

City of Swartz Creek, Michigan

**Financial Report
with Supplemental Information
June 30, 2015**

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, 2015 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2015 and the respective changes in its financial position, and, where applicable, its cash flows, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the City Council
City of Swartz Creek, Michigan

Emphasis of Matter

As discussed in Note 12 to the basic financial statements, in 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of governmental employers through pension plans. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budgetary comparison schedules, OPEB system schedule, schedule of changes in the city net pension liability and related ratios, and schedule of city contributions, 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 opinions on the financial statements that collectively comprise the City of Swartz Creek, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents 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, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plantz & Morax, PLLC

November 12, 2015

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, 2015. 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, 2015:

- The City's total net position is approximately \$27.5 million.
- The City's overall unrestricted net position is approximately \$5.3 million.
- The City's General Fund revenue exceeded expenditures by \$334 thousand before transfers in and out. After transfers in and out, the net increase in fund balance was \$188,941, leaving the General Fund with a fund balance of \$1,509,021.

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 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
	2013	2014*	2015	Change	
Assets					
Other assets	\$ 3,727,701	\$ 3,901,493	\$ 4,108,725	\$ 207,232	5%
Capital assets	<u>7,837,141</u>	<u>7,436,908</u>	<u>11,941,788</u>	<u>4,504,880</u>	61%
Total assets	11,564,842	11,338,401	16,050,513	4,712,112	42%
Liabilities					
Current liabilities	126,522	213,557	417,922	204,365	96%
Long-term liabilities	<u>676,969</u>	<u>627,435</u>	<u>1,661,341</u>	<u>1,033,906</u>	165%
Total liabilities	<u>803,491</u>	<u>840,992</u>	<u>2,079,263</u>	<u>1,238,271</u>	147%
Net Position					
Net investment in capital assets	7,267,141	6,916,908	11,471,788	4,554,880	66%
Restricted	1,371,034	1,362,603	1,399,048	36,445	3%
Unrestricted	<u>2,123,176</u>	<u>2,217,898</u>	<u>1,100,414</u>	<u>(1,117,484)</u>	-50%
Total net position	<u>\$ 10,761,351</u>	<u>\$ 10,497,409</u>	<u>\$ 13,971,250</u>	<u>\$ 3,473,841</u>	33%

*GASB Statement No. 68 was adopted by the City as of July 1, 2014.

The governmental net position increased 33 percent from a year ago, from approximately \$10.50 million to approximately \$13.97 million. In contrast, last year's net position decreased by 2 percent. The increase in capital assets was a result of the developers donating the Springbrook East roads valued at approximately \$1.3 million and the Heritage Village roads valued at approximately \$3.2 million.

Current liabilities included payments in process for road construction of Miller Road from Tallmadge to Dye and Miller Road from Morrish to Elms.

Long-term liability increases were due to the GASB Statement No. 68 implementation that requires the City of Swartz Creek to recognize the net pension liability.

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 - decreased by \$1.1 million for the governmental activities. This represents a decrease of approximately 50 percent. The current level of unrestricted net position for our governmental activities stands at \$1.1 million, or about 32 percent of expenditures.

	Governmental Activities				Percent Change
	2013	2014	2015	Change	
Revenue					
Program revenue:					
Charges for services	\$ 397,654	\$ 351,172	\$ 415,299	\$ 64,127	18%
Operating grants	300,175	408,317	602,828	194,511	48%
Capital grants and contributions	311,643	103,484	4,653,976	4,550,492	4397%
General revenue:					
Property taxes	1,208,678	878,807	1,715,861	837,054	95%
State-shared revenue	467,392	477,837	486,021	8,184	2%
Investment earnings	8,393	4,778	5,911	1,133	24%
Other revenue	<u>171,049</u>	<u>560,448</u>	<u>322,730</u>	<u>(237,718)</u>	-42%
Total revenue	2,864,984	2,784,843	8,202,626	5,417,783	195%
Program Expenses					
General government	274,128	265,986	679,333	413,347	155%
Legislative	14,499	14,197	15,281	1,084	8%
Public safety	1,031,455	1,208,735	997,148	(211,587)	-18%
Public works	1,467,341	1,536,891	1,722,248	185,357	12%
Recreation and cultural	37,844	36,616	14,524	(22,092)	-60%
Interest on long-term debt	<u>33,805</u>	<u>27,024</u>	<u>29,230</u>	<u>2,206</u>	8%
Total expenses	2,859,072	3,089,449	3,457,764	368,315	12%
Transfers	<u>41,916</u>	<u>40,664</u>	<u>-</u>	<u>(40,664)</u>	-100%
Change in Net Position	<u>\$ 47,828</u>	<u>\$ (263,942)</u>	<u>\$ 4,744,862</u>	<u>\$ 5,008,804</u>	-1898%

The City's total governmental revenue increased by approximately \$5.4 million. The majority of this can be attributed to the donation by developers of Springbrook East roads valued at approximately \$1.3 million and the Heritage Village roads valued at approximately \$3.2 million and the Public Safety Special Assessment of 4.9 mils. The Special Assessment allowed the City to maintain current police services and have staffing reinstated to prior levels. It also allowed for the continued funding of major fire equipment purchases. In the previous year, the investment in joint venture was also recorded for the Fire Authority, which resulted in revenue of approximately \$290 thousand; and in the current year, there was a change in the investment of only approximately \$14 thousand.

City of Swartz Creek, Michigan

Management's Discussion and Analysis (Continued)

Expenses increased by about \$368 thousand during the year. The majority of this increase was due to an increase in depreciation expense primarily related to the large additions of infrastructure. Public safety expenses decreased by about \$212 thousand due to more depreciable items purchased in the current year versus the previous year.

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
	2013	2014*	2015	Change	
Assets					
Other assets	\$ 4,440,870	\$ 4,720,539	\$ 4,896,090	\$ 175,551	4%
Capital assets	5,036,617	4,966,581	9,857,212	4,890,631	98%
Total assets	9,477,487	9,687,120	14,753,302	5,066,182	52%
Liabilities					
Current liabilities	363,145	423,321	348,200	(75,121)	-18%
Long-term liabilities	695,694	693,455	881,945	188,490	27%
Total liabilities	1,058,839	1,116,776	1,230,145	113,369	10%
Net Position					
Net investment in capital assets	4,435,777	4,399,302	9,325,658	4,926,356	112%
Unrestricted	3,982,871	4,171,042	4,197,499	26,457	1%
Total net position	<u>\$ 8,418,648</u>	<u>\$ 8,570,344</u>	<u>\$ 13,523,157</u>	<u>\$ 4,952,813</u>	58%

*GASB Statement No. 68 was adopted by the City as of July 1, 2014.

City of Swartz Creek, Michigan

Management's Discussion and Analysis (Continued)

	Business-type Activities				Percent Change
	2013	2014	2015	Change	
Operating revenue	\$ 2,447,083	\$ 2,687,031	\$ 3,024,237	\$ 337,206	13%
Operating expenses - Other than depreciation	2,039,865	2,348,246	2,535,496	187,250	8%
Depreciation	<u>170,622</u>	<u>172,074</u>	<u>430,990</u>	<u>258,916</u>	150%
Operating income	236,596	166,711	57,751	(108,960)	-65%
Interest income	9,466	7,880	7,719	(161)	-2%
Interest expense	26,337	25,081	23,857	(1,224)	-5%
Capital contributions	7,070	42,850	5,242,574	5,199,724	12135%
Transfers	<u>(41,916)</u>	<u>(40,664)</u>	<u>-</u>	<u>40,664</u>	-100%
Change in net position	<u>\$ 184,879</u>	<u>\$ 151,696</u>	<u>\$5,284,187</u>	<u>\$ 5,132,491</u>	3383%

The capital assets increase was due to water and sewer lines donated to the City from Springbrook East valued at approximately \$1.5 million and from Heritage Village valued at approximately \$2.25 million.

Operating revenue increased by \$337 thousand due to an increase in water rates that the City passed on to residents to offset the county rate increase. Similarly expenses also increased since the City had to pay the water rate increase to the County.

The net position of business-type activities increased 58 percent from a year ago, from approximately \$8.6 million to approximately \$13.5 million. This was due to transfer of the Springbrook East and Heritage Village water and sewer lines to the City. Last year's net position increased by 2 percent, which was mainly due to the increase in water rates.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - increased by approximately \$26 thousand. This represents an increase of approximately 1 percent. The current level of unrestricted net position stands at approximately \$4.2 million, or about 170 percent of expenditures.

The City's Funds

Our analysis of the City's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide detailed 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 2015 include the General Fund, the Major Streets Fund, the Local Streets Fund, and the Garbage Fund.

City of Swartz Creek, Michigan

Management's Discussion and Analysis (Continued)

The General Fund pays for most of the City's governmental services such as public safety, which includes Police and Fire Services. Governmental services also include street lights, all city parks, community promotions, elections, assessing, building and zoning and other administrative departments. The most significant is public works activities, which includes major and local streets. Public works activities incurred expenses of approximately \$1.7 million in 2015, followed closely by public safety at approximately \$1.2 million.

The most significant increase related to City Parking lots being completed.

City of Swartz Creek, Michigan

Management's Discussion and Analysis (Continued)

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

	Governmental Funds				Percent
	2013	2014	2015	Change	Change
Revenue					
Property taxes	\$ 1,049,526	\$ 1,035,745	\$ 1,717,153	\$ 681,408	66%
Charges for services	207,906	175,861	186,064	10,203	6%
Licenses and permits	197,453	208,787	211,526	2,739	1%
State-shared revenue	440,424	541,319	490,088	(51,231)	-9%
Act 51 funding	366,407	400,781	387,013	(13,768)	-3%
Federal, state, and local grants	28,988	5,700	215,815	210,115	3686%
Fines and forfeitures	60,250	27,145	21,316	(5,829)	-21%
Interest and rentals	8,059	4,465	5,533	1,068	24%
Special assessments	45,013	51,121	48,604	(2,517)	-5%
Local donations	210,127	73,484	44,000	(29,484)	100%
Other	103,735	202,790	305,269	102,479	51%
				-	
Total revenue	2,717,888	2,727,198	3,632,381	905,183	33%
Expenditures					
Current:					
General government	336,272	352,962	313,104	(39,858)	-11%
Legislative	14,526	14,197	15,281	1,084	8%
Public safety	997,235	1,083,611	1,222,162	138,551	13%
Public works	1,175,584	1,124,129	1,713,620	589,491	52%
Recreation and culture	38,121	36,117	50,119	14,002	39%
Capital outlay	-	81,750	-	(81,750)	100%
Debt service	83,805	81,543	79,230	(2,313)	-3%
Total expenditures	2,645,543	2,774,309	3,393,516	619,207	22%
Excess of Revenue Over (Under)					
Expenditures	72,345	(47,111)	238,865	285,976	-607%
Other Financing Sources -					
Transfers - Net	41,916	40,664	-	(40,664)	-100%
Net Change in Fund Balances	114,261	(6,447)	238,865	245,312	-3805%
Fund Balances - Beginning of year	2,566,694	2,680,955	2,674,508	(6,447)	0%

City of Swartz Creek, Michigan

Management's Discussion and Analysis (Continued)

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 of approximately \$242 thousand below budget. Revenue was slightly higher than anticipated. These events caused the General Fund's fund balance to increase from approximately \$1.32 million a year ago to approximately \$1.5 million at June 30, 2015.

Capital Asset and Debt Administration

At the end of 2015, the City had approximately \$21.8 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 received significant capital contributions and invested significantly in roads within the City. Major capital contributions included streets and water and sewer lines of neighborhood associations. Additional information on the City's capital assets can be found in Note 4 of this report.

Also at the end of 2015, the City had \$2,618,286 in long-term debt. A total of \$1,001,554 of long-term debt is the balance on the City's bonds. The remaining \$1,439,924 is related to accumulated compensated absences of \$84,567, other postemployment benefits of \$294,134, and net pension obligation of \$1,238,031.

Economic Factors and Next Year's Budgets and Rates

Overall, we expect no significant change in total revenue. Property tax revenue is expected to be unchanged. Due to the phase-out of taxable personal property, we expect to see a continued reduction in personal property revenue. In the next fiscal year, the City will complete the Miller Road projects. Municipal Employees Retirement System of Michigan (MERS) is completing a valuation of the actuarial assumptions which is expected to reflect increases in the pension liability for defined benefit retirement plans in future years.

Contacting the City of Swartz Creek, Michigan'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, 2015

	Primary Government			Component Unit - Downtown Development Authority
	Governmental	Business-type	Total	
	Activities	Activities		
Assets				
Cash and cash equivalents	\$ 1,605,062	\$ 1,005,643	\$ 2,610,705	\$ 20,317
Investments (Note 3)	1,560,000	2,851,000	4,411,000	10,000
Receivables:				
Property taxes receivable	16,057	-	16,057	-
Receivables from sales to customers on account	-	897,125	897,125	-
Accrued interest receivable	1,267	2,273	3,540	6
Other receivables	108,928	-	108,928	-
Due from other governmental units	242,496	-	242,496	-
Special assessments receivable	62,695	-	62,695	-
Internal balances	(59,023)	59,023	-	-
Inventory	-	25,790	25,790	-
Prepaid expenses and other assets	38,358	5,462	43,820	-
Investment in joint venture (Note 8)	303,160	-	303,160	-
Land held for resale	30,627	-	30,627	-
Capital assets (Note 4):				
Assets not subject to depreciation	1,908,697	-	1,908,697	-
Assets subject to depreciation	10,033,091	9,857,212	19,890,303	-
Total assets	<u>15,851,415</u>	<u>14,703,528</u>	<u>30,554,943</u>	<u>30,323</u>
Deferred Outflows of Resources (Note 9)				
Contributions to the pension plan subsequent to the measurement date	117,490	29,372	146,862	-
Net difference between projected and actual earnings on pension plan investments	81,608	20,402	102,010	-
Total deferred outflows of resources	<u>199,098</u>	<u>49,774</u>	<u>248,872</u>	<u>-</u>
Liabilities				
Accounts payable	267,057	23,197	290,254	-
Due to other governmental units	-	284,278	284,278	-
Deposits payable	-	20,100	20,100	-
Accrued liabilities and other	74,765	20,465	95,230	-
Unearned revenue (Note 1)	1,100	160	1,260	1,000
Noncurrent liabilities:				
Due within one year (Note 6):				
Compensated absences	55,000	10,000	65,000	-
Current portion of long-term debt	75,000	36,808	111,808	-
Due in more than one year:				
Compensated absences (Note 6)	3,270	16,297	19,567	-
Net OPEB obligation (Note 11)	217,644	76,490	294,134	-
Net pension liability (Note 9)	990,427	247,604	1,238,031	-
Long-term debt (Note 6)	395,000	494,746	889,746	-
Total liabilities	<u>2,079,263</u>	<u>1,230,145</u>	<u>3,309,408</u>	<u>1,000</u>
Net Position				
Net investment in capital assets	11,471,788	9,325,658	20,797,446	-
Restricted for:				
Streets	1,060,717	-	1,060,717	-
Garbage collection	306,613	-	306,613	-
Drug enforcement	5,164	-	5,164	-
Weed control	26,554	-	26,554	-
Unrestricted	1,100,414	4,197,499	5,297,913	29,323
Total net position	<u>\$ 13,971,250</u>	<u>\$ 13,523,157</u>	<u>\$ 27,494,407</u>	<u>\$ 29,323</u>

The Notes to Financial Statements are an
Integral Part of this Statement.

City of Swartz Creek, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 679,333	\$ 191,161	\$ -	\$ 44,000
Legislative	15,281	-	-	-
Public safety	997,148	187,396	-	-
Public works	1,722,248	26,472	602,828	4,609,976
Recreation and culture	14,524	10,270	-	-
Interest on long-term debt	29,230	-	-	-
Total governmental activities	<u>3,457,764</u>	<u>415,299</u>	<u>602,828</u>	<u>4,653,976</u>
Business-type activities:				
Water Fund	1,779,903	1,753,484	-	2,049,115
Sewer Fund	<u>1,210,440</u>	<u>1,270,753</u>	<u>-</u>	<u>3,193,459</u>
Total business-type activities	<u>2,990,343</u>	<u>3,024,237</u>	<u>-</u>	<u>5,242,574</u>
Total primary government	<u>\$ 6,448,107</u>	<u>\$ 3,439,536</u>	<u>\$ 602,828</u>	<u>\$ 9,896,550</u>
Component unit - Downtown Development Authority	<u>\$ 75,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenue:

- Property taxes
- State-shared revenue (unrestricted)
- Investment income
- Cable franchise fees (unrestricted)
- Other miscellaneous income
- Income from joint venture

Total general revenue

Change in Net Position

Net Position - Beginning of year (as restated) (Note 12)

Net Position - End of year

**Statement of Activities
Year Ended June 30, 2015**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit - Downtown Development Authority
Governmental Activities	Business-type Activities	Total	
\$ (444,172)	\$ -	\$ (444,172)	\$ -
(15,281)	-	(15,281)	-
(809,752)	-	(809,752)	-
3,517,028	-	3,517,028	-
(4,254)	-	(4,254)	-
(29,230)	-	(29,230)	-
2,214,339	-	2,214,339	-
-	2,022,696	2,022,696	-
-	3,253,772	3,253,772	-
-	5,276,468	5,276,468	-
2,214,339	5,276,468	7,490,807	-
-	-	-	(75,123)
1,715,861	-	1,715,861	76,442
486,021	-	486,021	-
5,911	7,719	13,630	54
90,107	-	90,107	-
218,969	-	218,969	-
13,654	-	13,654	-
2,530,523	7,719	2,538,242	76,496
4,744,862	5,284,187	10,029,049	1,373
9,226,388	8,238,970	17,465,358	27,950
\$ 13,971,250	\$ 13,523,157	\$ 27,494,407	\$ 29,323

City of Swartz Creek, Michigan

Governmental Funds Balance Sheet June 30, 2015

	General Fund	Major Streets	Local Streets	Garbage Collection	Nonmajor Governmental Funds	Total
Assets						
Cash and cash equivalents (Note 3)	\$ 549,207	\$ 539,235	\$ 90,980	\$ 223,580	\$ 20,395	\$ 1,423,397
Investments (Note 3)	825,000	465,000	50,000	100,000	20,000	1,460,000
Receivables:						
Property taxes receivable	11,200	-	-	4,857	-	16,057
Special assessments receivable	62,695	-	-	-	-	62,695
Accrued interest receivable	618	382	32	138	-	1,170
Other receivables	77,433	5,697	14,856	-	10,942	108,928
Due from other governmental units	156,174	72,017	14,305	-	-	242,496
Prepaid expenses and other assets	27,514	4,553	1,670	2,122	2,213	38,072
Land held for resale	30,627	-	-	-	-	30,627
Total assets	\$ 1,740,468	\$ 1,086,884	\$ 171,843	\$ 330,697	\$ 53,550	\$ 3,383,442
Liabilities						
Accounts payable	\$ 34,366	\$ 194,996	\$ 713	\$ 20,655	\$ 90	\$ 250,820
Advances from other funds (Note 5)	59,023	-	-	-	-	59,023
Accrued liabilities and other	62,072	1,218	1,083	3,429	-	67,802
Unearned revenue (Note 1)	1,100	-	-	-	-	1,100
Total liabilities	156,561	196,214	1,796	24,084	90	378,745
Deferred Inflows of Resources (Note 1)	74,886	5,063	-	4,857	6,518	91,324
Fund Balances						
Nonspendable:						
Prepays	27,514	4,553	1,670	2,122	2,213	38,072
Land held for resale	30,627	-	-	-	-	30,627
Restricted:						
Roads	-	881,054	168,377	-	-	1,049,431
Garbage collection	-	-	-	299,634	-	299,634
Drug forfeiture	-	-	-	-	2,951	2,951
Weed control	-	-	-	-	20,036	20,036
Assigned:						
Debt service	-	-	-	-	1,662	1,662
Capital projects	-	-	-	-	20,080	20,080
Unassigned	1,450,880	-	-	-	-	1,450,880
Total fund balances	1,509,021	885,607	170,047	301,756	46,942	2,913,373
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,740,468	\$ 1,086,884	\$ 171,843	\$ 330,697	\$ 53,550	\$ 3,383,442

City of Swartz Creek, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2015

Fund Balance Reported in Governmental Funds	\$ 2,913,373
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	11,879,890
Investments in joint ventures are not financial resources and are not reported in the funds	303,160
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	62,695
Delinquent property taxes 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	28,629
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(470,000)
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	(56,674)
Other postemployment benefit obligations do not present a claim on current financial resources and are not reported as fund liabilities	(217,644)
Net pension liability does not present a claim on current financial resources and is not reported as a fund liability	(978,045)
Deferred outflows of resources - pension difference between projected and actual investment earnings, as well as contributions made to the plan after the measurement date	196,609
Internal Service Funds are included as part of governmental activities	<u>314,845</u>
Net Position of Governmental Activities	<u>\$ 13,971,250</u>

City of Swartz Creek, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2015

	Major Special Revenue Funds				Nonmajor Governmental Funds	Total
	General Fund	Major Streets	Local Streets	Garbage Collection		
Revenue						
Property taxes	\$ 1,342,075	\$ -	\$ -	\$ 375,078	\$ -	\$ 1,717,153
Licenses and permits	211,526	-	-	-	-	211,526
Federal grants	56,465	-	-	-	-	56,465
State-shared revenue and grants	624,346	297,767	114,338	-	-	1,036,451
Charges for services	177,460	8,604	-	-	-	186,064
Fines and forfeitures	15,190	-	-	-	6,126	21,316
Investment income	3,003	1,535	157	792	46	5,533
Other revenue:						
Special assessments	33,651	-	-	-	14,953	48,604
Local donations	44,000	-	-	-	-	44,000
Other miscellaneous income	185,249	102,951	17,069	-	-	305,269
Total revenue	2,692,965	410,857	131,564	375,870	21,125	3,632,381
Expenditures - Current						
General government	270,856	135	135	41,978	-	313,104
Legislative	15,281	-	-	-	-	15,281
Public safety	1,204,024	-	-	-	18,138	1,222,162
Public works	818,945	425,813	103,758	365,104	-	1,713,620
Recreation and culture	50,119	-	-	-	-	50,119
Debt service:						
Principal	-	-	-	-	50,000	50,000
Interest on long-term debt	-	-	-	-	29,230	29,230
Total expenditures	2,359,225	425,948	103,893	407,082	97,368	3,393,516
Excess of Revenue Over (Under) Expenditures	333,740	(15,091)	27,671	(31,212)	(76,243)	238,865
Other Financing Sources (Uses)						
Transfers in (Note 5)	-	-	45,000	-	99,799	144,799
Transfers out (Note 5)	(144,799)	-	-	-	-	(144,799)
Total other financing (uses) sources	(144,799)	-	45,000	-	99,799	-
Net Change in Fund Balances	188,941	(15,091)	72,671	(31,212)	23,556	238,865
Fund Balances - Beginning of year	1,320,080	900,698	97,376	332,968	23,386	2,674,508
Fund Balances - End of year	\$ 1,509,021	\$ 885,607	\$ 170,047	\$ 301,756	\$ 46,942	\$ 2,913,373

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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 238,865

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	695,309
Depreciation expense	(722,333)
Net book value of assets disposed of	(87,748)

Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end (36,696)

Capital contributions are recorded in the statement of activities when received; they are not reported in the funds 4,609,976

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 3,812

Other postemployment benefit obligation expense is recognized in the statement of activities, but not in the governmental funds (122,362)

The change in the net pension liability is recorded when incurred in the statement of activities 13,038

Increase in equity interest in Swartz Creek Area Fire Department 13,654

Internal Service Funds are included as part of governmental activities 89,347

Change in Net Position of Governmental Activities **\$ 4,744,862**

City of Swartz Creek, Michigan

Proprietary Funds Statement of Net Position June 30, 2015

	Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Proprietary Internal Service
				Fund
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 512,667	\$ 492,976	\$ 1,005,643	\$ 181,665
Investments (Note 3)	1,661,000	1,190,000	2,851,000	100,000
Receivables:				
Receivables from sales to customers on account	517,078	380,047	897,125	-
Accrued interest receivable	1,365	908	2,273	97
Inventory	25,790	-	25,790	-
Prepaid expenses and other assets	3,080	2,382	5,462	286
Total current assets	<u>2,720,980</u>	<u>2,066,313</u>	<u>4,787,293</u>	<u>282,048</u>
Noncurrent assets:				
Advances to other funds (Note 5)	-	59,023	59,023	-
Capital assets (Note 4)	3,938,163	5,919,049	9,857,212	61,898
Total noncurrent assets	<u>3,938,163</u>	<u>5,978,072</u>	<u>9,916,235</u>	<u>61,898</u>
Total assets	<u>6,659,143</u>	<u>8,044,385</u>	<u>14,703,528</u>	<u>343,946</u>
Deferred Outflows of Resources				
Contributions to the pension plan subsequent to the measurement date	16,155	13,217	29,372	1,469
Net difference between projected and actual earnings on pension plan investments	11,221	9,181	20,402	1,020
Total deferred outflows	<u>27,376</u>	<u>22,398</u>	<u>49,774</u>	<u>2,489</u>
Liabilities				
Current liabilities:				
Accounts payable	1,172	22,025	23,197	16,237
Due to other governmental units	128,012	156,266	284,278	-
Deposits payable	17,600	2,500	20,100	-
Accrued liabilities and other	8,523	11,942	20,465	1,375
Unearned revenue	160	-	160	-
Compensated absences (Note 6)	5,000	5,000	10,000	-
Current portion of long-term debt (Note 6)	-	36,808	36,808	-
Total current liabilities	<u>160,467</u>	<u>234,541</u>	<u>395,008</u>	<u>17,612</u>
Noncurrent liabilities:				
Compensated absences (Note 6)	8,619	7,678	16,297	1,596
Net OPEB obligation (Note 11)	40,211	36,279	76,490	-
Net pension liability (Note 9)	136,185	111,419	247,604	12,382
Long-term debt (Note 6)	-	494,746	494,746	-
Total noncurrent liabilities	<u>185,015</u>	<u>650,122</u>	<u>835,137</u>	<u>13,978</u>
Total liabilities	<u>345,482</u>	<u>884,663</u>	<u>1,230,145</u>	<u>31,590</u>
Net Position				
Net investment in capital assets	3,938,163	5,387,495	9,325,658	61,898
Unrestricted	2,402,874	1,794,625	4,197,499	252,947
Total net position	<u>\$ 6,341,037</u>	<u>\$ 7,182,120</u>	<u>\$ 13,523,157</u>	<u>\$ 314,845</u>

The Notes to Financial Statements are an Integral Part of this Statement.

City of Swartz Creek, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2015

	Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Proprietary Internal Service Fund
Operating Revenue				
Sale of water	\$ 1,740,203	\$ -	\$ 1,740,203	\$ -
Sewage disposal charges	-	1,250,182	1,250,182	-
Interest and penalty charges	13,281	20,571	33,852	-
Equipment rental	-	-	-	258,192
Total operating revenue	1,753,484	1,270,753	3,024,237	258,192
Operating Expenses				
Cost of water	1,471,604	15,833	1,487,437	-
Cost of sewage treatment	-	752,229	752,229	114
General operations and maintenance	31,934	41,947	73,881	148,644
Meter reading and billing	87,517	134,432	221,949	-
Depreciation	188,848	242,142	430,990	27,125
Total operating expenses	1,779,903	1,186,583	2,966,486	175,883
Operating (Loss) Income	(26,419)	84,170	57,751	82,309
Nonoperating Revenue (Expenses)				
Investment income	4,297	3,422	7,719	378
Interest expense	-	(23,857)	(23,857)	-
Other nonoperating revenue	-	-	-	6,660
Total nonoperating revenue (expenses)	4,297	(20,435)	(16,138)	7,038
Income - Before contributions	(22,122)	63,735	41,613	89,347
Capital Contributions				
Donated by developers	2,016,865	3,169,359	5,186,224	-
Tap fees	32,250	24,100	56,350	-
Total capital contributions	2,049,115	3,193,459	5,242,574	-
Change in Net Position	2,026,993	3,257,194	5,284,187	89,347
Net Position - Beginning of year (as restated) (Note 12)	4,314,044	3,924,926	8,238,970	225,498
Net Position - End of year	<u>\$ 6,341,037</u>	<u>\$ 7,182,120</u>	<u>\$ 13,523,157</u>	<u>\$ 314,845</u>

City of Swartz Creek, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2015

	Enterprise Funds			Internal Service
	Water Fund	Sewer Fund	Total	Motor Pool
Cash Flows from Operating Activities				
Receipts from customers	\$ 1,678,109	\$ 1,224,292	\$ 2,902,401	\$ 2,228
Receipts from interfund services and reimbursements	-	-	-	255,964
Payments to suppliers	(1,482,342)	(905,908)	(2,388,250)	(108,465)
Payments to employees	(127,113)	(142,931)	(270,044)	(30,205)
Net cash provided by operating activities	68,654	175,453	244,107	119,522
Cash Flows from Noncapital Financing Activities - Repayment of loans made to other funds	-	29,511	29,511	-
Cash Flows from Capital and Related Financing Activities				
Receipt of capital contributions	2,016,865	3,169,359	5,186,224	-
Benefit fees	-	-	-	6,660
Purchase of capital assets	(1,990,882)	(3,274,389)	(5,265,271)	(36,801)
Principal and interest paid on capital debt	-	(58,577)	(58,577)	-
Net cash provided by (used in) capital and related financing activities	25,983	(163,607)	(137,624)	(30,141)
Cash Flows from Investing Activities				
Interest received on investments	5,341	4,072	9,413	434
Purchase of investment securities	(1,076,000)	(635,000)	(1,711,000)	(55,000)
Proceeds from sale and maturities of investment securities	726,000	305,000	1,031,000	-
Net cash used in investing activities	(344,659)	(325,928)	(670,587)	(54,566)
Net (Decrease) Increase in Cash and Cash Equivalents	(250,022)	(284,571)	(534,593)	34,815
Cash and Cash Equivalents - Beginning of year	762,689	777,547	1,540,236	146,850
Cash and Cash Equivalents - End of year	\$ 512,667	\$ 492,976	\$ 1,005,643	\$ 181,665
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities				
Operating (loss) income	\$ (26,419)	\$ 84,170	\$ 57,751	\$ 82,309
Adjustments to reconcile operating (loss) income to net cash from operating activities:				
Depreciation and amortization	188,848	242,142	430,990	27,125
Changes in assets and liabilities:				
Receivables	(75,375)	(46,461)	(121,836)	-
Inventories	(4,471)	-	(4,471)	-
Prepaid and other assets	(225)	(155)	(380)	-
Accounts payable	3,619	(80,105)	(76,486)	11,275
Accrued and other liabilities	(17,323)	(24,138)	(41,461)	(1,187)
Net cash provided by operating activities	\$ 68,654	\$ 175,453	\$ 244,107	\$ 119,522
Noncash Transactions - Capital contributions - Donations from developers	\$ 2,016,865	\$ 3,169,359	\$ 5,186,224	\$ -

City of Swartz Creek, Michigan

Fiduciary Funds Statement of Fiduciary Net Position June 30, 2015

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 54,328
Receivables	<u>77,259</u>
Total assets	<u>\$ 131,587</u>
Liabilities	
Due to other governmental units	\$ 78,552
Deposits payable	<u>53,035</u>
Total liabilities	<u>\$ 131,587</u>

City of Swartz Creek, Michigan

Notes to Financial Statements June 30, 2015

Note I - 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 provisions 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)

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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 for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these 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.

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.

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures that specific revenue was used for. The various funds are aggregated into three broad fund types:

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

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City reports the following funds as “major” governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Major Streets Fund accounts for the portion of the City's share of proceeds from gas and weight tax levied by the State and distributed to local governmental units to be used for major streets. State law requires that these taxes be used for major street maintenance and construction.
- The Local Streets Fund accounts for the portion of the City's share of proceeds from gas and weight tax levied by the State and distributed to local governmental units to be used for local streets. State law requires that these taxes be used for local street maintenance and construction.
- The Garbage Collection Fund accounts for a special property tax millage allowed to provide garbage and compost collection services.

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following funds as “major” enterprise funds:

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

The City's internal service funds are used to account for services provided to other departments of the government on a cost reimbursement basis. The City has a motor pool internal service fund that allocates costs to the various funds on a full accrual basis, so that the full costs are recognized and allocated to the various funds in the year that the costs are incurred.

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

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include:

- The Agency Fund accounts for assets held by the City in a trustee capacity. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

Interfund Activity - During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

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

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at end of year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. 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, delinquent property taxes, special assessments, major street reimbursements, and miscellaneous receivables will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow of resources".

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash, Cash Equivalents, 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 - 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. 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 \$2,500 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.

City of Swartz Creek, Michigan

Notes to Financial Statements June 30, 2015

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

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

Capital asset class	Lives
Infrastructure	15-25
Water and sewer lines	40
Land improvements	10-40
Buildings and improvements	39
Machinery and equipment	3-7
Vehicles	3-5

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 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. Costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize the face amount of debt issued as an "other financing source," as well as bond premiums and discounts. The General Fund is generally used to liquidate governmental long-term debt.

Unearned Revenue - The statement of net position and/or balance sheet will sometimes report a liability related to resources that have been received but not yet earned. At the end of the fiscal year, the City reports unearned revenue related to miscellaneous revenue that was received during the year and related to the next fiscal year.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Due to the implementation of GASB Statement No. 68, the City has deferred outflows of resources related to the defined benefit pension plan, made up of employer contributions made subsequent to the measurement date, as well as the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenue from delinquent property taxes, special assessments, major street reimbursements, and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amount become available.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. 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

City of Swartz Creek, Michigan

Notes to Financial Statements June 30, 2015

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

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.

Property Tax Revenue - Property taxes attach as an enforceable lien on property as of July 1. Taxes are also levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on September 1 of the following year, at which time penalties and interest are assessed.

The City's 2014 tax is levied and collectible on July 1, 2014 and is recognized as revenue in the year ended June 30, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

<u>Purpose</u>	<u>Millage Rate</u>	<u>Revenue</u>
General operating	4.829	\$ 705,270
Garbage collection	2.627	383,678
Public safety	4.900	641,251
Total	<u>12.3560</u>	<u>\$ 1,730,199</u>

Pension - The City offers a defined benefit pension plan to some of its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the the City's pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund, major and nonmajor governmental funds, Water Fund, Sewer Fund, and internal service funds are used to liquidate the pension obligation.

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

Other Postemployment Benefit Costs - The City offers retiree healthcare benefits to retirees. 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, 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. The General Fund, Water Fund, and Sewer Fund are used to liquidate the OPEB obligation.

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. The General Fund is used to liquidate the obligation.

Proprietary Funds Operating Classification - Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water Fund and Sewer Fund and internal service funds are charges to customers for sales and services. The Water Fund and Sewer Fund also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service 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.

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 reporting period. Actual results could differ from those estimates.

City of Swartz Creek, Michigan

Notes to Financial Statements June 30, 2015

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, 2014	\$ (240,417)
Current year permit revenue	53,064
Related expenses - Direct costs	<u>166,131</u>
Current year shortfall	<u>(113,067)</u>
Cumulative shortfall at June 30, 2015	<u>\$ (353,484)</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, 2015

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 \$2,228,014 of bank deposits (certificates of deposit and 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

City of Swartz Creek, Michigan

Notes to Financial Statements June 30, 2015

Note 4 - Capital Assets

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

	Balance July 1, 2014	Reclassifications and Adjustments	Additions	Disposals	Balance June 30, 2015
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 1,538,916	\$ -	\$ 9,670	\$ (18,708)	\$ 1,529,878
Construction in progress	77,294	(3,484)	305,009	-	378,819
Subtotal	1,616,210	(3,484)	314,679	(18,708)	1,908,697
Capital assets being depreciated:					
Infrastructure	5,364,894	-	4,609,976	-	9,974,870
Buildings and improvements	2,793,981	-	33,141	(87,241)	2,739,881
Machinery and equipment	977,084	-	1,610	(13,416)	965,278
Vehicles	617,352	-	36,801	-	654,153
Land improvements	607,722	3,484	351,201	-	962,407
Subtotal	10,361,033	3,484	5,032,729	(100,657)	15,296,589
Accumulated depreciation:					
Infrastructure	1,590,865	-	588,158	-	2,179,023
Buildings and improvements	1,129,249	-	56,561	(13,959)	1,171,851
Machinery and equipment	811,503	-	45,970	(12,336)	845,137
Vehicles	567,960	-	25,309	-	593,269
Land improvements	440,758	-	33,460	-	474,218
Subtotal	4,540,335	-	749,458	(26,295)	5,263,498
Net capital assets being depreciated	5,820,698	3,484	4,283,271	(74,362)	10,033,091
Net capital assets	\$ 7,436,908	\$ -	\$ 4,597,950	\$ (93,070)	\$ 11,941,788
Business-type Activities					
Capital assets being depreciated:					
Water and sewer lines	\$ 9,388,199	\$ -	\$ 5,309,082	\$ -	\$ 14,697,281
Machinery and equipment	166,719	-	12,539	-	179,258
Subtotal	9,554,918	-	5,321,621	-	14,876,539
Accumulated depreciation:					
Water and sewer lines	4,442,249	-	421,794	-	4,864,043
Machinery and equipment	146,088	-	9,196	-	155,284
Subtotal	4,588,337	-	430,990	-	5,019,327
Net capital assets being depreciated	4,966,581	-	4,890,631	-	9,857,212
Net capital assets	\$ 4,966,581	\$ -	\$ 4,890,631	\$ -	\$ 9,857,212

City of Swartz Creek, Michigan

Notes to Financial Statements June 30, 2015

Note 4 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 434,703
Public safety	14,347
Public works	250,466
Recreation and culture	22,817
Internal service fund depreciation is charged to the various functions based on their usage of the asset	<u>27,125</u>
Total governmental activities	<u>\$ 749,458</u>

Business-type activities:

Water	\$ 188,848
Sewer	<u>242,142</u>
Total business-type activities	<u>\$ 430,990</u>

Note 5 - Interfund Receivables, Payables, and Transfers

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Advances from/to Other Funds		
Sewer Fund	General Fund	<u>\$ 59,023</u>

The long-term advance from the Sewer Fund to the General Fund was used to pay for the City's portion of the equipment costs paid to the Swartz Creek Fire Department. The advance is a 0.40 percent loan with annual payments due to the Sewer Fund from the General Fund, with annual installments of \$29,865 in year one (fiscal year 2015), \$29,747 in year two (fiscal year 2016), and \$29,629 in year three (fiscal year 2017).

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

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Local Streets	\$ 45,000
	Nonmajor governmental funds	<u>99,799</u>
	Total General Fund	<u>\$ 144,799</u>

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

City of Swartz Creek, Michigan

Notes to Financial Statements June 30, 2015

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
Governmental Activities	
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>470,000</u>

Description	Amount
Business-type Activities	
County contractual obligations - 2006 Genesee County Sewer Extension Bonds, bearing interest from 4 percent to 4.35 percent, maturing in 2026	\$ <u>531,554</u>

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligations	\$ 520,000	\$ -	\$ (50,000)	\$ 470,000	\$ 75,000
Accumulated compensated absences	62,153	75,577	(79,460)	58,270	55,000
Total governmental activities	<u>\$ 582,153</u>	<u>\$ 75,577</u>	<u>\$ (129,460)</u>	<u>\$ 528,270</u>	<u>\$ 130,000</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
County contractual obligations	\$ 567,279	\$ -	\$ (35,725)	\$ 531,554	\$ 36,808
Accumulated compensated absences	24,292	33,599	(31,594)	26,297	10,000
Total business-type activities	<u>\$ 591,571</u>	<u>\$ 33,599</u>	<u>\$ (67,319)</u>	<u>\$ 557,851</u>	<u>\$ 46,808</u>

City of Swartz Creek, Michigan

Notes to Financial Statements June 30, 2015

Note 6 - Long-term Debt (Continued)

Total interest expense for the year was approximately \$52,000. 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
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	75,000	13,730	88,730	43,304	17,546	60,850
2020	75,000	9,568	84,568	45,469	15,814	61,283
2021-2025	95,000	5,368	100,368	264,152	48,608	312,760
2026-2030	-	-	-	61,709	2,684	64,393
Total	\$ 470,000	\$ 94,308	\$ 564,308	\$ 531,554	\$ 146,816	\$ 678,370

County Contractual Obligations - The above contractual obligations to the County are the result of the County's 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 \$678,370. During the current year, net revenue of the system totaled \$345,963, compared to the annual debt requirements of \$59,376.

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.

City of Swartz Creek, Michigan

Notes to Financial Statements June 30, 2015

Note 8 - Joint Venture Agreement

The Swartz Creek Area Fire Department (the "Fire Department") 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 Department board are appointed by the City and Township. The participating units provide revenue to the Fire Department on the basis of fire runs and general contributions. The City and Township have provided the Fire Department with the use of several vehicles and real property. Title to these vehicles remains with the contributing unit of governments.

The equity interest is calculated based on the City's total contributions as a percentage of all contributions received by the Fire Department. The City's equity interest of \$303,160 is recorded within the governmental activities column of the statement of net position.

During the year ended June 30, 2015, the City was billed \$28,587 for fire runs by the Fire Department. The City contributed an additional \$110,567 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 Department headquarters.

Note 9 - Defined Benefit Pension Plan

Plan Description - The City participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees Retirement System of Michigan (MERS) that covers some employees of the City. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Benefits Provided - The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers general employees hired prior to July 1, 1997 and police employees and supervisor employees hired prior to July 1, 1997.

City of Swartz Creek, Michigan

Notes to Financial Statements June 30, 2015

Note 9 - Defined Benefit Pension Plan (Continued)

Retirement benefits for general employees hired prior to July 1, 1997 are calculated as 2 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 30 years of service. The vesting period is 10 years. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction.

Retirement benefits for police employees are calculated as 2.5 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service. The vesting period is 10 years. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction.

Retirement benefits for supervisor employees hired prior to July 1, 1997 are calculated as 2.5 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service. The vesting period is 10 years. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial valuation.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date for supervisor employees hired prior to July 1, 1997. The annual adjustments are 2.5 percent, noncompounding.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the city council, generally after negotiations of these terms with the affected unions. Police employees benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms - At the December 31, 2014 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	20
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	8
	<hr/>
Total employees covered by MERS	29

Note 9 - Defined Benefit Pension Plan (Continued)

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For general employees hired prior to July 1, 1997, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. General employees hired prior to July 1, 1997 are required to deposit 2 percent of all monetary compensation, including overtime. The City makes employer contributions in accordance with funding requirements determined by MERS' actuary. The City's average monthly contribution was approximately \$2,200 for general employees hired prior to July 1, 1997.

For police employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Police employees are required to deposit 2.5 percent of all monetary compensation, including overtime. The City makes employer contributions in accordance with funding requirements determined by MERS' actuary. The City's average monthly contribution was approximately \$5,600 for police employees.

For supervisor employees hired prior to July 1, 1997, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Supervisor employees hired prior to July 1, 1997 are required to contribute 4 percent of all monetary compensation, including overtime. The City makes employer contributions in accordance with funding requirements determined by MERS' actuary. The City currently does not have a required monthly contribution for supervisor employees hired prior to July 1, 1997.

Net Pension Liability

The net pension liability reported at June 30, 2015 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The June 30, 2015 total pension liability was determined by an actuarial valuation performed as of December 31, 2014, which used update procedures to roll forward the estimated liability to June 30, 2015.

City of Swartz Creek, Michigan

Notes to Financial Statements June 30, 2015

Note 9 - Defined Benefit Pension Plan (Continued)

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2013	\$ 8,335,063	\$ 7,262,854	\$ 1,072,209
Service cost	45,819		45,819
Interest	665,445		665,445
Contributions - Employer		97,181	(97,181)
Contributions - Employee		13,280	(13,280)
Net investment income		451,462	(451,462)
Benefit payments, including refunds	(583,933)	(583,933)	-
Administrative expenses	-	(16,481)	16,481
Net changes	127,331	(38,491)	165,822
Balance at December 31, 2014	<u>\$ 8,462,394</u>	<u>\$ 7,224,363</u>	<u>\$ 1,238,031</u>

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$160,993. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 102,010
Employer contributions to the plan subsequent to the measurement date	146,862
Total	<u>\$ 248,872</u>

City of Swartz Creek, Michigan

Notes to Financial Statements June 30, 2015

Note 9 - Defined Benefit Pension Plan (Continued)

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the \$146,862 employer contributions to the plan made subsequent to the measurement date, which will impact the net pension liability in fiscal year 2016, rather than pension expense.

<u>Years Ending June 30</u>	<u>Amount</u>
2016	\$ 25,502
2017	25,502
2018	25,502
2019	25,504

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.0 %
Salary increases	4.5 % In the long term, 2 percent and 3 percent for calendar years 2015 and 2016, respectively, including inflation
Investment rate of return	8.3 % Net of pension plan investment expense, including inflation

Mortality rates were based on the 50 percent male and 50 percent female blend of the 1994 Group Annuity Mortality Table.

Discount Rate - The discount rate used to measure the total pension liability was 8.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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

City of Swartz Creek, Michigan

Notes to Financial Statements June 30, 2015

Note 9 - Defined Benefit Pension Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2014, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	58 %	5.0 %
Global fixed income	20	2.2
Real assets	12	4.2
Diversifying strategies	10	6.6

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 8.25 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent) or one percentage point higher (9.25 percent) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Net pension liability of the City	\$ 2,066,831	\$ 1,238,031	\$ 528,108

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are report by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 10 - Defined Contribution Pension Plan

The City has adopted, by ordinance, a defined contribution money purchase pension plan administered by MERS and a deferred compensation 457 retirement plan administered by 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. 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 \$1,130,969. The current year contribution was calculated based on covered payroll of \$463,726, resulting in an employer contribution of \$30,169. The 457 deferred compensation plan is open to all of the employees of the City on a voluntary basis.

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, 2015

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 Statement 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 25 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)	\$ 149,407
Interest on OPEB obligation	7,889
Less adjustment to the annual required contribution	<u>(10,359)</u>
Annual OPEB cost	146,937
Amounts contributed:	
Payments of current premiums	(49,969)
Advance funding	<u>-</u>
Increase in net OPEB obligation	96,968
OPEB obligation - Beginning of year	<u>197,166</u>
OPEB obligation - End of year	<u>\$ 294,134</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
6/30/13	6/30/13	\$ 46,251	77.9 %	\$ 121,413
6/30/14	6/30/14	110,703	31.6	197,166
6/30/15	6/30/15	146,937	34.0	294,134

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
6/30/13	\$ -	\$ 619,620	\$ 619,620	-	-	%
6/30/14	-	1,196,994	1,196,994	-	-	-
6/30/15	-	1,888,248	1,888,248	-	-	-

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 56 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 was 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 the purpose 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 6.2 percent was used.

City of Swartz Creek, Michigan

Notes to Financial Statements June 30, 2015

Note 11 - Other Postemployment Benefits (Continued)

Health Insurance Premiums - 2015 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid. Health insurance premiums from 2014 to 2015 increased significantly, which resulted in the significant increase in the 2015 actuarial accrued liability.

Payroll Growth Rate - The expected long-term payroll growth rate was assumed to equal 1.5 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, 2015 was 25 years.

Note 12 - Change in Accounting

During the current year, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Accordingly, the financial statements for the year ended June 30, 2014 have been restated in order to reflect the change in accounting. Under GASB Statement No. 68, the City is now reflecting a liability for the difference between the total pension liability and the value of assets to offset the liability.

The effect of this change is as follows:

	Governmental Activities	Business- type Activities	Water Fund	Sewer Fund	Proprietary Internal Service Fund
Net position - June 30, 2014 -					
As previously reported	\$ 10,497,409	\$ 8,570,344	\$ 4,487,759	\$ 4,082,585	\$ 243,330
Previous net pension asset	(464,745)	(115,272)	(61,025)	(54,247)	(6,030)
Net pension liability	<u>(806,276)</u>	<u>(216,102)</u>	<u>(112,690)</u>	<u>(103,412)</u>	<u>(11,802)</u>
Net position - June 30, 2014 -					
As restated	<u>\$ 9,226,388</u>	<u>\$ 8,238,970</u>	<u>\$ 4,314,044</u>	<u>\$ 3,924,926</u>	<u>\$ 225,498</u>

Note 13 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2016 fiscal year.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the City to recognize on the face of the financial statements its net OPEB liability related to its participation in the OPEB plan. 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 the City's financial statements for the year ending June 30, 2018.

Required Supplemental Information

City of Swartz Creek, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,320,827	\$ 1,338,827	\$ 1,342,075	\$ 3,248
Licenses and permits	178,300	193,360	211,526	18,166
Federal grants	-	64,785	56,465	(8,320)
State-shared revenue and grants	493,298	628,568	624,346	(4,222)
Charges for services	174,408	158,676	177,460	18,784
Fines and forfeitures	22,100	14,500	15,190	690
Investment income	2,209	2,089	3,003	914
Other revenue	76,683	199,419	262,900	63,481
Total revenue	2,267,825	2,600,224	2,692,965	92,741
Expenditures - Current				
General government	325,631	303,909	270,856	33,053
Legislative	18,638	17,756	15,281	2,475
Public safety	1,320,138	1,312,522	1,204,024	108,498
Public works	563,483	914,519	818,945	95,574
Recreation and culture	55,500	53,000	50,119	2,881
Total expenditures	2,283,390	2,601,706	2,359,225	242,481
Transfers out	(84,290)	(129,150)	(144,799)	15,649
Net Change in Fund Balance	(99,855)	(130,632)	188,941	319,573
Fund Balance - Beginning of year	1,320,080	1,320,080	1,320,080	-
Fund Balance - End of year	<u>\$ 1,220,225</u>	<u>\$ 1,189,448</u>	<u>\$ 1,509,021</u>	<u>\$ 319,573</u>

City of Swartz Creek, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 281,000	\$ 281,000	\$ 297,767	\$ 16,767
Charges for services	-	7,200	8,604	1,404
Investment income	300	390	1,535	1,145
Other revenue - Other miscellaneous income	1,779,515	1,779,515	102,951	(1,676,564)
Total revenue	2,060,815	2,068,105	410,857	(1,657,248)
Expenditures - Current				
General government	250	250	135	115
Public works:				
Street construction	1,801,015	1,906,312	238,002	1,668,310
Routine maintenance	58,687	66,116	45,415	20,701
Winter maintenance	71,768	63,816	39,140	24,676
Traffic services	428,071	327,401	97,610	229,791
Administration	3,109	6,195	3,258	2,937
Occupational safety	561	561	196	365
Right of way	8,000	8,100	2,192	5,908
Total expenditures	2,371,461	2,378,751	425,948	1,952,803
Net Change in Fund Balance	(310,646)	(310,646)	(15,091)	295,555
Fund Balance - Beginning of year	900,698	900,698	900,698	-
Fund Balance - End of year	<u>\$ 590,052</u>	<u>\$ 590,052</u>	<u>\$ 885,607</u>	<u>\$ 295,555</u>

City of Swartz Creek, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Streets Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 83,500	\$ 91,864	\$ 114,338	\$ 22,474
Investment income	45	85	157	72
Other revenue	16,000	17,897	17,069	(828)
Total revenue	99,545	109,846	131,564	21,718
Expenditures - Current				
General government	250	550	135	415
Public works:				
Street construction	34,353	55,430	49,694	5,736
Routine maintenance	19,200	20,800	5,570	15,230
Winter maintenance	55,732	35,692	35,692	-
Traffic services	5,445	9,513	6,034	3,479
Administration	2,979	6,175	5,307	868
Stormwater drainage	6,500	6,500	1,419	5,081
Right of way	19,500	19,600	42	19,558
Total expenditures	143,959	154,260	103,893	50,367
Excess of Revenue (Under) Over Expenditures	(44,414)	(44,414)	27,671	72,085
Other Financing Sources -				
Transfers in	45,000	45,000	45,000	-
Net Change in Fund Balance	586	586	72,671	72,085
Fund Balance - Beginning of year	97,376	97,376	97,376	-
Fund Balance - End of year	<u>\$ 97,962</u>	<u>\$ 97,962</u>	<u>\$ 170,047</u>	<u>\$ 72,085</u>

City of Swartz Creek, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Garbage Collection Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 372,607	\$ 374,884	\$ 375,078	\$ 194
Investment income	550	550	792	242
Total revenue	373,157	375,434	375,870	436
Expenditures - Current				
General government	61,248	53,240	41,978	11,262
Public works:				
Rubbish disposal	280,371	308,725	301,986	6,739
Wood chipping	71,178	52,910	49,415	3,495
Facilities	22,355	22,558	13,703	8,855
Total expenditures	435,152	437,433	407,082	30,351
Other Financing Uses - Transfers out	(7,860)	(7,860)	-	(7,860)
Net Change in Fund Balance	(69,855)	(69,859)	(31,212)	(37,775)
Fund Balance - Beginning of year	332,968	332,968	332,968	-
Fund Balance - End of year	<u>\$ 263,113</u>	<u>\$ 263,109</u>	<u>\$ 301,756</u>	<u>\$ (37,775)</u>

City of Swartz Creek, Michigan

Note to Required Supplemental Information Year Ended June 30, 2015

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 transfers-out for General Fund were in excess of budget by \$15,649 due to unanticipated transfers.

City of Swartz Creek, Michigan

Required Supplemental Information Schedule of Changes in the City Net Pension Liability and Related Ratios Last Ten Fiscal Years

	2015
Total pension liability:	
Service cost	\$ 45,819
Interest	665,445
Benefit payments, including refunds	(583,933)
Net change in total pension liability	127,331
Total pension liability - Beginning of year	8,335,063
Total pension liability - End of year	\$ 8,462,394
Plan fiduciary net position:	
Contributions - Employer	\$ 97,181
Contributions - Member	13,280
Net investment income	451,462
Administrative expenses	(16,481)
Benefit payments, including refunds	(583,933)
Net change in plan fiduciary net position	(38,491)
Plan fiduciary net position - Beginning of year	7,262,854
Plan fiduciary net position - End of year	\$ 7,224,363
City's net pension liability - Ending	\$ 1,238,031
Plan fiduciary net position as a percentage of total pension liability	85.37 %
Covered employee payroll	\$ 475,398
City's net pension liability as a percentage of covered employee payroll	260.4 %

City of Swartz Creek, Michigan

Required Supplemental Information Schedule of City Contributions Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 97,181	\$ 96,931	\$ 79,846	\$ 76,298	\$ 76,075	\$ 80,475	\$ 109,225	\$ 99,212	\$ 154,398	\$ 83,094
Contributions in relation to the actuarially determined contribution	97,181	96,931	79,846	93,164	105,824	285,463	274,921	194,393	161,407	105,583
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (16,866)	\$ (29,749)	\$ (204,988)	\$ (165,696)	\$ (95,181)	\$ (7,009)	\$ (22,489)
Covered employee payroll	\$ 475,398	\$ 475,620	\$ 573,530	\$ 568,710	\$ 572,087	\$ 609,086	\$ 721,368	\$ 711,359	\$ 746,497	\$ 799,468
Contributions as a percentage of covered employee payroll	20.4 %	20.4 %	13.9 %	16.4 %	18.5 %	46.9 %	38.1 %	27.3 %	21.6 %	13.2 %

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for the City's fiscal year ended June 30, 2015 were determined based on the actuarial valuation as of December 31, 2012. The most recent valuation is as of December 31, 2014.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	24 years
Asset valuation method	10-year smoothed market
Inflation	4.5%
Salary increases	4.5%
Investment rate of return	3.0%
Retirement age	Experienced-based table of rates are specific to the type of eligibility condition
Mortality	1994 Group Annuity Mortality Table of a 50 percent male and 50 percent female blend
Other information	None

City of Swartz Creek, Michigan

Required Supplemental Information OPEB System Schedule Year Ended June 30, 2015

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/13	\$ -	\$ 619,620	\$ 619,620	- %	\$ -	- %
6/30/14	-	1,196,994	1,196,994	-	-	-
6/30/15	-	1,888,248	1,888,248	-	-	-

Other Supplemental Information

City of Swartz Creek, Michigan

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2015

	Special Revenue Funds			Debt Service Funds			Total Nonmajor Governmental Funds
	Drug Enforcement	Special Assessment	Total	City Hall - Debt Service	Capital Projects	Fire Capital project	
Assets							
Cash and investments	\$ 2,951	\$ 15,723	\$ 18,674	\$ 1,662	\$ 8	\$ 20,051	\$ 40,395
Receivables	-	10,921	10,921	-	-	21	10,942
Prepaid expenses and other assets	2,213	-	2,213	-	-	-	2,213
Total assets	\$ 5,164	\$ 26,644	\$ 31,808	\$ 1,662	\$ 8	\$ 20,072	\$ 53,550
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities - Accounts payable	\$ -	\$ 90	\$ 90	\$ -	\$ -	\$ -	\$ 90
Deferred Inflows of Resources	-	6,518	6,518	-	-	-	6,518
Fund Balances							
Nonspendable:							
Prepays	2,213	-	2,213	-	-	-	2,213
Drug forfeiture	2,951	-	2,951	-	-	-	2,951
Weed control	-	20,036	20,036	-	-	-	20,036
Committed:							
Assigned:							
Debt service	-	-	-	1,662	-	-	1,662
Capital projects	-	-	-	-	8	20,072	20,080
Total fund balances	5,164	20,036	25,200	1,662	8	20,072	46,942
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,164	\$ 26,644	\$ 31,808	\$ 1,662	\$ 8	\$ 20,072	\$ 53,550

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, 2015

	Special Revenue Funds		Debt Service Funds	Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Enforcement	Special Assessment	City Hall - Debt Service	Capital Projects	Fire Capital project	
Revenue						
Fines and forfeitures	\$ 6,126	\$ -	\$ -	\$ -	\$ -	\$ 6,126
Investment income	1	-	22	-	23	46
Other revenue	-	14,953	-	-	-	14,953
Total revenue	6,127	14,953	22	-	23	21,125
Expenditures						
Current:						
Public safety	7,851	10,287	-	-	-	18,138
Debt service:						
Principal	-	-	50,000	-	-	50,000
Interest on long-term debt	-	-	29,230	-	-	29,230
Total expenditures	7,851	10,287	79,230	-	-	97,368
Excess of Revenue (Under) Over Expenditures	(1,724)	4,666	(79,208)	-	23	(76,243)
Other Financing Sources -						
Transfers in	1,199	-	78,600	-	20,000	99,799
Net Change in Fund Balances	(525)	4,666	(608)	-	20,023	23,556
Fund Balances - Beginning of year	5,689	15,370	2,270	8	49	23,386
Fund Balances - End of year	\$ 5,164	\$ 20,036	\$ 1,662	\$ 8	\$ 20,072	\$ 46,942

City of Swartz Creek, Michigan

Other Supplemental Information Statement of Net Position Fiduciary Funds June 30, 2015

	Agency Funds				
	Trust and Agency	Current Tax Collection	Winter Tax Collection	Delinquent Personal Property Tax	Total Agency Funds
Assets					
Cash and cash equivalents	\$ 53,035	\$ -	\$ 1,293	\$ -	\$ 54,328
Receivables	-	-	-	77,259	77,259
Total assets	\$ 53,035	\$ -	\$ 1,293	\$ 77,259	\$ 131,587
Liabilities					
Due to other governmental units	\$ -	\$ -	\$ 1,293	\$ 77,259	\$ 78,552
Deposits payable	53,035	-	-	-	53,035
Total liabilities	\$ 53,035	\$ -	\$ 1,293	\$ 77,259	\$ 131,587