

**CITY OF DEXTER
Washtenaw County, Michigan**

AUDITED FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2015**

CITY OF DEXTER
For the Fiscal Year Ended June 30, 2015

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For the Fiscal Year Ended June 30, 2015

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FINANCIAL SECTION

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Independent Auditor's Report

December 8, 2015

To the Honorable Mayor and City Council
City of Dexter
Dexter, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dexter, Michigan, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dexter, Michigan, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

On November 20, 2014, the Village of Dexter filed a city charter, which was approved by the voters on November 4, 2014. Upon filing, the Village of Dexter officially became a home rule city, named the City of Dexter. The City's fiscal year is unchanged from the Village's fiscal year.

As discussed in the footnotes to the basic financial statements, in fiscal year 2015, the City adopted the new accounting guidance of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result of implementing this pronouncement, the City's net pension liability has been recognized on the government-wide statements, and as discussed in the notes, the 2014 financial statements have been restated. Our opinion is not modified with respect to this matter.

Other Matters

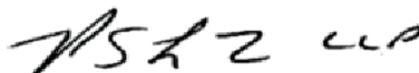
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the defined benefit pension plan trend information, and the budgetary comparison information, 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dexter, Michigan's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling information directly to underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully,



PSLZ LLP
Certified Public Accountants

Management's Discussion and Analysis

As management of the City of Dexter, we offer readers of the City of Dexter's financial statements this narrative overview and analysis of the financial activities of the City of Dexter for the fiscal year ended June 30, 2015. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- In November 2014, the Village of Dexter became the City of Dexter upon the adoption of a City Charter by city voters. The adoption of the City Charter reset the applicable millage rates for the City to 12.5 mills for general operating and 5 mills for streets.
- The assets of the City of Dexter exceeded its liabilities at the close of the most recent fiscal year by \$16,648,031 (*net position*). Of this amount, \$1,118,729 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$215,071.
- At the close of the current fiscal year, the City of Dexter's governmental funds reported combined ending fund balances of \$2,078,921. Thirty-eight percent of this total amount, \$786,642, is *available for spending* at the government's discretion (*unassigned fund balance*).
- The City of Dexter's total debt decreased by \$274,000 during the current fiscal year, as a combined result of issuance of capital improvement bonds of \$800,000 less annual principal repayments, including an additional \$225,000 of principal paid by the Downtown Development Authority in advance of the bond refunding in August 2015.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Dexter's basic financial statements, which have three components:

- 1) Government-wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to the Financial Statements

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Dexter's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Dexter's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Dexter is improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Dexter that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Dexter include general government, public works, police, fire, streets, debt service, and capital improvements. The business-type activities of the City of Dexter are the Water and Sewer Funds.

The government-wide financial statements include not only the City of Dexter itself (known as the *primary government*), but also a legally separate component unit, the Downtown Development Authority (DDA) for which the City of Dexter is financially accountable. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 10-12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Dexter, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Dexter can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Major Street Special Revenue Fund, the Local Street Special Revenue Fund, the Municipal Street Special Revenue Fund, the Solid Waste Special Revenue Fund, and the Downtown Development Authority Special Revenue fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 13-17 of this report.

Proprietary funds. The City of Dexter maintains two proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Dexter used enterprise funds to account for its Water and Sewer operations.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Funds, which are considered major funds of the City of Dexter.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Dexter's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-47 of this report.

Government-wide Financial Analysis

Assets exceeded liabilities by \$16,648,031 at the close of the most recent fiscal year. Of the City of Dexter's net position, 88 percent reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Dexter used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Dexter's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	Restated 2014	2015	2014	2015	Restated 2014
	Current and other assets	\$ 2,481,391	\$ 3,217,228	\$ 1,424,444	\$ 1,966,473	\$ 3,905,835
Capital Assets	14,733,934	13,967,320	15,605,795	15,698,397	30,339,729	29,665,717
Total Assets	<u>17,215,325</u>	<u>17,184,548</u>	<u>17,030,239</u>	<u>17,664,870</u>	<u>34,245,564</u>	<u>34,849,418</u>
Deferred Outflows	105,293	26,076	-	-	105,293	26,076
Long-term liabilities	7,218,816	7,081,025	9,948,151	10,403,151	17,166,967	17,484,176
Other liabilities	402,470	419,697	133,389	108,519	535,859	528,216
Total Liabilities	<u>7,621,286</u>	<u>7,500,722</u>	<u>10,081,540</u>	<u>10,511,670</u>	<u>17,702,826</u>	<u>18,012,392</u>
Net Position:						
Net Investment						
in capital assets	8,956,934	8,371,320	5,657,644	5,295,246	14,614,578	13,666,566
Restricted	914,724	1,347,963	-	-	914,724	1,347,963
Unrestricted	(172,326)	(9,381)	1,291,055	1,857,954	1,118,729	1,848,573
Total Net Position	<u>\$ 9,699,332</u>	<u>\$ 9,709,902</u>	<u>\$ 6,948,699</u>	<u>\$ 7,153,200</u>	<u>\$ 16,648,031</u>	<u>\$ 16,863,102</u>

An additional portion (5%) of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is \$1,118,729 which may be used to meet the City's ongoing obligations to citizens and creditors.

The governmental unrestricted net position reflects a deficit balance of \$172,326, which is a positive balance of \$557,579 less the net pension liability adjustments of \$729,905, as a result of implementation of the Governmental Accounting Standards Board Statement No. 68.

Governmental activities. Governmental activities decreased net position by \$10,570.

Business-type activities. Business-type activities decreased net position by \$204,501.

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Program Revenues:						
Charges for Services	\$ 967,069	\$ 1,182,096	\$ 1,882,228	\$ 1,738,402	\$ 2,849,297	\$ 2,920,498
Operating Grants & Contrib.	315,546	308,794	-	-	315,546	308,794
Capital Grants & Contrib.	9,800	10,462	331,702	387,788	341,502	398,250
General Revenues:						
Property Taxes	3,096,696	2,893,591	-	-	3,096,696	2,893,591
State Shared Revenues	318,551	305,641	-	-	318,551	305,641
Investment Earnings	15,049	14,807	1,480	3,622	16,529	18,429
Franchise Fees	72,984	67,825	-	-	72,984	67,825
Total Revenues	<u>4,795,695</u>	<u>4,783,216</u>	<u>2,215,410</u>	<u>2,129,812</u>	<u>7,011,105</u>	<u>6,913,028</u>
Program Expenses						
General Government	949,507	801,294	-	-	949,507	801,294
Public Safety	1,067,860	1,052,606	-	-	1,067,860	1,052,606
Community Development	207,408	307,707	-	-	207,408	307,707
Public Works	2,122,265	2,332,195	-	-	2,122,265	2,332,195
Recreation and Cultural	160,870	158,261	-	-	160,870	158,261
Interest on Long-Term Debt	298,355	311,308	-	-	298,355	311,308
Water and Sewer	-	-	2,419,911	2,646,530	2,419,911	2,646,530
Total Expenses	<u>4,806,265</u>	<u>4,963,371</u>	<u>2,419,911</u>	<u>2,646,530</u>	<u>7,226,176</u>	<u>7,609,901</u>
Change in Net Position	<u>\$ (10,570)</u>	<u>\$ (180,155)</u>	<u>\$ (204,501)</u>	<u>\$ (516,718)</u>	<u>\$ (215,071)</u>	<u>\$ (696,873)</u>

The City implemented GASB Statement No. 68 in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of this change; however, the ending net position for that year was adjusted to properly state the fiscal year 2015 beginning net position.

Financial Analysis of the Government's Funds

As noted earlier, the City of Dexter used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Dexter's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources.

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$2,078,921, 38% of this total amount (\$786,642) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted* (\$914,724), *committed* (\$87,589) or *assigned* (\$289,966) to indicate that it is not available for new spending because it has already been committed.

Total governmental fund balances decreased \$718,610 for the year ended June 30, 2015 as compared to the prior fiscal year.

The General Fund is the chief operating fund of the City of Dexter. At the end of the current fiscal year, total fund balance of the general fund was \$1,076,608, of which \$786,642 is unassigned.

Proprietary funds. The City of Dexter's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Funds at the end of the current fiscal year amounted to \$1,291,055. Factors concerning the change in net position have already been addressed in the discussion of business-type activities.

General Fund Budgetary Highlights

The change between the total original and final amended budgeted revenue amounts was an increase of \$24,800, primarily for franchise fees and other revenues. The final amended budgeted expenditures in the General Fund increased by \$181,800 over the original adopted budget primarily due to the use of the prior year's budget surplus to make additional payments to both the defined benefit pension plan (MERS) and the retiree health-care trust (OPEB). The final amended budget for the year ended June 30, 2015 projected a \$317,300 decrease in General Fund fund balance, and the final actual amount of decrease to fund balance was \$253,077.

Capital Asset and Debt Administration

Capital assets. The City of Dexter's investment in capital assets for its governmental and business type activities is \$30,339,729 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, machinery and equipment, park facilities, and roads. The City of Dexter's investment in capital assets for the current fiscal year was increased 5% for governmental activities, and decreased 1% in business-type activities, primarily due to annual depreciation.

Additional information on the City of Dexter's capital assets can be found in note III.B on pages 32-33 of this report.

Long-term debt. At the end of the current fiscal year, the City of Dexter had total debt outstanding of \$15,725,151. Of this amount, \$5,777,000 is governmental, and \$9,948,151 is business-type. The City of Dexter's total debt decreased by \$274,000 during the current fiscal year as a result of \$800,000 of issuance of capital improvement bonds for roads less \$1,074,000 of principal debt service payments made, including an additional \$225,000 of principal paid by the Downtown Development Authority in advance of the bond refunding in August 2015.

Additional information on the City of Dexter's long-term debt can be found in note III.D on pages 34-37 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City Council is supportive of redevelopment in the City to encourage investment that will increase tax revenues. New home construction continues to be strong in our existing neighborhoods. Two new residential developments are currently in the planning stages. Several industrial properties have also undertaken expansion projects.
- The millage rate for 2014-2015 is 14.0562, which includes a 0.5 mill increase to fund road work. Previous to this increase, the millage rate was held constant for eight years. With the passage of the City Charter in November 2014, the City millage rate was uncapped and now allows for 12.5 mills for operating and 5 mills for roads. The adopted 2015-2016 budget kept the millage rate constant at 14.0562 however.
- In fiscal year 2014-2015, the City has continued to budget \$75,000 from the increase in constitutional revenue sharing along with an additional \$20,000 to fund the post retirement healthcare liability. An additional payment of \$37,000 was also made in 2014-2015. The number of employees eligible for this benefit in the future has decreased from eleven in 2013-2014 to a current total of eight. Funding this liability continues to be a priority of Council in 2015-2016.
- The City continued to budget in fiscal year 2014-2015 to make additional contributions to the MERS defined benefit plan to continue to increase the City's funded percentage. In addition to the increased payments on a monthly basis, an additional \$74,000 lump sum payment was made into the system in 2014-2015. Over the past five years, the funded percentage has risen from 67% to 80%. Funding this liability continues to be a priority of Council in 2015-2016.

Requests for Information

This financial report is designed to provide a general overview of the City of Dexter's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 8140 Main Street, Dexter Michigan 48130.

BASIC FINANCIAL STATEMENTS

CITY OF DEXTER
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,333,572	\$ 1,057,619	\$ 3,391,191
Receivables (net of allowance for uncollectibles):			
Accounts	147,819	366,825	514,644
Capital Assets (net of Accumulated Depreciation)	14,733,934	15,605,795	30,339,729
Total Assets	17,215,325	17,030,239	34,245,564
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows related to Pensions	105,293	-	105,293
<u>LIABILITIES</u>			
Accounts Payable	198,675	86,767	285,442
Accrued Liabilities	88,753	46,622	135,375
Due to Other	115,042	-	115,042
Noncurrent Liabilities:			
Net Pension Liability	835,198	-	835,198
Other Post Employment Benefit Liability	606,618	-	606,618
Due within one year	398,000	470,000	868,000
Due in more than one year	5,379,000	9,478,151	14,857,151
Total Liabilities	7,621,286	10,081,540	17,702,826
<u>NET POSITION</u>			
Net Investment in Capital Assets	8,956,934	5,657,644	14,614,578
Restricted for:			
Debt Service	8,180	-	8,180
Streets	306,874	-	306,874
Solid Waste	114,622	-	114,622
Downtown Development	336,115	-	336,115
Trees	148,933	-	148,933
Unrestricted	(172,326)	1,291,055	1,118,729
Total Net Position	\$ 9,699,332	\$ 6,948,699	\$ 16,648,031

CITY OF DEXTER
Statement of Activities
For the Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 949,507	\$ 249,842	\$ 11,165	\$ 4,800
Public Safety	1,067,860	17,458	3,851	-
Community Development	207,408	14,415	-	-
Public Works	2,122,265	685,054	288,100	5,000
Recreation and Cultural	160,870	300	12,430	-
Interest on Long-Term Debt	298,355	-	-	-
Total Governmental Activities	4,806,265	967,069	315,546	9,800
Business-type Activities:				
Water	916,387	692,204	-	119,639
Sewer	1,503,524	1,190,024	-	212,063
Total Business-type Activities	2,419,911	1,882,228	-	331,702
Grand Total	\$ 7,226,176	\$ 2,849,297	\$ 315,546	\$ 341,502

General Revenues:
Property Taxes
State Shared Revenue
Franchise Fees
Unrestricted Investment Earnings
Total General Revenues

Change in Net Position
Net Position - Beginning, as restated

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (683,700)	\$ -	\$ (683,700)
(1,046,551)	-	(1,046,551)
(192,993)	-	(192,993)
(1,144,111)	-	(1,144,111)
(148,140)	-	(148,140)
(298,355)	-	(298,355)
<u>(3,513,850)</u>	<u>-</u>	<u>(3,513,850)</u>
-	(104,544)	(104,544)
<u>-</u>	<u>(101,437)</u>	<u>(101,437)</u>
<u>-</u>	<u>(205,981)</u>	<u>(205,981)</u>
<u>(3,513,850)</u>	<u>(205,981)</u>	<u>(3,719,831)</u>
3,096,696	-	3,096,696
318,551	-	318,551
72,984	-	72,984
15,049	1,480	16,529
<u>3,503,280</u>	<u>1,480</u>	<u>3,504,760</u>
(10,570)	(204,501)	(215,071)
<u>9,709,902</u>	<u>7,153,200</u>	<u>16,863,102</u>
<u>\$ 9,699,332</u>	<u>\$ 6,948,699</u>	<u>\$ 16,648,031</u>

CITY OF DEXTER
Balance Sheet
Governmental Funds
June 30, 2015

	<u>General</u>	<u>Major Street Special Revenue</u>	<u>Local Street Special Revenue</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,196,368	\$ 87,758	\$ 26,773
Receivables (net of allowance for uncollectibles):			
Accounts	<u>28,653</u>	<u>-</u>	<u>5,000</u>
Total Assets	<u>\$ 1,225,021</u>	<u>\$ 87,758</u>	<u>\$ 31,773</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ 59,660	\$ 75,232	\$ 5,816
Accrued and Other Liabilities	88,753	-	-
Due to Other Governmental Units	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>148,413</u>	<u>75,232</u>	<u>5,816</u>
Fund Balances:			
Restricted for:			
Debt Service	-	-	-
Streets	-	12,526	25,957
Solid Waste	-	-	-
Downtown Development	-	-	-
Trees	-	-	-
Committed for Capital Projects	-	-	-
Assigned for Facilities	289,966	-	-
Unassigned	<u>786,642</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,076,608</u>	<u>12,526</u>	<u>25,957</u>
Total Liabilities and Fund Balances	<u>\$ 1,225,021</u>	<u>\$ 87,758</u>	<u>\$ 31,773</u>

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, therefore, are not reported in the funds.

Deferred Outflows related to Pensions

Net Pension Liabilities are not reported in the funds

Other Post Employment Benefit Liability

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net Position of Governmental Activities

Municipal Street Special Revenue	Solid Waste Special Revenue	Downtown Dev. Authority Special Revenue	Other Governmental Funds	Total Governmental Funds
\$ 140,564	\$ 46,515	\$ 454,231	\$ 381,363	\$ 2,333,572
<u>-</u>	<u>109,866</u>	<u>4,300</u>	<u>-</u>	<u>147,819</u>
<u>\$ 140,564</u>	<u>\$ 156,381</u>	<u>\$ 458,531</u>	<u>\$ 381,363</u>	<u>\$ 2,481,391</u>
\$ -	\$ 41,759	\$ 7,374	\$ 8,834	\$ 198,675
-	-	-	-	88,753
<u>-</u>	<u>-</u>	<u>115,042</u>	<u>-</u>	<u>115,042</u>
<u>-</u>	<u>41,759</u>	<u>122,416</u>	<u>8,834</u>	<u>402,470</u>
-	-	-	8,180	8,180
140,564	-	-	127,827	306,874
-	114,622	-	-	114,622
-	-	336,115	-	336,115
-	-	-	148,933	148,933
-	-	-	87,589	87,589
-	-	-	-	289,966
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>786,642</u>
<u>140,564</u>	<u>114,622</u>	<u>336,115</u>	<u>372,529</u>	<u>2,078,921</u>
<u>\$ 140,564</u>	<u>\$ 156,381</u>	<u>\$ 458,531</u>	<u>\$ 381,363</u>	
				14,733,934
				105,293
				(835,198)
				(606,618)
				<u>(5,777,000)</u>
				<u>\$ 9,699,332</u>

CITY OF DEXTER
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

	<u>General</u>	<u>Major Street Special Revenue</u>	<u>Local Street Special Revenue</u>
<u>Revenues</u>			
Property Taxes	\$ 1,955,937	\$ -	\$ -
Licenses and Permits	7,415	-	-
Intergovernmental:			
Federal, State and Local	322,402	190,990	97,110
Grants	11,165	-	-
Charges for Services	221,431	-	-
Fines and Forfeitures	8,024	-	-
Franchise Fees	72,984	-	-
Interest	10,878	18	17
Other	57,575	8,721	27,048
Total Revenues	<u>2,667,811</u>	<u>199,729</u>	<u>124,175</u>
<u>Expenditures</u>			
Current:			
General Government	648,421	-	-
Public Safety	1,063,546	-	-
Community Development	118,373	-	-
Public Works	327,094	898,051	268,750
Recreation and Cultural	95,603	-	-
Other	337,560	-	-
Debt Service:			
Principal	-	-	-
Interest and Other Charges	-	-	-
Capital Outlay	100,289	-	-
Total Expenditures	<u>2,690,886</u>	<u>898,051</u>	<u>268,750</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(23,075)</u>	<u>(698,322)</u>	<u>(144,575)</u>
<u>Other Financing Sources (Uses)</u>			
Bond Proceeds	-	-	-
Transfers In	8,000	701,145	140,000
Transfers Out	(238,002)	-	-
Total Other Financing Sources (Uses)	<u>(230,002)</u>	<u>701,145</u>	<u>140,000</u>
Net Change in Fund Balances	(253,077)	2,823	(4,575)
Fund Balances - Beginning	<u>1,329,685</u>	<u>9,703</u>	<u>30,532</u>
Fund Balances - Ending	<u>\$ 1,076,608</u>	<u>\$ 12,526</u>	<u>\$ 25,957</u>

<u>Municipal Street Special Revenue</u>	<u>Solid Waste Special Revenue</u>	<u>Downtown Dev. Authority Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 680,358	\$ -	\$ 300,006	\$ 160,395	\$ 3,096,696
-	-	-	-	7,415
-	-	-	-	610,502
-	-	-	-	11,165
-	572,814	-	81,471	875,716
-	-	-	-	8,024
-	-	-	-	72,984
745	33	1,111	2,247	15,049
-	-	-	4,800	98,144
<u>681,103</u>	<u>572,847</u>	<u>301,117</u>	<u>248,913</u>	<u>4,795,695</u>
-	-	-	-	648,421
-	-	-	-	1,063,546
-	-	89,035	-	207,408
88,682	556,310	-	33,477	2,172,364
-	-	-	-	95,603
-	-	-	-	337,560
-	-	334,000	285,000	619,000
-	-	218,012	80,343	298,355
-	-	-	771,759	872,048
<u>88,682</u>	<u>556,310</u>	<u>641,047</u>	<u>1,170,579</u>	<u>6,314,305</u>
<u>592,421</u>	<u>16,537</u>	<u>(339,930)</u>	<u>(921,666)</u>	<u>(1,518,610)</u>
-	-	-	800,000	800,000
-	98,085	-	226,265	1,173,495
(816,365)	-	(111,128)	(8,000)	(1,173,495)
<u>(816,365)</u>	<u>98,085</u>	<u>(111,128)</u>	<u>1,018,265</u>	<u>800,000</u>
(223,944)	114,622	(451,058)	96,599	(718,610)
<u>364,508</u>	<u>-</u>	<u>787,173</u>	<u>275,930</u>	<u>2,797,531</u>
\$ <u>140,564</u>	\$ <u>114,622</u>	\$ <u>336,115</u>	\$ <u>372,529</u>	\$ <u>2,078,921</u>

CITY OF DEXTER
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds	\$	(718,610)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expense exceeded depreciation expense in the current period.

Capital Outlay	872,048
Capital Outlay-Departmental	695,697
Depreciation Expense	(801,131)

Change in Net Pension Liability	117,458
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Change in Other Post Employment Benefits	4,968
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net long-term debt and related items.

Issuance of Debt	(800,000)
Principal Repayments	<u>619,000</u>

Change in net position in governmental activities	\$	<u><u>(10,570)</u></u>
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CITY OF DEXTER
Balance Sheet
Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 349,588	\$ 708,031	\$ 1,057,619
Accounts Receivable	130,657	236,168	366,825
Total Current Assets	480,245	944,199	1,424,444
Fixed Assets:			
Land	261,577	206,532	468,109
Water System	10,899,470	-	10,899,470
Sewer System	-	18,195,357	18,195,357
Vehicles	39,190	70,843	110,033
Accumulated Depreciation	(4,914,489)	(9,152,685)	(14,067,174)
Net Fixed Assets	6,285,748	9,320,047	15,605,795
Total Asset:	\$ 6,765,993	\$ 10,264,246	\$ 17,030,239
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 67,099	\$ 19,668	\$ 86,767
Accrued Liabilities	23,311	23,311	46,622
General Obligation Bonds Payable	170,000	300,000	470,000
Total Current Liabilities	260,410	342,979	603,389
Long-Term Liabilities:			
General Obligation Bonds Payable (net of current portion)	3,212,861	6,265,290	9,478,151
Total Liabilities	3,473,271	6,608,269	10,081,540
Net Position:			
Net Investment in Capital Assets	2,902,887	2,754,757	5,657,644
Unrestricted	389,835	901,220	1,291,055
Total Net Position	3,292,722	3,655,977	6,948,699
Total Liabilities and Net Position	\$ 6,765,993	\$ 10,264,246	\$ 17,030,239

CITY OF DEXTER
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues:			
Water Billings	\$ 662,650	\$ -	\$ 662,650
Sewer Billings	-	1,158,640	1,158,640
Miscellaneous	29,554	31,384	60,938
Total Operating Revenues	<u>692,204</u>	<u>1,190,024</u>	<u>1,882,228</u>
Operating Expenses:			
Operations & Maintenance	478,982	751,218	1,230,200
Depreciation Expense	346,868	579,002	925,870
Total Operating Expenses	<u>825,850</u>	<u>1,330,220</u>	<u>2,156,070</u>
Operating Income (Loss)	<u>(133,646)</u>	<u>(140,196)</u>	<u>(273,842)</u>
Nonoperating Revenues (Expenses):			
Interest Income	700	780	1,480
Interest and Fees	<u>(90,537)</u>	<u>(173,304)</u>	<u>(263,841)</u>
Total Nonoperating Revenues (Expenses)	<u>(89,837)</u>	<u>(172,524)</u>	<u>(262,361)</u>
Income (Loss) Before Contributions and Transfers	(223,483)	(312,720)	(536,203)
Capital Contributions	<u>119,639</u>	<u>212,063</u>	<u>331,702</u>
Net Income (Loss)	(103,844)	(100,657)	(204,501)
Net Position - July 1	<u>3,396,566</u>	<u>3,756,634</u>	<u>7,153,200</u>
Net Position - June 30	<u>\$ 3,292,722</u>	<u>\$ 3,655,977</u>	<u>\$ 6,948,699</u>

CITY OF DEXTER
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 676,738	\$ 1,163,015	\$ 1,839,753
Payments to suppliers	(226,596)	(487,480)	(714,076)
Payments to employees	(199,489)	(291,765)	(491,254)
Net Cash Provided (Used) by Operating Activities	<u>250,653</u>	<u>383,770</u>	<u>634,423</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Capital Contributions	119,639	212,063	331,702
Construction of capital assets	(443,317)	(389,951)	(833,268)
Principal Paid on Debt	(165,000)	(290,000)	(455,000)
Interest Paid on Debt	(90,537)	(173,304)	(263,841)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(579,215)</u>	<u>(641,192)</u>	<u>(1,220,407)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest Earned	700	780	1,480
Net Cash Provided (Used) by Investing Activities	<u>700</u>	<u>780</u>	<u>1,480</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(327,862)	(256,642)	(584,504)
Cash and Cash Equivalents, Beginning	<u>677,450</u>	<u>964,673</u>	<u>1,642,123</u>
Cash and Cash Equivalents, Ending	<u>\$ 349,588</u>	<u>\$ 708,031</u>	<u>\$ 1,057,619</u>
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$ (133,646)	\$ (140,196)	\$ (273,842)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	346,868	579,002	925,870
(Increase) Decrease in Accounts Receivable	(15,466)	(27,009)	(42,475)
Increase (Decrease) in Accounts Payable	50,165	(30,759)	19,406
Increase (Decrease) in Accrued Liabilities	2,732	2,732	5,464
Net Cash Provided (Used) by Operating Activities:	<u>\$ 250,653</u>	<u>\$ 383,770</u>	<u>\$ 634,423</u>

CITY OF DEXTER
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ <u>287,669</u>
<u>LIABILITIES</u>	
Due to Other	\$ <u>287,669</u>

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Dexter, Michigan, was incorporated in 1824, and on November 20, 2014, filed a city charter and became a home-rule city. The City of Dexter operates under an elected Mayor and six member City Council, with a full-time City Manager appointed by the Council to carry out the policies that it establishes. Services are provided to approximately 4,000 residents in the areas of police, refuse removal, parks and recreation, road construction, lighting, maintenance, and water and sewer.

As required by generally accepted accounting principles, these financial statements present the City of Dexter and its component units, entities for which the government is considered to be financially accountable.

Blended Component Unit

Downtown Development Authority

The City of Dexter Downtown Development Authority (DDA) was established to promote economic growth and revitalization of the City's Downtown district. The DDA Board is appointed by the City Council and the annual operating budget and any modifications require the approval of the City Council. The DDA has a June 30 fiscal year end.

Jointly Governed Organizations

Dexter Area Fire Department

The City and the neighboring Townships of Webster and Dexter have joined together to form the Dexter Area Fire Department. The purpose of the Department is to provide fire protection and to establish and maintain a fire department that will serve the municipalities involved. The Department is governed by the Fire Administration Board whose membership is composed of individuals from each municipality. The revenues of the Department are provided by a service fee to each municipality, based upon a ratio of runs incurred to that municipality to total runs and the Department's net expenditures for the applicable period. Audited financial statements for the Department may be obtained at the City offices.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Government-Wide and Fund Financial Statements

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

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Governmental Funds

The City reports the following major governmental funds:

The General Fund is the government'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 Municipal Street Fund, Major Street Fund and Local Street Fund are special revenue funds used to account for property tax levy and state gas and weight revenues for street improvements.

The Solid Waste Fund is a special revenue fund that accounts for the solid waste collection expenditures and the related fees collected.

The Downtown Development Authority is a special revenue fund used to account for the captured property tax revenue used for development within the downtown development authority district.

In addition, the City reports on the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

Debt Service Funds are used to account for the payment of principal and interest on bonds issued to finance improvement projects.

Capital Project Funds are used to account for the construction of specific projects funded by bond proceeds.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include the enterprise fund types.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City has two enterprise funds which are the Water and Sewer Funds.

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary funds include the following fund types:

The Agency Fund is used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

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

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks. Investments for the City, as well as for its component units, are recorded at fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of allowance for uncollectible accounts, which are recorded at \$-0- at June 30, 2015.

3. Inventory

Inventories are valued at cost using the first-in/first out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position – Continued

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of capitalized value of the assets constructed. Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	25-50
Buildings	20-80
Streets & Infrastructure	20-40
Equipment	5-25
Vehicles	5-15

5. Compensated Absences

In accordance with contracts negotiated with the various employee groups of the City and the City's internal policy, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. This liability is composed of any unused vacation and sick time paid upon termination of employment. The total liability at June 30, 2015 is \$138,335.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position – Continued

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Position. Long-term liabilities expected to be financed from proprietary funds are reported as liabilities in those funds.

7. Fund Equity

In the fund financial statements, governmental funds report the following components of fund balance:

Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

Committed – Amounts that have been formally set aside by the Council for use for a specific purpose. 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 – This is the residual classification for the general fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being incurred.

The City follows these procedures in establishing the budgetary data reflected in these financial statements:

1. Prior to June 30, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them, for the General and Special Revenue Funds. These are prepared on the activity level basis using the modified accrued method of accounting.
2. Public hearings are conducted by City Council to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted on a departmental (activity) basis through passage of a resolution.
4. The City Manager or her designee is authorized to transfer budgeted amounts within the departmental appropriation accounts; however, the City Council must approve any revisions that alter the total expenditures of any department.
5. Budget appropriations lapse at year end.
6. The City Council may authorize supplemental appropriations (budget amendments) during the year. In fiscal year 2015, several budget amendments were made and are reflected in the financial statements.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of June 30, 2015.

2. Excess of Expenditures Over Appropriations in Budgetary Funds

The budget for the General Fund is adopted at the activity level and the budgets for the Special Revenue Funds are adopted at the activity level. Expenditures did not exceed budgeted amounts at the activity level for the fiscal year ended June 30, 2015.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law (Public Act 20 of 1943, as amended), the City is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

A reconciliation of cash and investments presented in the financial statements is as follows:

Statement of Net Position:	
Cash and Cash Equivalents	\$3,391,191
Statement of Fiduciary Net Position	<u>287,669</u>
Total	<u>\$3,678,860</u>

The City's cash and investments are subject to several types of risk, 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 recovered. Neither State law nor the City's investment policy requires consideration of custodial credit risk. As of June 30, 2015, the City's book balance of its cash deposits (certificates of deposit, checking and savings accounts) was \$3,678,860. The bank balance was \$3,763,972, of which \$1,652,445 was uninsured and uncollateralized. The City 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.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. The City's deposits and investments, including the Downtown Development Authority, consisted of the following:

<u>Deposits and Investments</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Savings and Checking Accounts	\$2,211,256	Demand
Certificates of Deposit	1,416,627	38 Months
Pooled Investments (Share Price = \$1)	<u>136,089</u>	Demand
	<u>\$3,763,972</u>	

Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds 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.

Concentration of Credit Risk

The City's investment policy places no limit on the amount the City may invest in any one issuer.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 2,809,526	\$ 33,275	\$ -	\$ 2,842,801
Capital Assets, being depreciated:				
Building and Improvements	3,469,772	-	-	3,469,772
Machinery and Equipment	356,413	33,946	-	390,359
Infrastructure	13,105,494	1,419,127	-	14,524,621
Vehicles	942,658	81,397	-	1,024,055
Land Improvements	2,125,647	-	-	2,125,647
	<u>19,999,984</u>	<u>1,534,470</u>	<u>-</u>	<u>21,534,454</u>
Less: Accumulated Depreciation:				
Building and Improvements	(1,562,470)	(47,841)	-	(1,610,311)
Machinery and Equipment	(251,926)	(19,922)	-	(271,848)
Infrastructure	(6,397,984)	(632,247)	-	(7,030,231)
Vehicles	(519,251)	(63,803)	-	(583,054)
Land Improvements	(110,559)	(37,318)	-	(147,877)
	<u>(8,842,190)</u>	<u>(801,131)</u>	<u>-</u>	<u>(9,643,321)</u>
Governmental Activities Capital Assets, net	<u>\$ 13,967,320</u>	<u>\$ 766,614</u>	<u>\$ -</u>	<u>\$ 14,733,934</u>

Depreciated expense was charged to functions of the Village as follows:

General Government	\$ 25,586
Public Safety	4,314
Public Works	705,964
Recreation and Cultural	65,267
	<u>\$ 801,131</u>

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets – Continued

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 468,109	\$ -	\$ -	\$ 468,109
Capital Assets, being depreciated:				
Water and Sewer System	28,371,592	833,268	-	29,204,860
Less: Accumulated Depreciation:				
Water and Sewer System	<u>(13,141,304)</u>	<u>(925,870)</u>	<u>-</u>	<u>(14,067,174)</u>
Business Activities				
Capital Assets, net	<u>\$ 15,698,397</u>	<u>\$ (110,056)</u>	<u>\$ -</u>	<u>\$ 15,605,795</u>

C. Interfund Operating Transfers

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Major Street Fund	General Fund	\$ 10,017
Solid Waste Fund	General Fund	98,085
2006 GO Debt Fund	General Fund	129,900
Major Street Fund	Municipal Street Fund	580,000
Local Street Fund	Municipal Street Fund	140,000
2014 Road Debt Fund	Municipal Street Fund	78,215
2014 Road Construction	Municipal Street Fund	18,150
Major Street Fund	DDA	111,128
General Fund	Tree Replacement Fund	8,000
		<u>\$ 1,173,495</u>

Transfers to the Major and Local Street Funds from the Municipal Street Fund represent operating subsidies for street projects.

Transfers to Debt Funds reflect operating transfers for annual debt service payments.

Transfer from the Tree Replacement Fund to the General fund represents a contribution for trees purchased in the General Fund.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Governmental Activities:					
City of Dexter:					
2002 Refunding Bonds	\$ 420,000	\$ -	\$ 140,000	\$ 280,000	\$ 140,000
2006 General Obligation Bonds	1,270,000	-	75,000	1,195,000	75,000
2014 Capital Improvement Bonds	-	800,000	70,000	730,000	70,000
Total	<u>\$ 1,690,000</u>	<u>\$ 800,000</u>	<u>\$ 285,000</u>	<u>\$ 2,205,000</u>	<u>\$ 285,000</u>
Downtown Development Authority:					
2008A Village of Dexter Bonds	\$ 1,555,000	\$ -	\$ 240,000	\$ 1,315,000	\$ 15,000
2008B Village of Dexter Bonds	1,925,000	-	25,000	1,900,000	25,000
2011 Refunding Bonds	426,000	-	69,000	357,000	73,000
Total	<u>\$ 3,906,000</u>	<u>\$ -</u>	<u>\$ 334,000</u>	<u>\$ 3,572,000</u>	<u>\$ 113,000</u>
Grand Total	<u>\$ 5,596,000</u>	<u>\$ 800,000</u>	<u>\$ 619,000</u>	<u>\$ 5,777,000</u>	<u>\$ 398,000</u>

Following is a detailed description of each of the above debts:

2002 City of Dexter Refunding Bonds

In 2002, the City of Dexter issued General Obligation Unlimited Tax Refunding Bonds in the amount of \$1,610,000 to refund the final twelve years of payments on the 1996 Downtown Development Bonds. Principal and interest are due beginning May 1, 2003 through May 1, 2017. Interest rates range from 2.00% to 4.20%.

2006 City of Dexter Bonds

On November 16, 2006, the City of Dexter issued General Obligation Limited Tax Bonds in the amount of \$1,700,000 to finance capital improvements consisting of a public works facility and a public safety and City office facility. The principal and interest amounts are due over 20 years starting May 1, 2007 through May 1, 2027. The interest rates range from 4.00% to 4.40%.

2014 City of Dexter Bonds

In 2014, the City of Dexter issued Capital Improvement Bonds in the amount of \$800,000 to finance road capital improvements. The principal and interest amounts are due over 10 years starting May 1, 2015 through May 1, 2024, with an interest rate of 2.08%.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

DDA Debt

2008A City of Dexter Downtown Development Bonds

On May 15, 2008, the City of Dexter issued General Obligation Limited Tax Bonds on behalf of the Downtown Development Authority in the amount of \$1,600,000 to finance downtown improvement projects. The principal and interest amounts are due over 25 years starting November 1, 2008 through May 1, 2033. The interest rates range from 7.375% to 7.80%.

2008B City of Dexter Downtown Development Bonds

On July 9, 2008, the City of Dexter issued General Obligation Limited Tax Bonds on behalf of the Downtown Development Authority in the amount of \$2,000,000 to finance downtown improvement projects. The principal and interest amounts are due over 20 years starting November 1, 2008 through May 1, 2028. The interest rates range from 3.60% to 5.00%.

2011 City of Dexter Downtown Development Refunding Bonds

In September 2011, the City of Dexter Downtown Development Authority issued the 2011 Downtown Development Limited Tax General Obligation Refunding Bonds in the amount of \$622,000. The bonds were issued to refinance the 2001 Downtown Development Limited Tax General Obligation bonds with principal outstanding of \$590,000, interest rates ranging from 4.50-7.00% and debt maturing in May 2020. The refunding bonds have an interest rate of 2.95% and mature in May 2020.

	Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2015</u>	Due Within <u>One Year</u>
<u>Business-type Activities:</u>					
2012 Water GO Refunding Bonds	\$ 1,640,000	\$ -	\$ 80,000	\$ 1,560,000	\$ 80,000
2012 Sewer GO Refunding Bonds	2,080,000	-	90,000	1,990,000	100,000
2009 State Revolving Fund Bonds	1,475,290	-	70,000	1,405,290	70,000
2012 State Revolving Fund Bonds	3,300,000	-	130,000	3,170,000	130,000
2010 Drinking Water Rev Fund Bonds	1,074,226	-	50,000	1,024,226	55,000
2011 Drinking Water Rev Fund Bonds	833,635	-	35,000	798,635	35,000
Totals	<u>\$ 10,403,151</u>	<u>\$ -</u>	<u>\$ 455,000</u>	<u>\$ 9,948,151</u>	<u>\$ 470,000</u>

Following is a detailed description of the above debts:

2009 State Revolving Fund Program Loan

In September 2009, the City of Dexter issued Limited Tax General Obligation Bonds, Series 2009, through the Michigan Department of Environmental Quality State Revolving Fund Program. The proceeds of the loan provided financing for the construction of an equalization basin at the wastewater treatment plant and installation of sanitary sewer lining. The interest rate is 2.50% and the principal and interest amounts are due over 20 years starting April 1, 2010 through October 1, 2030.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

2010 Drinking Water Revolving Fund Program Loan

In January 2010, the City of Dexter commenced financing for the construction of the water supply system improvements through the Michigan Department of Environmental Quality Drinking Water Revolving Fund Program. The interest rate is 2.50% and the principal and interest amounts are due over 20 years starting October 1, 2010 through October 1, 2030.

2011 Drinking Water Revolving Fund Program Loan

In September 2011, the City of Dexter commenced financing for the construction of water supply system improvements through the Michigan Department of Environmental Quality Drinking Water Revolving Fund Program for \$1,550,000. The interest rate is 2.50% and the principal and interest amounts are due over 20 years starting in November 2012.

2012 State Revolving Fund Loan

In September 2012, the City of Dexter commenced financing for the construction of sewer system improvements through the Michigan Department of Environmental Quality Revolving Fund Program for \$3,300,000. The interest rate is 2.50% and the principal and interest amounts are due over 20 years starting in April 2013.

2012 Water G.O. Refunding Bonds

In May 2012, the City issued \$1,770,000 of general obligation bonds with interest rates of 1.90 – 3.25% and semi-annual maturities from October 2012 through October 2031. The net proceeds of \$1,937,764, which included \$207,348 of debt service reserves, were used to advance refund \$2,102,000 of 1999 Water Revenue Bonds with interest rates of 4.375% and maturing through 2038.

2012 Sewer G.O. Refunding Bonds

In May 2012, the City issued \$2,225,000 of general obligation bonds with interest rates of 1.90 – 3.25% and semi-annual maturities from October 2012 through October 2031. The net proceeds of \$2,446,000 which included \$235,444 of debt service reserves were used to advance refund \$2,507,000 of Sewer Revenue Bonds Series 2000A and 2000B with interest rates of 5.0% and maturing through 2038.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

The following is a summary of general obligation debt outstanding of the City as of June 30, 2015:

	<u>Number of Issues</u>	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
Governmental Activities:				
General Obligation Bonds	3	.45-4.40%	2027	\$ 2,205,000
DDA Debt	3	2.95-7.90%	2033	3,572,000
				<u>\$ 5,777,000</u>
Business-type Activities:				
General Obligation Bonds	2	1.90-3.25%	2032	\$ 3,550,000
Drinking Water Rev Fund Bonds	2	2.50%	2032	1,822,861
State Revolving Fund Bonds	2	2.50%	2034	4,575,290
				<u>\$ 9,948,151</u>

The annual debt service requirements to maturity for general obligation bonds outstanding as of June 30, 2015 are as follows:

<u>Year Ended</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 398,000	\$ 294,897	\$ 470,000	\$ 417,625
2017	407,000	284,429	485,000	424,313
2018	280,000	270,165	500,000	430,876
2019	304,000	260,945	505,000	432,376
2020	323,000	250,489	515,000	433,813
2021-2025	1,975,000	1,027,522	2,795,000	2,266,503
2026-2030	1,640,000	537,740	3,195,000	2,451,252
2031-2034	450,000	105,300	1,483,151	733,278
	<u>\$ 5,777,000</u>	<u>\$ 3,031,487</u>	<u>\$ 9,948,151</u>	<u>\$ 7,590,036</u>

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

E. Property Taxes

Property tax assessments are determined (Tax Day) as of each December 31. Taxes are levied on July 1 of the following year. These taxes are due on September 14 with the final collection date of February 28 before they are added to the county delinquent tax roll. The City bills and collects its own property taxes which are accounted for in the General Fund, Municipal Street Fund, and Streetscape Debt Fund. City property tax revenues are recognized in the current year as revenue in accordance with guidelines of the State of Michigan.

The City is permitted by State law to levy taxes up to \$12.50 per \$1,000 of equalized valuation for general governmental services. The following is a summary of the tax rates levied on the 2014 tax roll:

		Per \$1,000 of State Equalized Value			
Purpose	Authorization	Authorized Rate	Authorized Rate Post "Roll Back"	Rate Levied	Tax Margin
Operating	Charter	12.5000	9.8807	9.8807	-
Streets	Charter	5.0000	3.9520	3.4380	.5140
Debt	Voted	2.0000	2.0000	.7375	1.2625

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description

The City contributes to the Municipal Employees' Retirement System of Michigan (MERS), which is an agent multiple-employer defined benefit pension plan that covers all full time employees of the City hired prior to March 1, 2011. MERS was established by the Michigan Legislature in 1945 and is administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained at *mersofmich.com*.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Benefits Provided

The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries, as established by Public Act 427 of 1984, as amended. The Plan covers all full-time employees of the City hired prior to March 1, 2011, including union and non-union employees. Benefits are calculated as 2.0 percent of the employee's three-year final average compensation times the employee's years of service with a maximum of 80 percent of final average compensation. Normal retirement age is 60. Deferred retirement benefits vest after 10 years of credited service but are not paid until the date retirement would have occurred if the member had remained an employee.

Benefit terms, within the guidelines established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions.

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	11
Inactive plan members entitled to but not yet receiving benefits	2
Active Plan Members	<u>9</u>
Total Employees covered by MERS	<u>22</u>

Contributions

The State of Michigan Constitution, Article 9, Section 24, requires that financial benefits arising on account of employee services 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 the year ended June 30, 2015, the average active employee contribution rate was 5 percent of gross wages for all covered employees. The City's required contribution rate was a monthly flat rate of \$5,096. The City also contributed an additional \$4,845 per month during fiscal year 2015.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Net Pension Liability

The net pension liability reported at June 30, 2015 was determined using a measure of the total pension liability and the plan net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of that date.

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

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2013	\$ 3,558,019	\$ 2,684,580	\$ 873,439
Service Cost	51,312	-	51,312
Interest	278,894	-	278,894
Contributions-Employer	-	175,524	(175,524)
Contributions-Employee	-	29,864	(29,864)
Net Investment Income	-	169,290	(169,290)
Benefit Payments, including refunds	(195,004)	(195,004)	-
Administrative Expenses	-	(6,231)	6,231
Net Changes	<u>135,202</u>	<u>173,443</u>	<u>(38,241)</u>
Balance at December 31, 2014	<u>\$ 3,693,221</u>	<u>\$ 2,858,023</u>	<u>\$ 835,198</u>

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$119,300. At June 30, 2015, the City reported deferred outflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 45,643
Employer contributions to the plan subsequent to the measurement date	59,650
Total	\$ 105,293

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$59,650), which will impact the net pension liability in fiscal year 2016, rather than pension expense.

Years Ending June 30	Amount
2016	\$ 11,411
2017	11,411
2018	11,411
2019	11,410

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.50%
Investment rate of return	8.00%

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

IV. OTHER INFORMATION – Continued

A. Defined Benefit Pension Plan - Continued

Mortality rates were based on the 1994 Group Annuity Mortality Table of a 50 percent male and 50 percent female blend. For disabled retirees, the regular mortality table is used with a 10 year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study in 2008. The MERS retirement board is currently conducting an actuarial experience study covering the period from January 1, 2009 through December 31, 2013.

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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	58%	5.0%
Global Fixed Income	20%	2.2%
Real Assets	12%	4.2%
Diversifying strategies	3%	6.6%

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

IV. OTHER INFORMATION – Continued

A. Defined Benefit Pension Plan – Continued

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 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
	<u> </u>	<u> </u>	<u> </u>
Net Pension Liability	\$ 1,257,057	\$ 835,198	\$ 479,450
	<u> </u>	<u> </u>	<u> </u>

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of 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 reported 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.

B. Defined Contribution Pension Plan

The City provides pension benefits to the City Manager and employees hired after March 1, 2011, through a defined contribution plan. Under a defined contribution pension plan, the benefits a participant will receive depend solely on amounts contributed to the participant's account plus investment earnings. Contributions made by the City for an employee vest immediately.

As established by the City Council, the City contributes 4% of employees' gross earnings and employees are required to contribute 6% to the defined contribution plan which is administered by the Michigan Municipal Employees' Retirement System (MERS). The City also contributes to a defined contribution money purchase pension plan for the City Manager, which is administered by the ICMA

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

IV. OTHER INFORMATION – Continued

C. Post Retirement Health Care Benefits

Plan Description – The City provides health care benefits to four retirees in accordance with their respective labor contracts. The City includes these retirees and their dependents in its insured health care plan. Expenditures for post employment health care benefits are recognized as the insurance premiums become due. During the year, this amounted to \$43,227, net of participant contributions.

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). The City has budgeted to fund this obligation on an actuarial basis.

Funding Progress – For the year ended June 30, 2015, the City has estimated the cost of providing retiree healthcare benefits through use of the alternate calculation method as established under GASB 45. The alternate calculation method computes an annual required contribution that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The alternate calculation method uses actuarial techniques, although it was not performed by an actuary.

The computed contribution and actual funding are summarized as follows:

Annual Required Contribution (recommended)	\$	140,429
Interest on the prior year's net OPEB obligation		9,830
Less adjustment to the annual required contribution		-
Annual OPEB Cost		150,259
Amounts Contributed:		
Payments of current premiums		(43,227)
Advance funding		(112,000)
Increase(Decrease) in net OPEB obligation		(4,968)
OPEB liability - Beginning of Year		611,586
OPEB liability - End of Year	\$	606,618

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

IV. OTHER INFORMATION – Continued

C. Post Retirement Health Care Benefits – Continued

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual OPEB Costs</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	7/1/2011	\$ 348,084	38%	\$ 579,396
6/30/2014	6/30/2014	\$ 157,783	80%	\$ 611,586
6/30/2015	6/30/2014	\$ 150,259	103%	\$ 606,618
Valuation as of:			<u>July 1, 2011</u>	<u>June 30, 2014</u>
Actuarial Value of Assets			\$ 289,282	\$ 616,820
Actuarial Accrued Liability			4,054,728	2,175,035
Unfunded AAL			3,765,446	1,558,215
Funded Ratio			7%	28%

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 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.

In the June 30, 2014 calculation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.00 percent investment rate of return. The unfunded actuarial accrued liabilities were amortized as a level percent of active member payroll over a period of 30 years.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

IV. OTHER INFORMATION – Continued

D. Risk Management

The City of Dexter is a member of the Michigan Municipal Risk Management Authority for its general liability insurance coverage and a member of the Michigan Municipal League Workers Compensation Fund for its workers compensation coverage. The City pays annual premiums to the pools. The pools are self-sustaining through member premiums, and each carries reinsurance through commercial companies for claims in excess of the pool loss reserve fund.

In the event that a single loss should exceed the amount of protection afforded by the pool loss reserve fund, reinsurance, or other insurance carried by the pools, or in the event that a series of losses should deplete or exhaust the loss reserve fund and reinsurance, the payment of valid losses shall be the obligation of the individual member or members of the respective pool against whom the claim was made. No such event has occurred with the City of Dexter and the pools to which it belongs in any of the past three fiscal years.

E. Economic Development Corporation

The City of Dexter Economic Development Corporation (EDC) is governed by a nine member board appointed by the City Council. The EDC was established to promote economic development within the City. The annual operating budget and any modifications require the approval of the City Council. During fiscal year 2014-2015, the Economic Development Corporation, pursuant to Michigan Public Act 338 of 1974, as amended, did not have an opportunity to approve any issuance of revenue bonds to assist in refinancing of projects. The EDC continues to meet annually to maintain its status as a Corporation in order to assist with refinancing projects. The City has no obligation to fund deficits of the EDC nor does it guarantee its debt.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2015

IV. OTHER INFORMATION – Continued

F. Restatement

During fiscal year 2015, the City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements now include a net pension liability, as detailed in the defined benefit pension footnote. The financial statements for the year ended June 30, 2014 have been restated to reflect the adoption of this pronouncement as follows:

Source	Governmental Activities
Net Position - June 30, 2014, as previously reported	\$ 10,557,265
Adjustment for Implementation of GASB Stmt No. 68	(847,363)
Net Position - June 30, 2014, as restated	\$ 9,709,902

G. Upcoming Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued two new pronouncements in June 2015, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which will enhance the note disclosures and schedules of required supplementary information for Other Postemployment Benefit Plans (OPEB). GASB Statement No. 74 will provide information about measures of net OPEB liabilities and an analysis of why those liabilities change from year to year. GASB Statement No. 75 establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB plans. GASB Statement No. 74 will be effective for fiscal years beginning after June 15, 2016 and GASB Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

H. Subsequent Event

On August 12, 2015, the City of Dexter Downtown Development Authority issued the 2015 Downtown Development Limited Tax General Obligation Refunding Bonds in the amount of \$1,415,000. The bonds were issued to refinance the 2008A Downtown Development Limited Tax General Obligation bonds with principal outstanding of \$1,315,000, interest rates ranging from 7.375%-7.80% and debt maturing in May 2033. The refunding bonds have an interest rate of 3.55%-4.65% and mature in May 2032. The first debt payment will commence in May 2016.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DEXTER
Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Fiscal Year (schedule is built prospectively upon implementation of GASB 68)

	2015
Total Pension Liability:	
Service Cost	\$ 51,312
Interest	278,894
Benefit payments, including refunds	(195,004)
Net Change in Total Pension Liability	135,202
Total Pension Liability, Beginning of year	3,558,019
Total Pension Liability, End of year	\$ 3,693,221
Plan Fiduciary Net Position:	
Contributions - Employer	\$ 175,524
Contributions - Employee	29,864
Net Investment Income	169,290
Administrative Expenses	(6,231)
Benefit payments, including refunds	(195,004)
Net Change in Plan Fiduciary Net Position	173,443
Plan Fiduciary Net Position, Beginning of year	2,684,580
Plan Fiduciary Net Position, End of year	\$ 2,858,023
City's Net Pension Liability - Ending	\$ 835,198
Plan Fiduciary Net Position as a Percent of Total Pension Liability	77.4%
Covered Employee Payroll	\$ 559,560
City's Net Pension Liability as a Percent of Covered Employee Payroll	149.3%

CITY OF DEXTER
Required Supplemental Information
Schedule of City Pension Contributions
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 61,152	\$ 52,333	\$ 37,500	\$ 71,534	\$ 131,034	\$ 121,423	\$ 121,273	\$ 110,149	\$ 104,753	\$ 103,867
Contributions in relation to the actuarially determined contribution	119,300	52,333	37,500	71,534	131,034	121,423	121,273	110,149	104,753	103,867
Contribution-Additional (Deficiency)	\$ 58,148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 559,560	\$ 591,332	\$ 692,056	\$ 704,861	\$ 781,444	\$ 838,362	\$ 941,034	\$ 812,681	\$ 1,055,372	\$ 946,516
Contributions as a Percentage of Covered Employee Payroll	21.3%	8.9%	5.4%	10.1%	16.8%	14.5%	12.9%	13.6%	9.9%	11.0%

Actuarial valuation information relative to the determination of contributions:
 Actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:
 Actuarial Cost Method Entry-age normal

Amortization Method Level percentage of pay, closed
 Remaining Amortization Period 19 years
 Asset Valuation Method 10 year smoothed market
 Inflation 2%
 Salary Increases 4.5-12.90% including inflation
 Investment Rate of Return 8%
 Retirement Age Experience based tables of rates that are specific to the type of eligibility condition
 Mortality 50% Male - 50% Female blend of the 1994 Group Annuity Mortality Table

CITY OF DEXTER
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 1,993,400	\$ 1,993,400	\$ 1,955,937	\$ (37,463)
Licenses and Permits	10,200	10,200	7,415	(2,785)
Intergovernmental - State	323,000	323,000	322,402	(598)
Grants	4,000	7,000	11,165	4,165
Charges for Services	221,100	221,100	221,431	331
Fines and Forfeitures	5,200	5,200	8,024	2,824
Franchise Fees	67,000	73,000	72,984	(16)
Interest	7,000	7,000	10,878	3,878
Other	9,700	25,500	57,575	32,075
Total Revenues	2,640,600	2,665,400	2,667,811	2,411
Expenditures:				
General Government:				
Village Council	57,000	59,800	54,807	4,993
Village Manager	304,200	292,200	283,322	8,878
Finance	15,600	15,600	12,931	2,669
Attorney	25,000	65,000	62,975	2,025
Clerk	7,900	12,400	12,218	182
Treasurer	97,300	97,300	96,571	729
Assessing	-	21,300	20,377	923
Elections	-	14,700	14,672	28
Building and Grounds	69,800	69,800	69,775	25
Tree Program	24,000	24,000	20,773	3,227
Total General Government	600,800	672,100	648,421	23,679
Public Safety:				
Law Enforcement	567,100	568,900	568,881	19
Fire Department	494,700	494,700	494,665	35
Total Public Safety	1,061,800	1,063,600	1,063,546	54
Planning and Zoning:				
Planning	119,100	119,100	114,593	4,507
Board of Appeals	1,100	1,100	410	690
Total Planning and Zoning	120,200	120,200	115,003	5,197
Public Works:				
Department of Public Works	155,100	173,800	173,761	39
Downtown Public Works	73,300	73,300	72,724	576
Engineering	11,000	11,000	10,901	99
Street Lights	73,000	73,000	69,708	3,292
Total Public Works	312,400	331,100	327,094	4,006
Economic Development	3,700	3,700	3,370	330
Parks and Recreation	120,400	120,400	95,603	24,797
Insurance and Bonds	179,300	292,600	292,598	2
Contributions	33,300	33,300	33,250	50
Other	32,000	12,000	11,712	288

(continued)

CITY OF DEXTER
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures: (Continued)				
Capital Outlay:				
Capital Outlay-General	\$ <u>105,000</u>	\$ <u>101,700</u>	\$ <u>100,289</u>	\$ <u>1,411</u>
Total Expenditures	<u>2,568,900</u>	<u>2,750,700</u>	<u>2,690,886</u>	<u>59,814</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>71,700</u>	<u>(85,300)</u>	<u>(23,075)</u>	<u>62,225</u>
Other Financing Sources (Uses):				
Operating Transfers In	8,000	8,000	8,000	-
Operating Transfers Out	<u>(129,900)</u>	<u>(240,000)</u>	<u>(238,002)</u>	<u>1,998</u>
Total Other Financing Sources (Uses)	<u>(121,900)</u>	<u>(232,000)</u>	<u>(230,002)</u>	<u>1,998</u>
Change in Fund Balance	\$ <u><u>(50,200)</u></u>	\$ <u><u>(317,300)</u></u>	(253,077)	\$ <u><u>64,223</u></u>
Fund Balance - July 1			<u>1,329,685</u>	
Fund Balance - June 30			\$ <u><u>1,076,608</u></u>	

CITY OF DEXTER
Major Street Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental-State	\$ 181,500	\$ 181,500	\$ 190,990	\$ 9,490
Interest	100	100	18	(82)
Other	<u>30,000</u>	<u>30,000</u>	<u>8,721</u>	<u>(21,279)</u>
Total Revenues	<u>211,600</u>	<u>211,600</u>	<u>199,729</u>	<u>(11,871)</u>
Expenditures:				
Public Works	<u>783,900</u>	<u>1,028,100</u>	<u>898,051</u>	<u>130,049</u>
Excess (Deficiency) of Revenues Over Expenditures	(572,300)	(816,500)	(698,322)	118,178
Other Financing Sources:				
Operating Transfers In	<u>572,300</u>	<u>826,600</u>	<u>701,145</u>	<u>(125,455)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ 10,100</u>	2,823	<u>\$ (7,277)</u>
Fund Balance - July 1			<u>9,703</u>	
Fund Balance - June 30			<u>\$ 12,526</u>	

CITY OF DEXTER
Local Street Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental-State	\$ 85,500	\$ 85,500	\$ 97,110	\$ 11,610
Interest	100	100	17	(83)
Other	-	-	27,048	27,048
Total Revenues	<u>85,600</u>	<u>85,600</u>	<u>124,175</u>	<u>38,575</u>
Expenditures:				
Public Works	<u>706,900</u>	<u>852,700</u>	<u>268,750</u>	<u>583,950</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(621,300)</u>	<u>(767,100)</u>	<u>(144,575)</u>	<u>622,525</u>
Other Financing Sources:				
Operating Transfers In	<u>621,300</u>	<u>771,600</u>	<u>140,000</u>	<u>(631,600)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ 4,500</u>	(4,575)	<u>\$ (9,075)</u>
Fund Balance - July 1			<u>30,532</u>	
Fund Balance - June 30			<u>\$ 25,957</u>	

CITY OF DEXTER
Municipal Street Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 691,800	\$ 691,800	\$ 680,358	\$ (11,442)
Interest	-	-	745	745
Total Revenues	<u>691,800</u>	<u>691,800</u>	<u>681,103</u>	<u>(10,697)</u>
Expenditures:				
Public Works	<u>69,900</u>	<u>89,800</u>	<u>88,682</u>	<u>1,118</u>
Excess (Deficiency) of Revenues Over Expenditures	621,900	602,000	592,421	(9,579)
Other Financing Uses:				
Operating Transfers Out	<u>(849,100)</u>	<u>(903,300)</u>	<u>(816,365)</u>	<u>86,935</u>
Change in Fund Balance	<u>\$ (227,200)</u>	<u>\$ (301,300)</u>	(223,944)	<u>\$ 77,356</u>
Fund Balance - July 1			<u>364,508</u>	
Fund Balance - June 30			<u>\$ 140,564</u>	

CITY OF DEXTER
Solid Waste Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 560,400	\$ 565,400	\$ 572,814	\$ 7,414
Interest	-	-	33	33
Total Revenues	<u>560,400</u>	<u>565,400</u>	<u>572,847</u>	<u>7,447</u>
Expenditures:				
Solid Waste Collection	<u>548,300</u>	<u>556,400</u>	<u>556,310</u>	<u>90</u>
Excess (Deficiency) of Revenues Over Expenditures	12,100	9,000	16,537	7,537
Other Financing Sources:				
Operating Transfers In	<u>-</u>	<u>100,000</u>	<u>98,085</u>	<u>(1,915)</u>
Change in Fund Balance	<u>\$ 12,100</u>	<u>\$ 109,000</u>	114,622	<u>\$ 5,622</u>
Fund Balance - July 1			<u>-</u>	
Fund Balance - June 30			<u>\$ 114,622</u>	

CITY OF DEXTER
Downtown Development Authority Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 295,000	\$ 295,000	\$ 300,006	\$ 5,006
Interest	700	700	1,111	411
Total Revenues	<u>295,700</u>	<u>295,700</u>	<u>301,117</u>	<u>5,417</u>
Expenditures:				
Community Development	73,700	111,000	89,035	21,965
Debt Service:				
Principal	334,000	334,000	334,000	-
Interest	2,000	227,000	218,012	8,988
Total Expenditures	<u>409,700</u>	<u>672,000</u>	<u>641,047</u>	<u>30,953</u>
Excess (Deficiency) of Revenues Over Expenditures	(114,000)	(376,300)	(339,930)	36,370
Other Financing Uses:				
Operating Transfers Out	<u>(130,000)</u>	<u>(131,200)</u>	<u>(111,128)</u>	<u>20,072</u>
Change in Fund Balance	<u>\$ (244,000)</u>	<u>\$ (507,500)</u>	(451,058)	<u>\$ 56,442</u>
Fund Balance - July 1			<u>787,173</u>	
Fund Balance - June 30			<u>\$ 336,115</u>	

OTHER SUPPLEMENTARY INFORMATION

CITY OF DEXTER
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

	Special Revenue		Debt Service	
	Tree Replacement	Streetscape	2006 G.O. Bonds	2014 Road Bonds
<u>ASSETS</u>				
Cash	\$ <u>148,933</u>	\$ <u>7,988</u>	\$ <u>42</u>	\$ <u>150</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Fund Balance:				
Restricted for:				
Debt Service	-	7,988	42	150
Trees	148,933	-	-	-
Roads	-	-	-	-
Committed for Equipment	-	-	-	-
Total Fund Balance	<u>148,933</u>	<u>7,988</u>	<u>42</u>	<u>150</u>
Total Liabilities and Fund Balance	<u>\$ 148,933</u>	<u>\$ 7,988</u>	<u>\$ 42</u>	<u>\$ 150</u>

Capital Project

2014 Road Construction	Equipment Replacement	Total
\$ <u>136,418</u>	\$ <u>87,832</u>	\$ <u>381,363</u>
\$ <u>8,591</u>	\$ <u>243</u>	\$ <u>8,834</u>
-	-	8,180
-	-	148,933
127,827	-	127,827
-	87,589	87,589
<u>127,827</u>	<u>87,589</u>	<u>372,529</u>
\$ <u>136,418</u>	\$ <u>87,832</u>	\$ <u>381,363</u>

CITY OF DEXTER
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2015

	Special Revenue	Debt Service		
	Tree Replacement	Streetscape	2006 G.O. Bonds	2014 Road Bonds
Revenues:				
Property Taxes	\$ -	\$ 160,395	\$ -	\$ -
Charges for Services	-	-	-	-
Contributions	4,800	-	-	-
Interest	2,041	95	-	-
Total Revenues	<u>6,841</u>	<u>160,490</u>	<u>-</u>	<u>-</u>
Expenditures:				
Public Works	-	1,037	-	-
Debt Service:				
Principal	-	140,000	75,000	70,000
Interest and Fees	-	17,420	54,858	8,065
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>158,457</u>	<u>129,858</u>	<u>78,065</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,841</u>	<u>2,033</u>	<u>(129,858)</u>	<u>(78,065)</u>
Other Financing Sources(Uses):				
Bond Proceeds	-	-	-	-
Operating Transfers In	-	-	129,900	78,215
Operating Transfers Out	(8,000)	-	-	-
Total Other Financing Sources(Uses)	<u>(8,000)</u>	<u>-</u>	<u>129,900</u>	<u>78,215</u>
Change in Fund Balance	(1,159)	2,033	42	150
Fund Balance - July 1	<u>150,092</u>	<u>5,955</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 148,933</u>	<u>\$ 7,988</u>	<u>\$ 42</u>	<u>\$ 150</u>

Capital Project		
2014 Road Construction	Equipment Replacement	Total
\$ -	\$ -	\$ 160,395
-	81,471	81,471
-	-	4,800
40	71	2,247
<u>40</u>	<u>81,542</u>	<u>248,913</u>
-	32,440	33,477
-	-	285,000
-	-	80,343
690,363	81,396	771,759
<u>690,363</u>	<u>113,836</u>	<u>1,170,579</u>
<u>(690,323)</u>	<u>(32,294)</u>	<u>(921,666)</u>
800,000	-	800,000
18,150	-	226,265
-	-	(8,000)
<u>818,150</u>	<u>-</u>	<u>1,018,265</u>
127,827	(32,294)	96,599
-	119,883	275,930
<u>\$ 127,827</u>	<u>\$ 87,589</u>	<u>\$ 372,529</u>

CITY OF DEXTER
Combining Balance Sheet
Downtown Development Authority
June 30, 2015

	<u>Downtown Development Authority</u>	<u>DDA Debt</u>	<u>DDA Project Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$ 271,761	\$ 500	\$ 181,970	\$ 454,231
Accounts Receivable	<u>-</u>	<u>-</u>	<u>4,300</u>	<u>4,300</u>
Total Assets	<u>\$ 271,761</u>	<u>\$ 500</u>	<u>\$ 186,270</u>	<u>\$ 458,531</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 6,799	\$ 500	\$ 75	\$ 7,374
Due to Other	115,042	-	-	115,042
Total Liabilities	<u>121,841</u>	<u>500</u>	<u>75</u>	<u>122,416</u>
Fund Balance:				
Restricted for:				
Downtown Development	149,920	-	186,195	336,115
Total Fund Balance	<u>149,920</u>	<u>-</u>	<u>186,195</u>	<u>336,115</u>
Total Liabilities and Fund Balance	<u>\$ 271,761</u>	<u>\$ 500</u>	<u>\$ 186,270</u>	<u>\$ 458,531</u>

CITY OF DEXTER
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Downtown Development Authority
For the Year Ended June 30, 2015

	<u>Downtown Development Authority</u>	<u>DDA Debt</u>	<u>DDA Project Fund</u>	<u>Total</u>
Revenues:				
Property Taxes	\$ 300,006	\$ -	\$ -	\$ 300,006
Interest	479	396	236	1,111
Total Revenues	<u>300,485</u>	<u>396</u>	<u>236</u>	<u>301,117</u>
Expenditures:				
Community Development	55,857	-	33,178	89,035
Debt Service:				
Principal	-	334,000	-	334,000
Interest and Fees	-	218,012	-	218,012
Total Expenditures	<u>55,857</u>	<u>552,012</u>	<u>33,178</u>	<u>641,047</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>244,628</u>	<u>(551,616)</u>	<u>(32,942)</u>	<u>(339,930)</u>
Other Financing Sources (Uses):				
Operating Transfers In	-	300,057	10,038	310,095
Operating Transfers Out	<u>(421,223)</u>	<u>-</u>	<u>-</u>	<u>(421,223)</u>
Total Other Financing Sources (Uses)	<u>(421,223)</u>	<u>300,057</u>	<u>10,038</u>	<u>(111,128)</u>
Change in Fund Balance	(176,595)	(251,559)	(22,904)	(451,058)
Fund Balance - July 1	<u>326,515</u>	<u>251,559</u>	<u>209,099</u>	<u>787,173</u>
Fund Balance - June 30	<u>\$ 149,920</u>	<u>\$ -</u>	<u>\$ 186,195</u>	<u>\$ 336,115</u>

