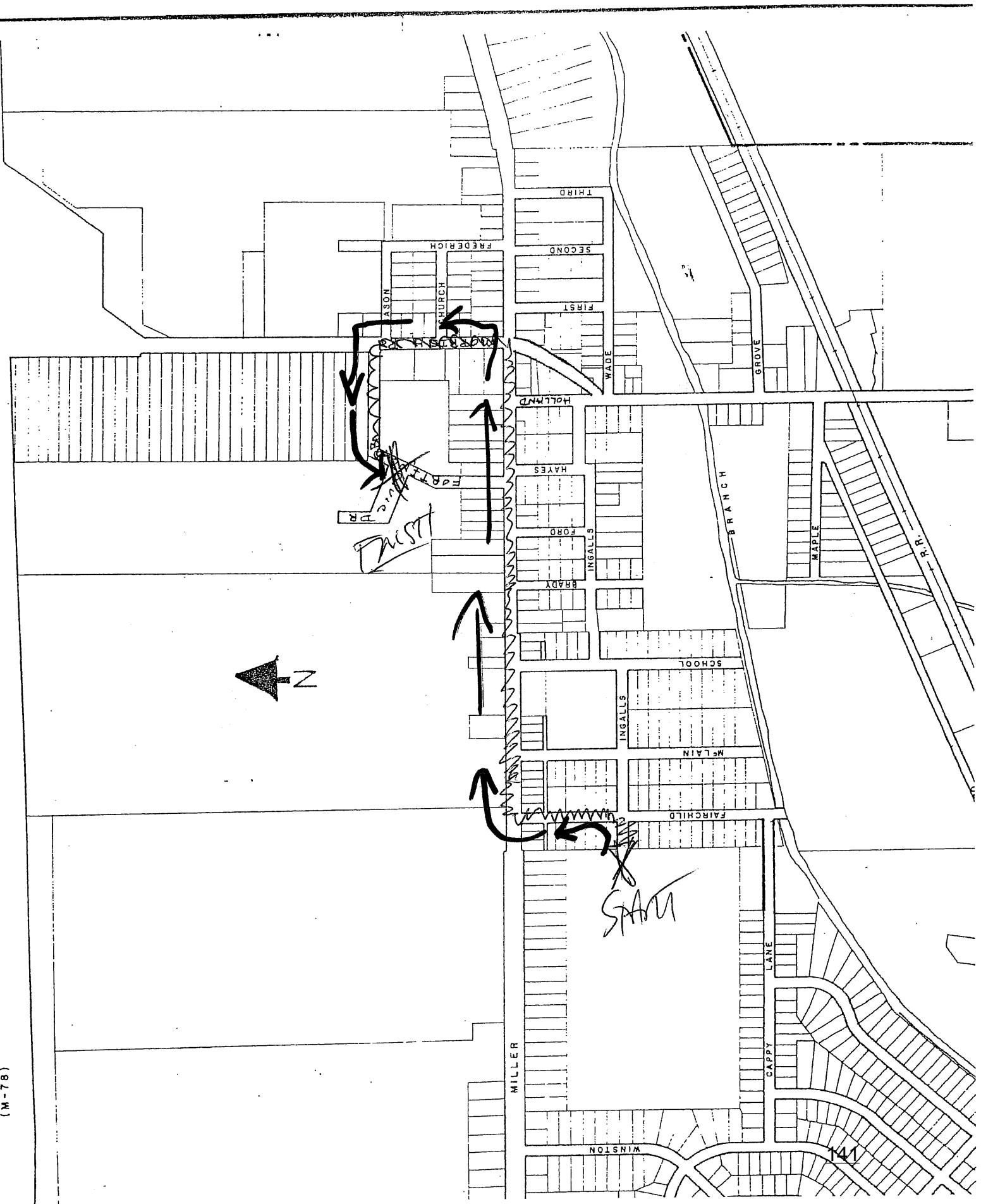
\* The throwing of any item(s) from any vehicle during the course of a parade is strictly prohibited and violations may result in criminal prosecution and/or the denial of future permit applications.

\*\*The Chief of Police reserves the right to determine the length of time that any street(s) remain(s) closed to traffic.

THIS REQUEST AND ALL REQUIRED ASSOCIATED DOCUMENTS MUST BE SUBMITTED TO THE OFFICE OF THE CHIEF OF POLICE NO LATER THAN 30 DAYS PRIOR TO EVENT DATE



# Christmas Parade 2013



(M-78)

## CITY OF SWARTZ CREEK PARADE REGULATIONS

The approval of a street closure request and/or a "parade permit" is based on the assumption that the event coordinator(s) fully understand and accept the following regulations regarding the event:

1. The throwing of any object(s) from any vehicle during the course of the parade is prohibited by ordinance. Violations of this ordinance could result in prosecution and/or the denial of future permit requests.
2. The closing of major thoroughfares entails the rerouting of thousands of motorists and the interruption of commerce. It is imperative that parades begin and end on time so as not to unnecessarily disrupt the usual course of traffic and business.
3. Parade organizers must provide a means of direct communication between the event coordinator and the Chief of Police (or his designate) during the course of the parade in order to address any dangerous conditions that may develop during the course of the event.
4. The practice of parade participants jumping onto or off of moving vehicles in the parade is prohibited.
5. When determining the staging area for parade participants, organizers should ensure that the area is sufficient in size to accommodate all entries without creating traffic or pedestrian hazards.

It is the responsibility of the event coordinator(s) to ensure that all parade participants are made aware of the regulations that directly affect them and by signing this document hereby acknowledge that they have received a copy of these regulations and accept said responsibility.

By:  For:   
(Event Coordinator or Representative) (Organization)  




# CERTIFICATE OF LIABILITY INSURANCE

OP ID: SH

DATE (MM/DD/YYYY)

10/07/13

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Blackmore-Rowe Insurance P. O. Box 320407 G-6235 Corunna Road, Suite H Flint, MI 48532 Shelly Horkey	810-720-8244 810-720-8238	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS: PRODUCER CUSTOMER ID #: SWARTZ-4	FAX (A/C, No):
INSURED Swartz Creek Area Fire Fighters Inc. 8100-B Civic Dr. Swartz Creek, MI 48473	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A : Auto Owners Insurance		18988
	INSURER B :		
	INSURER C :		
	INSURER D :		
	INSURER E :		
	INSURER F :		

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS		
A	GENERAL LIABILITY	X		14923593	07/17/13	07/17/14	EACH OCCURRENCE	\$ 1,000,000	
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY								
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 50,000	
							MED EXP (Any one person)	\$ 5,000	
							PERSONAL & ADV INJURY	\$ 1,000,000	
							GENERAL AGGREGATE	\$ 1,000,000	
							PRODUCTS - COMP/OP AGG	\$ 1,000,000	
								\$	
	GENL AGGREGATE LIMIT APPLIES PER:								
	<input checked="" type="checkbox"/> POLICY	<input type="checkbox"/> PRO-JECT	<input type="checkbox"/> LOC					\$	
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	\$	
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person)	\$	
	<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per accident)	\$	
	<input type="checkbox"/> SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident)	\$	
	<input type="checkbox"/> HIRED AUTOS							\$	
	<input type="checkbox"/> NON-OWNED AUTOS							\$	
	UMBRELLA LIAB						EACH OCCURRENCE	\$	
	<input type="checkbox"/> EXCESS LIAB	<input type="checkbox"/> OCCUR					AGGREGATE	\$	
	<input type="checkbox"/> DEDUCTIBLE	<input type="checkbox"/> CLAIMS-MADE						\$	
	<input type="checkbox"/> RETENTION \$							\$	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						WC STATU-TORY LIMITS		
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory In NH)	<input type="checkbox"/> Y/N	N/A				E.L. EACH ACCIDENT	\$	
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	\$	
							E.L. DISEASE - POLICY LIMIT	\$	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
The City of Swartz Creek is named as additional insured with respect to the above mentioned general liability. Event - Christmas Parade 12-7-13.

## CERTIFICATE HOLDER

## CANCELLATION

SWARTZC  CITY OF SWARTZ CREEK PO Box 271 SWARTZ CREEK, MI 48473	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE Shelly Horkey
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Michelle Simmons  
5288 Birchcrest Drive  
Swartz Creek, Michigan 48473

5 November 2013

Swartz Creek City Council  
8083 Civic Drive  
Swartz Creek, Michigan 48473

Dear City Council,

I am writing to express my interest in two city-owned lots behind my Birchcrest Drive home. Currently, Winchester Woods Lots 108 and 109, parcel # 58-03-531-040 and 58-03-531-041 are owned by the City of Swartz Creek, and I would like to purchase both vacant parcels for purposes of maintaining their current state.

For the past 20 years, my family and I have enjoyed our property as well as the wooded lots off Cardigan Drive directly behind my home. We continue to value the undeveloped state of the property and the wildlife that make it their home. I do not intend to develop the land or build structures on these lots, but rather wish to ensure that this is not done in the future by someone who may not value their natural state.

The Winchester Woods lots off Cardigan Drive that extend toward Birchcrest Drive are overwhelmingly owned by my neighbors who have desired to extend their property and I wish to do the same should the council approve the purchase.

Respectfully,

Michelle Simmons

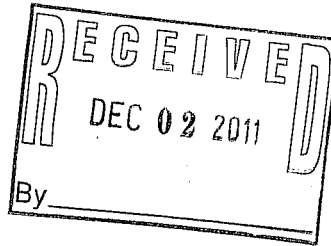
810-635-3410  
Msimmons56@comcast.net



**GENESEE COUNTY  
OFFICE OF THE TREASURER**

1101 Beach Street, Suite 144  
Flint, Michigan 48502-1475  
Telephone (810) 257-3059  
Fax (810) 257-3885

Deborah L. Cherry, Treasurer



**DATE:** November 28, 2011  
**TO:** Local Unit Treasurer / Local Unit Clerk  
**FROM:** Deborah L. Cherry  
Genesee County Treasurer  
**SUBJECT:** Tax Reverted Property Disposition

MCL 211.78 m(6) provides that a list of properties in your unit not previously sold by the foreclosing governmental unit (Genesee County) at the mandatory yearly auctions shall be provided to the clerk of the city, village or township in which the property is located. This list is attached. The law also allows that your unit (city, village or township) may object in writing to the transfer of one or more of the properties set forth on this list. On or before December 30, all property on this list shall be transferred (revert back) to your unit (city, village or township) unless written objection is made by your unit (city, village or township).

If your unit wishes to obtain these properties do nothing, since the reversion is automatic. If you wish to object to this property transfer please obtain board authority in the form of 1) a specific resolution rejecting the listed property, or 2) a resolution directing an individual to write the objection with the same authority as the board. The written objection should be received by the Genesee County Treasurer's Office by December 16, 2011. Please send to the attention of Carla Vandefifer. Your cooperation in this matter is appreciated.

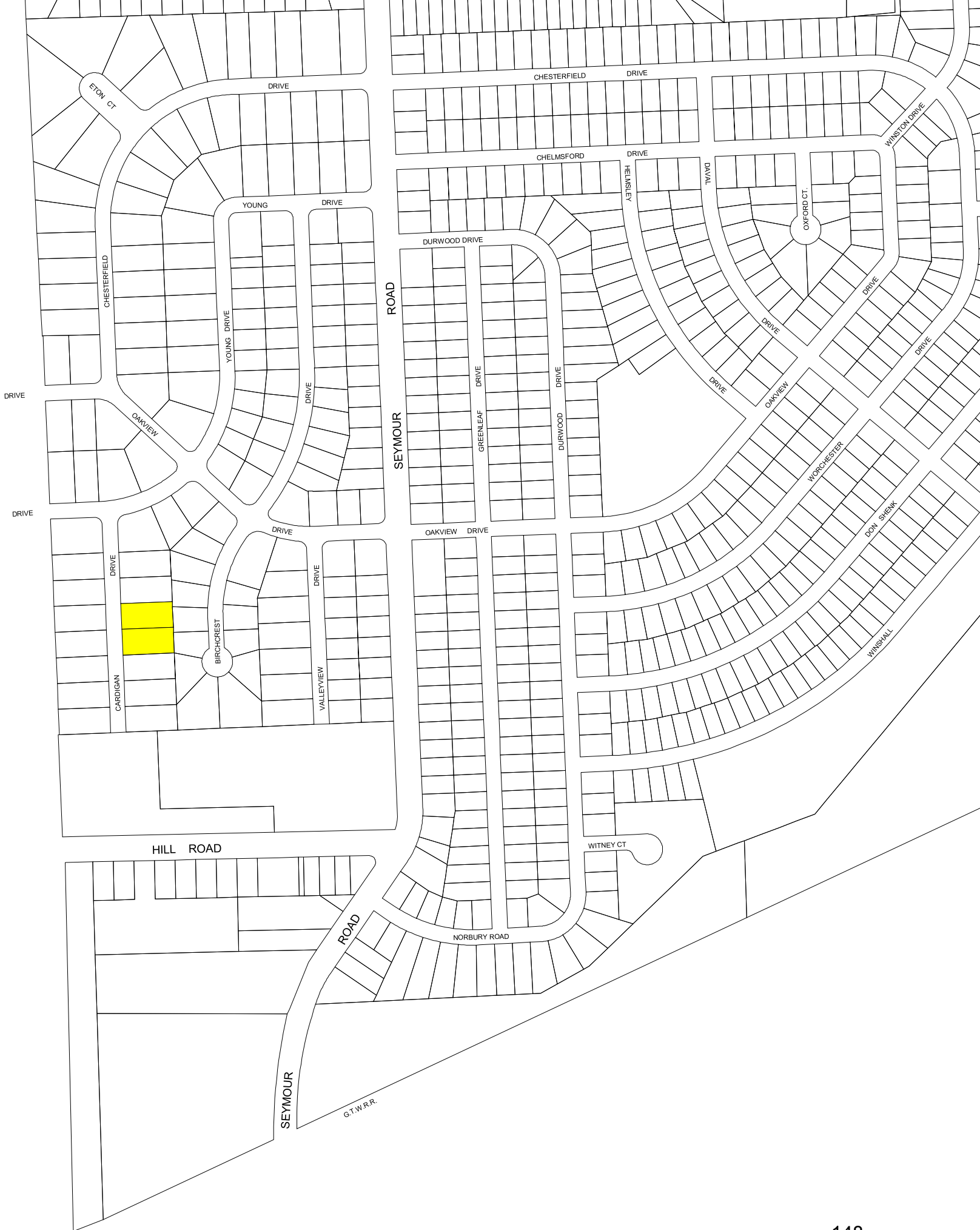
Please feel free to contact Carla at [cvandefifer@co.genesee.mi.us](mailto:cvandefifer@co.genesee.mi.us).

Thank You

**PARCEL #**  
58-03-531-040 CARDIGAN DR  
58-03-531-041 CARDIGAN DR

**ADDRESS**  
SWARTZ CREEK MI 48473  
SWARTZ CREEK MI 48473

**LOCAL UNIT**  
CITY OF SW CREEK  
CITY OF SW CREEK





200.00'

58-03-531-049

151.77'

100.00'

100.00'

105.00'

58-03-531-042

200.00'

58-03-531-050

137.09'

100.00'

100.00'

100.00'

58-03-531-041

200.00'

58-03-531-051

135.65'

100.00'

100.00'

80.08'

58-03-531-040

200.00'

58-03-531-052

110.41'

100.00'

100.00'

149

58-03-531-039

N



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City of Swartz Creek Tax Reverted Foreclosures  
 Tax Year 2011

**Parcel # 58-03-531-040                      Cardigan Drive**

Levy Item	Tax Year 2008	Tax Year 2009	Tax Year 2010	Tax Year 2011	TOTAL
Unit Op	12.07	12.07	12.03	12.07	48.24
Admin	1.21	1.21	1.23	1.23	4.88
Penalty	9.80	11.13	11.25	11.33	43.51
Garbage	4.37	4.37	5.85	5.87	20.46
<b>Total</b>	<b>27.45</b>	<b>28.78</b>	<b>30.36</b>	<b>30.50</b>	<b>117.09</b>

**Parcel # 58-03-531-041                      Cardigan Drive**

Levy Item	Tax Year 2008	Tax Year 2009	Tax Year 2010	Tax Year 2011	TOTAL
Unit Op	12.07	12.07	12.03	12.07	48.24
Admin	1.21	1.21	1.23	1.23	4.88
Penalty	9.80	11.13	11.25	11.33	43.51
Garbage	4.37	4.37	5.85	5.87	20.46
<b>Total</b>	<b>27.45</b>	<b>28.78</b>	<b>30.36</b>	<b>30.50</b>	<b>117.09</b>

Current year (2011) taxes will be written off by us and  
 all four years will be deducted from our settlement  
 check issued by the Gensee County Treasurer

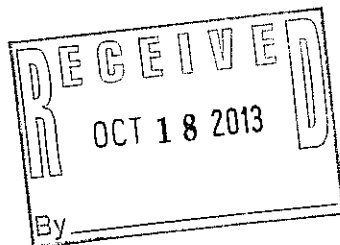








October 15, 2013



Paul Bueche, City Manager  
City of Swartz Creek  
8083 Civic Dr.  
Swartz Creek, MI 48473

Dear Mr. Bueche:

Having completed our digital network enhancement to an all-digital system, on or shortly after November 21, 2013 we will begin encrypting our Limited Basic service in your area. Encryption has a number of consumer benefits; including the reduced need for home service calls and the enhanced security of our network by reducing service theft that impacts our customers' service experience.

When Limited Basic service is encrypted, all XFINITY Video customers will need equipment supplied by Comcast connected to each television in order to continue receiving services.

- A customer that has a set-top box, digital adapter, or a retail CableCARD™ device connected to each TV will be unaffected by this change.
- A customer that is currently receiving Comcast's Limited Basic service on any TV *without* equipment supplied by Comcast will lose the ability to view any channels on that TV. These customers will be entitled to receive equipment at no additional charge or service fee for a limited period of time. The number and type of devices the customer is entitled to receive, and for how long, will vary depending on the customer's situation.

Enclosed please find a sample of the customer notice that the FCC requires be sent to customers regarding encryption and the availability of devices at no additional charge or service fee. You'll note that we have established a special toll free number and website so that our customers can learn more about the equipment offer and eligibility.

In addition, the encryption of our Limited Basic service will impact those accounts receiving courtesy services. Courtesy accounts are entitled to receive up to three digital adapters or CableCARDS at no additional monthly charge, including those they may have previously received as part of our digital network enhancement to an all-digital platform. A sample of the courtesy notice to be received by these accounts is enclosed.

As always, if you have any questions or concerns regarding this program, or any other matter, please feel free to contact me at 586-883-7075.

Sincerely,

Gerald W. Smith  
Senior Manager, Government Affairs  
Comcast, Heartland Region  
27800 Franklin Rd.  
Southfield, MI 48034

Enclosures



**If you receive XFINITY® TV service on any TVs in your home without Comcast equipment, please review this information.**

Sample A. Sample  
Apt 1-A  
123 Anystreet  
Anytown US 12345

\*\*\*\*\*BARCODE\*\*\*\*\*

**For service at:**  
[123 Street Name]  
[City, State 12345]

**On November 21, 2013, Comcast will start encrypting Limited Basic service on your cable system.**

.....

If you have a set-top box, digital adapter (DTA) or retail CableCARD™ device connected to each of your TVs, you will be unaffected by this change. However, if you are currently receiving Comcast's Limited Basic service on any TV *without* equipment supplied by Comcast, you will lose the ability to view any channels on that TV.

If you are affected, you should contact Comcast at 1-855-860-8989 to arrange for the equipment you need to continue receiving your services. In such case, you are entitled to receive equipment at no additional charge or service fee for a limited period of time. The number and type of devices you are entitled to receive, and for how long, will vary depending on your situation:

- If you are a Limited Basic customer and receive the service on your TV without Comcast-supplied equipment, you are entitled to up to two devices for two years (five years if you also receive Medicaid).
- If you subscribe to a higher level of service and receive Limited Basic service on a secondary TV without Comcast-supplied equipment, you are entitled to one device for one year.

**You can learn more about this equipment offer and eligibility at [comcast.com/digitaladapterinfo](http://comcast.com/digitaladapterinfo) or by calling 1-855-860-8989. To qualify for any equipment at no additional charge or service fee, you must request your equipment between October 22, 2013 and March 21, 2014 and satisfy all other eligibility requirements.**

To order equipment, or for more information, call 1-855-860-8989 or visit [comcast.com/digitaladapterinfo](http://comcast.com/digitaladapterinfo).





## IMPORTANT INFORMATION ABOUT YOUR COURTESY VIDEO SERVICES

Sample A. Sample  
Apt 1-A  
123 Anystreet  
Anytown US 12345

\*\*\*\*\*BARCODE\*\*\*\*\*

**For service at:**  
[123 Street Name]  
[City, State 12345]

**On Month XX, XXXX, Comcast will begin encrypting Limited Basic service on the cable system in your community.**

TVs connected to a set-top box, digital adapter (DTA) or retail CableCARD™ device will be unaffected by this change. However, if you have any TVs that are currently receiving Comcast's Limited Basic service *without* equipment supplied by Comcast, you will lose the ability to view any channels on those TVs.

If you are affected, you should contact Comcast at the number below to arrange for the equipment you will need to continue receiving services. We will provide you with **up to three digital adapters or CableCARDS at no additional charge** (including those you may already have on your account). Please know that if you choose not to take a digital device for any TV, you will not receive Comcast service on that TV. If you request **more** than the three digital devices mentioned above, you will incur a monthly charge of \$1.99 for each additional digital adapter and a monthly equipment charge of no more than \$1.50 for each additional CableCARD in the same retail device.

For more information or to obtain your digital equipment, please call [designated Comcast rep phone] and reference this letter.

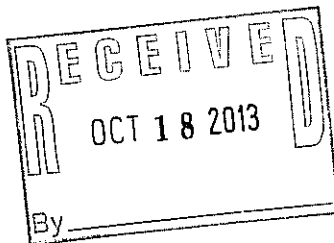
Sincerely,

[name]  
Comcast





October 15, 2013



Paul Bueche, City Manager  
City of Swartz Creek  
8083 Civic Dr.  
Swartz Creek, MI 48473

Dear Mr. Bueche:

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When Limited Basic service is encrypted, all XFINITY Video customers will need equipment supplied by Comcast connected to each television in order to continue receiving services.

- A customer that has a set-top box, digital adapter, or a retail CableCARD™ device connected to each TV will be unaffected by this change.
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Apt 1-A  
123 Anystreet  
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\*\*\*\*\*BARCODE\*\*\*\*\*

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