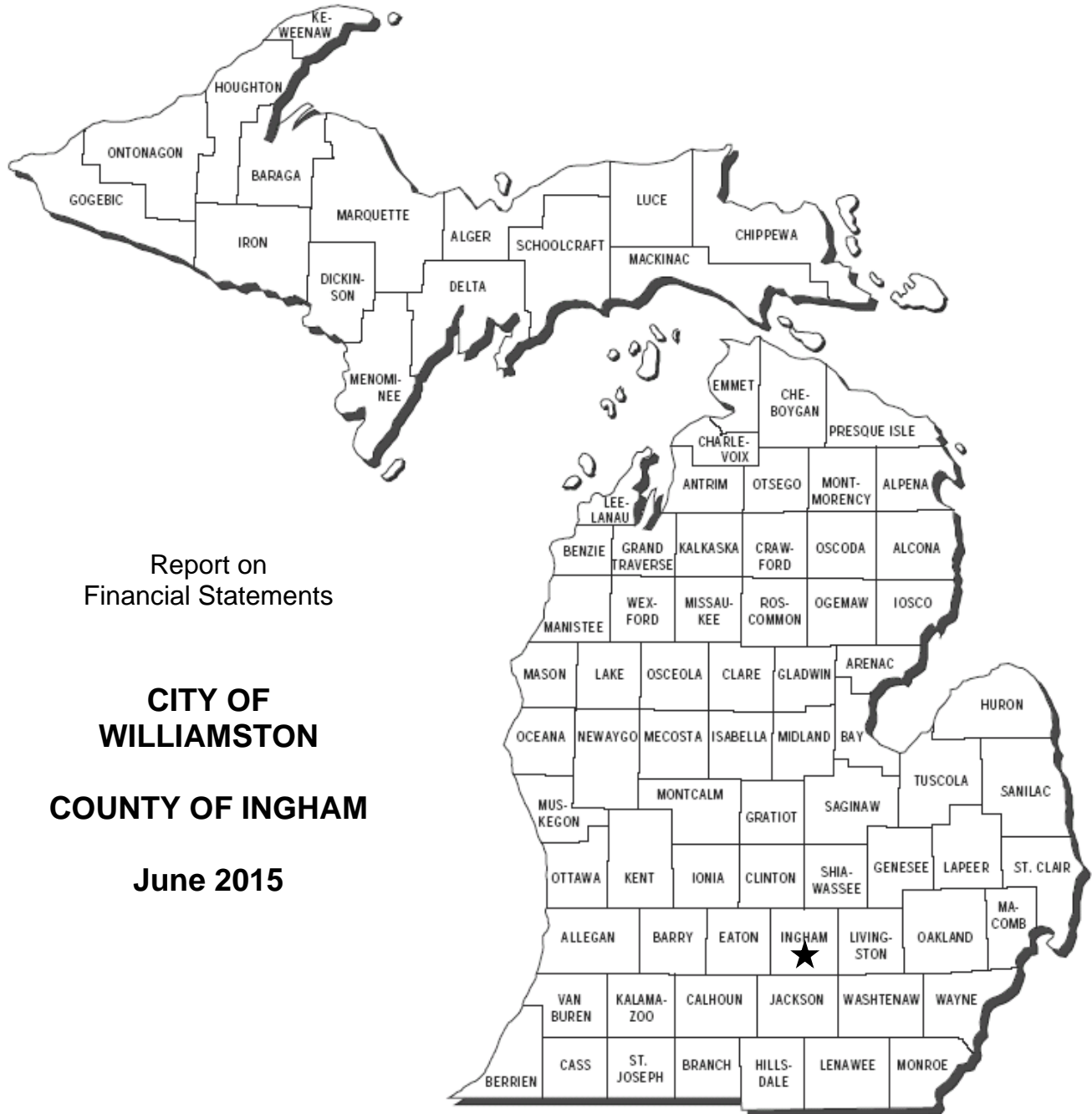


# STATE OF MICHIGAN

Rick Snyder, Governor

## DEPARTMENT OF TREASURY

Nick A. Khouri, State Treasurer



Report on  
Financial Statements

**CITY OF  
WILLIAMSTON**

**COUNTY OF INGHAM**

**June 2015**

CITY OF WILLIAMSTON

CITY COUNCIL  
(November 17, 2015)

Noah Belanger  
Mayor

Scott VanAllsburg  
Mayor Pro-Tem

Michael Moody  
Council Member

Sandy Whelton  
Council Member

Ben Stiffler  
Council Member

Kent Hall  
Council Member

James DeForest  
Council Member

Alan Dolley  
City Manager

Rachel Piner  
Treasurer

CITY POPULATION--2010  
3,854

STATE EQUALIZED VALUATION--2014  
\$104,759,880



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

NICK A. KHOURI  
STATE TREASURER

November 17, 2015

Honorable Mayor and City Council  
City of Williamston  
161 East Grand River Avenue  
Williamston, Michigan 48895

Independent Auditor's Report

Dear Council Members:

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Williamston, Ingham County, Michigan, as of and for the fiscal year ending June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Williamston'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Williamston, Ingham County, 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***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 9 as well as budgetary comparison information Exhibits K through M and the schedules of funding progress for pensions and other post-employment benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Williamston's basic financial statements. The accompanying supplementary and related information presented in Exhibits N through Y, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying supplementary and related information presented in Exhibits N through Y is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary and related information presented in Exhibits N through Y is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2015, on our consideration of the City of Williamston's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Williamston's internal control over financial reporting and compliance.

Sincerely,



Cary Jay Vaughn, CPA, CGFM

Audit Manager

Local Government Financial Services Division

CITY OF WILLIAMSTON

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The following is a discussion and analysis of the City of Williamston's (City) financial performance and position, providing an overview of the activities for the fiscal year ending June 30, 2015. This analysis should be read in conjunction with the Independent Auditors Report, our letter of transmittal, and with the City's financial statements, which follows this section.

## **FINANCIAL HIGHLIGHTS**

The following represent the major financial highlights for the fiscal year ending June 30, 2015:

- For the first time in several years, the City showed a slight increase in State Equalized Values and Taxable Values. The City collected about 1% more tax revenue than it did in the prior fiscal year. The City is anticipating a slightly larger increase in values in the fiscal year 2015-2016.
- The Economic Vitality Incentive Program (EVIP) was amended by the State of Michigan and is now called City, Village and Township Revenue Sharing/County Incentive Program (CVTRS). The payments from Constitutional Sales Tax and CVTRS were increased by 2% in this fiscal year. The City continues to comply with all of the requirements of CVTRS, maximizing the funds it receives under this program.
- The Economic Development Corporation (EDC) sold its building that housed the City Department of Public Works (DPW) and Police Department. The EDC gave the proceeds from the sale to the City to build a new Police Department building in exchange for five years of no administrative reimbursement to the City. The Police Department building was built in this fiscal year utilizing the proceeds and fund balance. The DPW moved its operations to another location that is owned by the Tax Increment Financing Authority 2B (TIFA 2B).

## **USING THIS ANNUAL REPORT**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. This report also contains supplementary information in addition to the basic financial statements. The basic financial statements include a series of financial statements. The Statement of Net Position and the Statement of Activities on Exhibits A and B provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start with Exhibit C. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

**Reporting the City as a Whole**

***The Statement of Net Position and the Statement of Activities***

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position — the difference between assets and liabilities — as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- Governmental activities--Most of the City's basic services are reported here, including the police, fire, public works, and general administration. Property taxes, franchise fees, and state grants finance most of these activities.
- Business-type activities--The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sewer, water, and garbage systems are reported here.
- Component units--The City includes four separate legal entities in its report--Economic Development Corporations (EDC), Tax Increment Financing Authority 2A (TIFA 2A), Tax Increment Financing Authority 2B (TIFA 2B), and Downtown Development Authority (DDA). Although legally separate, these "component units" are important because the City is financially accountable for them.

**Report the City's Major Fund**

***Fund Financial Statements***

Our analysis of the City's major funds begins with Exhibits C and D with additional information provided in Note A of the Notes to the Financial Statements. The special revenue funds are required to be established by State law such as the Major Street Fund and the Local Street Fund. The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

- *Governmental funds*—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation to the fund financial statements on Exhibit C-1 and Exhibit D-1.
- *Proprietary funds*—When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

## The City as Trustee

### Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, for taxes collected for other units of government in accordance with Michigan state statute. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### *Additional Required Supplementary Information (RSI)*

Following the basic financial statements is additional Required Supplementary Information that further explains and supports the information in the financial statements. The Required Supplementary Information includes budgetary comparison schedules and schedules of funding progress for pensions and other post-employment benefits.

### *Other Supplementary Information*

Other supplementary information includes combining financial statements, the individual funds, the City's non-major governmental funds, detailed budget reports for the General Fund, and fund level and government-wide statements for the discrete component units are presented for the purpose of additional analysis and is not a required part of the basic financial statements.

**The City as a Whole**

The City's combined net position of the primary government decreased from \$17,142,557 to \$15,741,577 or \$1,400,980 for the fiscal year ending June 30, 2015. This is contrary to the previous fiscal year when the net position increased \$26,996. Our analysis focuses on the primary government net position (and does not include that of the discretely presented component units) (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

**Table 1**  
**Net Position of Governmental and Business-Type Activities**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Current and Other Assets	\$ 1,434,710	\$ 1,601,878	\$ 726,789	\$ 378,327	\$ 2,161,499	\$ 1,980,205
Noncurrent Assets	6,907,213	6,801,063 *	20,900,292	20,518,534	27,807,505	27,319,597
<b>Total Assets</b>	<b>8,341,923</b>	<b>8,402,941</b>	<b>21,627,081</b>	<b>20,896,861</b>	<b>29,969,004</b>	<b>29,299,802</b>
Deferred Outflows of Resources						
Related to Pensions	-	106,023	-	-	-	106,023
Current Liabilities	116,754	330,619	71,380	43,024	188,134	373,643
Noncurrent Liabilities	1,726,812	2,996,104 **	10,911,501	10,294,501	12,638,313	13,290,605
<b>Total Liabilities</b>	<b>1,843,566</b>	<b>3,432,746</b>	<b>10,982,881</b>	<b>10,337,525</b>	<b>12,826,447</b>	<b>13,770,271</b>
Net Position						
Net Investment in						
Capital Assets*	6,907,213	6,801,063 *	9,395,844	9,425,281	16,303,057	16,226,344
Restricted	191,441	307,863	604,448	809,253	795,889	1,117,116
Unrestricted**	(600,297)	(1,926,685) **	643,908	324,802	43,611	(1,601,883)
<b>Total Net Position</b>	<b>\$ 6,498,357</b>	<b>\$ 5,182,241</b>	<b>\$ 10,644,200</b>	<b>\$ 10,559,336</b>	<b>\$ 17,142,557</b>	<b>\$ 15,741,577</b>

\*Amounts have been restated to remove capital asset items sold/disposed in prior years, but not recorded.

\*\*Amounts have been restated for the implementation of GASB Statement Number 68.

As noted in Table 1 and Table 2, the net position of the City's governmental activities decreased by 20.3%, or \$1,316,116 (\$5,182,241 compared to \$6,498,357). The net investment in capital assets decreased this year with the restatement reducing the beginning balance by \$317,395 combined with the continued depreciation of the City's capital assets. This is despite the building of a new police facility for \$560,773. The unrestricted net position increased as this amount primarily relates to the City's street funds which decreased after the severity of the winter in the prior year plus the reduction in major improvements performed this year. The unrestricted net position's primary decrease is due to the \$1,204,098 restatement to record the

City's pension liability for the first time to comply with the implementation of GASB Statement Number 68.

Also, as noted in Table 1 and Table 2, the net position of the City's business-type activities decreased by .8%, or \$84,864 (\$10,559,336 compared to \$10,644,200). The net investment in capital assets increased as the City retired \$616,000 in debt this year offset by the \$586,563 decrease in the value of the City's capital assets as they continue to depreciate. The increase in the restricted and decrease in unrestricted net position was primarily due to funds being transferred from the unrestricted to the restricted for future repair and improvements.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Program Revenue						
Charges for Services	\$ 458,708	\$ 495,961	\$ 1,891,148	\$ 1,907,816	\$ 2,349,856	\$ 2,403,777
Operating Grants and Contributions	342,372	376,157	-	225,321	342,372	601,478
Capital Grants and Contributions	379,000	-	-	-	379,000	-
General Revenue						
Property Taxes	1,424,640	1,432,920	-	-	1,424,640	1,432,920
State-Shared Revenues	324,529	330,153	-	-	324,529	330,153
Rents	5,500	6,000	-	-	5,500	6,000
Unrestricted Investment Earnings	462	408	433	1,145	895	1,553
Other	-	396,448	-	-	-	396,448
Loss on Sale of Assets	10,655	-	-	-	10,655	-
<b>Total Revenues</b>	<b>2,945,866</b>	<b>3,038,047</b>	<b>1,891,581</b>	<b>2,134,282</b>	<b>4,837,447</b>	<b>5,172,329</b>
Program Expenses						
General Government	941,617	967,457	-	-	941,617	967,457
Public Safety	682,495	707,637	-	-	682,495	707,637
Public Works	979,290	939,701	-	-	979,290	939,701
Community and Economic Development	74,052	62,418	-	-	74,052	62,418
Recreation and Cultural	117,378	106,222	-	-	117,378	106,222
Interest on Debt	53,733	49,235	-	-	53,733	49,235
Sewer	-	-	1,046,781	1,370,594	1,046,781	1,370,594
Water	-	-	915,105	848,552	915,105	848,552
<b>Total Expenses</b>	<b>2,848,565</b>	<b>2,832,670</b>	<b>1,961,886</b>	<b>2,219,146</b>	<b>4,810,451</b>	<b>5,051,816</b>
<b>Change in Net Position</b>	<b>\$ 97,301</b>	<b>\$ 205,377</b>	<b>\$ (70,305)</b>	<b>\$ (84,864)</b>	<b>\$ 26,996</b>	<b>\$ 120,513</b>

***Governmental Activities***

Most of the City's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. The total revenues for the City's

governmental activities increased by 3.1% or \$92,181 primarily due to the \$396,448 received from the EDC from the sale of a building. The \$379,000 decrease in the capital grant is due to the City receiving an economic development grant for a street project last year.

Most of the City's general government departments such as police, public works, recreation programs and Major and Local Street maintenance are reported under these activities. The total expenses decreased by .6% or \$15,895.

### ***Business-Type Activities***

Business-type activities are those that are financed primarily by charges for services or user fees. Total revenues increased by \$242,701 or 12.8%. The charges for services increased due to an increase in charges for services due to an increase in rates. The operating grants increased as the City received a Sewer and Wastewater (SAW) grant which began during the fiscal year. Total expenses decreased by \$257,260 or 13.1% over the prior year due to the expenses related to the SAW grant. The City's business-type activities consist of the Water and Sewer Funds of which these types of operations are most similar to private businesses.

## **THE CITY'S FUNDS**

As the City completed the year, its governmental funds (as presented in the balance sheet and statement of revenues, expenditures and changes in fund balances on Exhibit C and Exhibit D respectively) reported a fund balance of \$1,243,617 which is less than last year's \$1,317,956. The primary reasons for the governmental funds' decrease mirror the governmental activities analysis highlighted in the prior paragraph. The City's major funds in 2015 were the General Fund, Major Street Fund, Local Street Fund, Sewer Fund, and Water Fund.

The General Fund pays for most of the City's governmental services. The most significant are for general government, public safety, and public works activities. These services are supported by the operating millage and State-shared revenues. The Major Street Fund and the Local Street Fund performs public works and account for the Michigan Transportation Funds received from the State and the maintenance performed on the City's street system. The Sewer and Water Funds are described above.

## **GENERAL FUND BUDGETARY HIGHLIGHT**

The City's budget is a dynamic document. Although adopted in June (prior to the start of the fiscal year), the budget is occasionally amended during the course of the fiscal year to reflect changing operational demands. All budget amendments are presented before the Council for approval. In addition, for their review, the Council is provided with a budget statement from the Treasurer each month.

The fund balance in the General Fund continued to decline this fiscal year. The General Fund continues to maintain a fund balance of 35% of its expenditures which is well within the

recommended 20% of expenditures. The City continues to focus on maintaining or exceeding the recommended level of fund balance by regularly evaluating expenditures.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

As of June 30, 2015, the City had \$26,510,343 invested in a broad range of capital assets, including land, buildings, land improvements, vehicles, equipment, street and sidewalk infrastructure, and water and sewer infrastructure. This amount represents a net decrease (including additions and deductions) of \$692,714.

This fiscal year's capital asset addition in the governmental activities includes the construction of the police building of \$560,773 and street improvements for \$20,233. The business-type activities had no additions.

**Table 3**  
**Capital Assets at Year-End**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
	Land	\$ 390,632	\$ 390,632	\$ 436,557	\$ 436,557	\$ 827,189
Land Improvements-Nondepreciating	317,395	-	-	-	317,395	-
Construction in Progress	38,312	-	-	-	38,312	-
Land Improvements-Depreciating	1,136,779	916,250	-	-	1,136,779	916,250
Buildings and Improvements	1,089,540	1,672,356	-	-	1,089,540	1,672,356
Office Equipment	68,270	27,219	-	-	68,270	27,219
Machinery and Equipment	496,205	414,816	589,399	589,399	1,085,604	1,004,215
Vehicles	900,903	906,816	-	-	900,903	906,816
Infrastructure	5,951,628	5,971,862	-	-	5,951,628	5,971,862
Sewer System	-	-	17,307,321	17,307,321	17,307,321	17,307,321
Water System	-	-	9,698,471	9,698,471	9,698,471	9,698,471
Total Capital Assets	10,389,664	10,299,951	28,031,748	28,031,748	38,421,412	38,331,699
Total Accumulated Depreciation	(3,482,451)	(3,498,888)	(7,735,904)	(8,322,468)	(11,218,355)	(11,821,356)
Total Net Capital Assets	\$ 6,907,213	\$ 6,801,063	\$ 20,295,844	\$ 19,709,280	\$ 27,203,057	\$ 26,510,343

The City of Williamston's fiscal-year 2014-2015 capital budget calls for no additional debt obligations to finance future projects. More detailed information related to the City of Williamston's capital assets is presented in Note G to the financial statements.

**Debt**

At fiscal year-end, the City had \$11,538,133 in bonds and special assessment agreements outstanding versus \$12,303,294 in the previous fiscal year, a decrease of \$765,161, as shown in Table 4. The decrease in long term debt is due to the continued scheduled payments on debt obligations. No new debt was issued during fiscal ending June 30, 2015.

**Table 4  
Outstanding Debt at Year-End**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Bonds Payable	\$ 1,010,000	\$ 910,000	\$ 10,900,000	\$ 10,284,000	\$ 11,910,000	\$ 11,194,000
Special Assessments Payable	393,294	344,133	-	-	393,294	344,133
Total Outstanding Debt	<u>\$ 1,403,294</u>	<u>\$ 1,254,133</u>	<u>\$ 10,900,000</u>	<u>\$ 10,284,000</u>	<u>\$ 12,303,294</u>	<u>\$ 11,538,133</u>

More detailed information about the City's long term debt is presented in Note H to the financial statements. In addition to the City's debt obligations shown in Table 4, the City had \$71,514 in vested employee benefits payable presented in more detail in Note I to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City appears to be recovering from the Great Recession with property values on the rise. The City has noticed revenues begin to stabilize this fiscal year and anticipate further stabilization with moderate growth in the next fiscal year.

Road funding is a problem throughout the State of Michigan. The City continues to seek grant funds as they become available for its road system. Alternative sources of revenue are being sought by City officials to repair and maintain its roadways.

Water and sewer rates continued to be increased this fiscal year and are anticipated to increase in the upcoming year. Because the Water and Sewer funds have bonds obligations of nearly \$500,000, the water and sewer rates continue to increase. Annual increases are predicated through fiscal year end 2018 until the majority of the bond obligations are retired. Currently, there are no capital projects planned or budgeted for in the upcoming fiscal year.



**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the Treasurer's Office at (517) 655-2774 or 161 East Grand River Avenue, Williamston, Michigan 48895.

**CITY OF WILLIAMSTON**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**June 30, 2015**

**EXHIBIT A**

<b><u>ASSETS</u></b>	<b><u>PRIMARY GOVERNMENT</u></b>			
	<b><u>Governmental</u></b> <b><u>Activities</u></b>	<b><u>Business-Type</u></b> <b><u>Activities</u></b>	<b><u>Total</u></b>	<b><u>Component</u></b> <b><u>Units</u></b>
Current Assets				
Cash	\$ 794,858	\$ 385,806	\$ 1,180,664	\$ 774,580
Investments	302,701	-	302,701	112,579
Special Assessments Receivable	343	-	343	-
Accounts Receivable	-	310,886	310,886	-
Due From State	110,239	13,407	123,646	-
Due From Other Agencies	-	-	-	-
Due From Other Funds--Primary Government	-	-	-	152,888
Due From Other Funds--Component Units	47,681	-	47,681	-
Internal Balances	331,772	(331,772)	-	-
Prepaid Expense	14,284	-	14,284	-
Total Current Assets	<u>1,601,878</u>	<u>378,327</u>	<u>1,980,205</u>	<u>1,040,047</u>
Noncurrent Assets				
Restricted Cash	-	809,253	809,253	7,039
Capital Assets--Nondepreciating	390,632	436,557	827,189	667,554
Capital Assets--Depreciating	6,410,431	19,272,724	25,683,155	1,499,001
Total Noncurrent Assets	<u>6,801,063</u>	<u>20,518,534</u>	<u>27,319,597</u>	<u>2,173,594</u>
Total Assets	<u>8,402,941</u>	<u>20,896,861</u>	<u>29,299,802</u>	<u>3,213,641</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred Outflow Investments	43,463	-	43,463	-
Deferred Outflow Employer Contributions	62,560	-	62,560	-
Total Deferred Outflow of Resources	<u>106,023</u>	<u>-</u>	<u>106,023</u>	<u>-</u>

**CITY OF WILLIAMSTON**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**June 30, 2015**

**EXHIBIT A**  
**(CONTINUED)**

**LIABILITIES**

Current Liabilities

Accounts Payable	121,157	25,383	146,540	489
Due to Other Funds--Primary Government	-	-	-	47,681
Due to Other Funds--Component Units	152,888	-	152,888	-
Accrued Liabilities	54,114	17,641	71,755	1,645
Escrow Deposits Payable	2,460	-	2,460	-

Total Current Liabilities	<u>330,619</u>	<u>43,024</u>	<u>373,643</u>	<u>49,815</u>
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Noncurrent Liabilities

Customer Deposits Payable	-	10,501	10,501	-
Bonds Payable--Due Within One Year	110,000	655,000	765,000	125,000
Bonds Payable--Due in More Than One Year	800,000	9,629,000	10,429,000	1,160,000
Special Assessments Payable--Due Within One Year	49,162	-	49,162	-
Special Assessments Payable-- Due in More Than One Year	294,971	-	294,971	-
Vested Employee Benefits Payable-- Due Within One Year	14,303	-	14,303	-
Vested Employee Benefits Payable-- Due in More Than One Year	57,211	-	57,211	-
Net Pension Liability	1,355,171	-	1,355,171	-
Other Post-Employment Benefits Payable	315,286	-	315,286	-

Total Noncurrent Liabilities	<u>2,996,104</u>	<u>10,294,501</u>	<u>13,290,605</u>	<u>1,285,000</u>
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Total Liabilities	<u>3,326,723</u>	<u>10,337,525</u>	<u>13,664,248</u>	<u>1,334,815</u>
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**NET POSITION**

Net Investment in Capital Assets	6,801,063	9,425,281	16,226,344	881,555
Restricted for				
Major and Local Streets	307,047	-	307,047	-
Debt Service	816	-	816	-
Economic Development Programs	-	-	-	76,674
Downtown Development Activities	-	-	-	97,107
Tax Increment Finance Plans	-	-	-	823,490
Sewer and Water Improvements	-	809,253	809,253	-
Unrestricted	<u>(1,926,685)</u>	<u>324,802</u>	<u>(1,601,883)</u>	<u>-</u>
Total Net Position	<u>\$ 5,182,241</u>	<u>\$10,559,336</u>	<u>\$15,741,577</u>	<u>\$ 1,878,826</u>

**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2015**

**EXHIBIT B**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>PROGRAM REVENUES</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government			
Governmental Activities			
General Government	\$ 967,457	\$ 208,936	\$ 69,137
Public Safety	707,637	46,108	592
Public Works	939,701	236,442	306,428
Community and Economic Development	62,418	4,475	-
Recreation and Culture	106,222	-	-
Interest on Long-Term Debt	49,235	-	-
Total Governmental Activities	<u>2,832,670</u>	<u>495,961</u>	<u>376,157</u>
Business-Type Activities			
Sewer	1,370,594	1,059,198	225,321
Water	848,552	848,618	-
Total Business-Type Activities	<u>2,219,146</u>	<u>1,907,816</u>	<u>225,321</u>
Total Primary Government	<u>\$ 5,051,816</u>	<u>\$ 2,403,777</u>	<u>\$ 601,478</u>
Component Units			
Economic Development Corporation	\$ 403,838	\$ -	\$ 484
Tax Increment Finance Authority 2A	16,744	-	53
Tax Increment Finance Authority 2B	135,876	-	1,345
Downtown Development Authority	247,371	4,674	97
Total Component Units	<u>\$ 803,829</u>	<u>\$ 4,674</u>	<u>\$ 1,979</u>

**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2015**

**EXHIBIT B**  
**(CONTINUED)**

**NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION**

<u>Functions/Programs</u>	<b>PRIMARY GOVERNMENT</b>			Component Units
	Governmental Activities	Business-Type Activities	Total	
Primary Government				
Governmental Activities				
General Government	\$ (689,384)	\$ -	\$ (689,384)	\$ -
Public Safety	(660,937)	-	(660,937)	-
Public Works	(396,831)	-	(396,831)	-
Community and Economic Development	(57,943)	-	(57,943)	-
Recreation and Culture	(106,222)	-	(106,222)	-
Interest on Long-Term Debt	(49,235)	-	(49,235)	-
Total Governmental Activities	(1,960,552)	-	(1,960,552)	-
Business-Type Activities				
Sewer	-	(86,075)	(86,075)	-
Water	-	66	66	-
Total Business-Type Activities	-	(86,009)	(86,009)	-
Total Primary Government	(1,960,552)	(86,009)	(2,046,561)	-
Component Units				
Economic Development Corporation	-	-	-	(403,354)
Tax Increment Finance Authority 2A	-	-	-	(16,691)
Tax Increment Finance Authority 2B	-	-	-	(134,531)
Downtown Development Authority	-	-	-	(242,600)
Total Component Units	-	-	-	(797,176)
General Revenues				
Property Taxes	1,432,920	-	1,432,920	633,043
State-Shared Revenues	330,153	-	330,153	-
Unrestricted Investment Earnings	408	1,145	1,553	-
Rents	6,000	-	6,000	-
Other	396,448	-	396,448	-
Special Item-Gain on Sale of Capital Assets	-	-	-	(61,592)
Total General Revenues--Special Items and Transfers	2,165,929	1,145	2,167,074	571,451
Change in Net Position	205,377	(84,864)	120,513	(225,725)
Net Position--Beginning	6,498,357	10,644,200	17,142,557	2,096,435
Restatement to Net Position (Note N)	(1,521,493)	-	(1,521,493)	8,116
Restated Net Position	4,976,864	10,644,200	15,621,064	2,104,551
Net Position--Ending	\$ 5,182,241	\$ 10,559,336	\$ 15,741,577	\$ 1,878,826

**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON**  
**BALANCE SHEET--GOVERNMENTAL FUNDS**  
**June 30, 2015**

**EXHIBIT C**

**MAJOR GOVERNMENTAL FUNDS**

	General Fund	Major Street Fund	Local Street Fund	Non-Major Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>					
Cash	\$ 558,000	\$ 210,786	\$ 26,072	\$ -	\$ 794,858
Investments	141,934	50,022	110,745	-	302,701
Special Assessments Receivable	-	-	343	-	343
Due From State	54,599	45,999	9,641	-	110,239
Due From Other Funds--Primary Government	450,647	-	-	103,049	553,696
Due From Other Funds--Component Units	32,039	-	-	-	32,039
Prepaid Expenses	14,284	-	-	-	14,284
Total Assets	<u>\$ 1,251,503</u>	<u>\$ 306,807</u>	<u>\$ 146,801</u>	<u>\$ 103,049</u>	<u>\$ 1,808,160</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
Liabilities					
Accounts Payable	\$ 7,032	\$ 7,152	\$ 2,892	\$ 102,233	\$ 119,309
Due to Other Funds--Primary Government	103,049	14,863	119,091	-	237,003
Due to Other Funds--Component Units	152,888	-	-	-	152,888
Accrued Liabilities	50,320	969	1,594	-	52,883
Escrow Deposits Payable	2,460	-	-	-	2,460
Total Liabilities	<u>315,749</u>	<u>22,984</u>	<u>123,577</u>	<u>102,233</u>	<u>564,543</u>
Fund Balances					
Nonspendable	14,284	-	-	-	14,284
Restricted for					
Major and Local Streets	-	283,823	23,224	-	307,047
Debt Service	-	-	-	816	816
Unassigned	921,470	-	-	-	921,470
Total Fund Balances	<u>935,754</u>	<u>283,823</u>	<u>23,224</u>	<u>816</u>	<u>1,243,617</u>
Total Liabilities and Fund Balances	<u>\$ 1,251,503</u>	<u>\$ 306,807</u>	<u>\$ 146,801</u>	<u>\$ 103,049</u>	<u>\$ 1,808,160</u>

**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2015**

**EXHIBIT C-1**

FUND BALANCE REPORTED IN GOVERNMENTAL FUNDS	\$ 1,243,617
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.	6,801,063
Internal service funds are used by management to charge the costs of certain activities such as insurance and telephone service to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	27,642
Bonds payable and special assessment obligations are not due and payable in the current period and are not reported in the funds.	(1,254,133)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as financial resources; therefore, they are not reported as fund liabilities.	(71,514)
Net pension liability is not due and payable in the current period and is not reported in the funds.	(1,355,171)
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds.	106,023
Other postemployment benefit obligations do not present a claim on current financial resources and are not reported as fund liabilities.	<u>(315,286)</u>
NET POSTION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 5,182,241</u></u>

**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

**EXHIBIT D**

	<b>MAJOR GOVERNMENTAL FUNDS</b>				
	General Fund	Major Street Fund	Local Street Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes and Penalties	\$ 1,432,920	\$ -	\$ -	\$ -	\$ 1,432,920
Licenses and Permits	58,811	-	-	-	58,811
State Grants	334,752	223,319	60,147	-	618,218
Charges for Services	11,856	-	-	-	11,856
Fines and Forfeits	5,263	-	-	-	5,263
Interest and Rentals	6,408	23	109	-	6,540
Other Revenue	648,085	22,830	-	-	670,915
<b>Total Revenues</b>	<b>2,498,095</b>	<b>246,172</b>	<b>60,256</b>	<b>-</b>	<b>2,804,523</b>
<b>Expenditures</b>					
<b>Current</b>					
General Government	889,220	-	-	-	889,220
Public Safety	640,182	-	-	-	640,182
Public Works	275,918	104,666	102,372	-	482,956
Community and Economic Development	58,859	-	-	-	58,859
Recreation and Culture	57,404	-	-	-	57,404
Capital Outlay	560,773	20,233	-	-	581,006
Debt Service					
Principal	-	-	-	100,000	100,000
Interest and Fiscal Fees	-	-	-	49,235	49,235
<b>Total Expenditures</b>	<b>2,482,356</b>	<b>124,899</b>	<b>102,372</b>	<b>149,235</b>	<b>2,858,862</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>15,739</b>	<b>121,273</b>	<b>(42,116)</b>	<b>(149,235)</b>	<b>(54,339)</b>
<b>Other Financing Sources (Uses)</b>					
Interfund Transfers In--Primary Government	-	-	196,500	149,750	346,250
Interfund Transfers (Out)--Primary Government	(206,500)	(10,000)	(149,750)	-	(366,250)
<b>Total Other Financing Sources (Uses)</b>	<b>(206,500)</b>	<b>(10,000)</b>	<b>46,750</b>	<b>149,750</b>	<b>(20,000)</b>
<b>Net Change in Fund Balances</b>	<b>(190,761)</b>	<b>111,273</b>	<b>4,634</b>	<b>515</b>	<b>(74,339)</b>
<b>Fund Balance--July 1, 2014</b>	<b>1,126,515</b>	<b>172,550</b>	<b>18,590</b>	<b>301</b>	<b>1,317,956</b>
<b>Fund Balance--June 30, 2015</b>	<b>\$ 935,754</b>	<b>\$ 283,823</b>	<b>\$ 23,224</b>	<b>\$ 816</b>	<b>\$ 1,243,617</b>

**The Notes to Financial Statements are an integral part of this statement.**



**CITY OF WILLIAMSTON**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2015**

**EXHIBIT D-1**

NET CHANGE IN FUND BALANCES--TOTAL GOVERNMENTAL FUNDS \$ (74,339)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add--Capital Outlay	681,270
Deduct--Depreciation Expense	(470,025)

Internal service funds are used by management to charge the costs of certain activities such as insurance and telephone service to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Add--Net Operating Income (Loss) From Governmental Activities in Internal Service Funds	27,642
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Repayment of bond and special assessment principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Add--Principal Payments on Long-Term Liabilities	149,161
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(Increase)/Decrease in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund financial statements until they come due for payment.	11,958
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Increase in pension liability reported in the statement of activities does not require the use of resources, and therefore, is not reported in the fund statements until it comes due for payment.	(45,050)
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Other postemployment benefit obligation expense is recognized in the Statement of Activities, but not in the governmental funds.	<u>(75,240)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 205,377</u></u>
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**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON  
STATEMENT OF NET POSITION--  
PROPRIETARY FUNDS  
June 30, 2015**

**EXHIBIT E**

	<b>BUSINESS-TYPE ACTIVITIES</b>			<b>GOVERNMENTAL ACTIVITIES</b>
	<b>ENTERPRISE FUNDS</b>		Total Enterprise Funds	<b>INTERNAL SERVICE FUND</b>
	Sewer	Water		Equipment Fund
<b><u>ASSETS</u></b>				
Current Assets				
Cash	\$ 278,839	\$ 106,967	\$ 385,806	\$ -
Customer Accounts Receivable	173,396	137,490	310,886	-
Due From State	13,407	-	13,407	-
Due From Other Funds-Primary Government	138,215	-	138,215	65,239
Due From Other Funds-Component Units	-	-	-	15,642
Total Current Assets	<u>603,857</u>	<u>244,457</u>	<u>848,314</u>	<u>80,881</u>
Noncurrent Assets				
Restricted Cash	522,142	287,111	809,253	-
Capital Assets--Nondepreciating	18,692	417,865	436,557	-
Capital Assets--Depreciating	<u>11,307,460</u>	<u>7,965,264</u>	<u>19,272,724</u>	<u>195,119</u>
Total Noncurrent Assets	<u>11,848,294</u>	<u>8,670,240</u>	<u>20,518,534</u>	<u>195,119</u>
Total Assets	<u>12,452,151</u>	<u>8,914,697</u>	<u>21,366,848</u>	<u>276,000</u>
<b><u>LIABILITIES</u></b>				
Current Liabilities				
Accounts Payable	16,675	8,708	25,383	1,848
Due to Other Funds--Primary Government	172,173	297,814	469,987	50,160
Accrued Liabilities	<u>10,202</u>	<u>7,439</u>	<u>17,641</u>	<u>1,231</u>
Total Current Liabilities	<u>199,050</u>	<u>313,961</u>	<u>513,011</u>	<u>53,239</u>
Noncurrent Liabilities				
Customer Deposits Payable	-	10,501	10,501	-
Bonds Payable--Due Within One Year	537,000	118,000	655,000	-
Bonds Payable--Due in More Than One Year	<u>4,192,000</u>	<u>5,437,000</u>	<u>9,629,000</u>	<u>-</u>
Total Noncurrent Liabilities	<u>4,729,000</u>	<u>5,565,501</u>	<u>10,294,501</u>	<u>-</u>
Total Liabilities	<u>4,928,050</u>	<u>5,879,462</u>	<u>10,807,512</u>	<u>53,239</u>
<b><u>NET POSITION</u></b>				
Net Investment in Capital Assets	6,597,152	2,828,129	9,425,281	195,119
Restricted for Sewer and Water Improvements	522,142	287,111	809,253	-
Unrestricted	<u>404,807</u>	<u>(80,005)</u>	<u>324,802</u>	<u>27,642</u>
Total Net Position	<u>\$ 7,524,101</u>	<u>\$ 3,035,235</u>	<u>\$ 10,559,336</u>	<u>\$ 222,761</u>

**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION--PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

**EXHIBIT F**

	<b><u>BUSINESS-TYPE ACTIVITIES</u></b>		<b><u>GOVERNMENTAL ACTIVITIES</u></b>	
	<b><u>ENTERPRISE FUNDS</u></b>		Total Enterprise Funds	<b><u>INTERNAL SERVICE FUND</u></b>
	Sewer	Water		Equipment Fund
Operating Revenues				
Charges for Services	\$ 1,046,113	\$ 848,618	\$ 1,894,731	\$ 199,393
Total Operating Revenues	1,046,113	848,618	1,894,731	199,393
Operating Expenses				
Salaries and Wages	210,659	117,259	327,918	26,199
Fringe Benefits	75,184	40,576	115,760	8,412
Administrative Expenses	40,000	40,000	80,000	1,500
Contractual Services	275,869	62,354	338,223	-
Equipment Repair and Maintenance	30,515	7,308	37,823	39,984
Equipment Rental	39,171	45,299	84,470	2,731
Utilities	85,895	62,811	148,706	-
Insurance	8,099	5,598	13,697	8,285
Other Supplies and Expenses	92,437	64,927	157,364	38,509
Depreciation	373,096	213,467	586,563	75,875
Total Operating Expenses	1,230,925	659,599	1,890,524	201,495
Operating Income (Loss)	(184,812)	189,019	4,207	(2,102)
Nonoperating Revenues (Expenses)				
State Grant	225,321	-	225,321	-
Capital Asset Contribution from General Fund	-	-	-	170,732
Contribution from Component Unit	13,085	-	13,085	34,131
Interest and Investment Revenue	704	441	1,145	-
Interest Expense	(139,669)	(188,953)	(328,622)	-
Total Nonoperating Revenues (Expenses)	99,441	(188,512)	(89,071)	204,863
Income (Loss) Before Contributions and Transfers	(85,371)	507	(84,864)	202,761
Interfund Transfers				
Transfers In	138,215	-	138,215	20,000
Transfers (Out)	-	(138,215)	(138,215)	-
Change in Net Position	52,844	(137,708)	(84,864)	222,761
Total Net Position--July 1, 2014	7,471,257	3,172,943	10,644,200	-
Total Net Position--June 30, 2015	\$ 7,524,101	\$ 3,035,235	\$ 10,559,336	\$ 222,761

**CITY OF WILLIAMSTON  
STATEMENT OF CASH FLOWS--  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2015**

**EXHIBIT G  
GOVERNMENTAL  
ACTIVITIES**

	<b>BUSINESS-TYPE ACTIVITIES</b>			<b>INTERNAL SERVICE FUND</b>
	<b>ENTERPRISE FUNDS</b>		Total Enterprise Funds	Equipment Fund
	Sewer	Water		
Cash Flows From Operating Activities				
Charges for Services	\$ 1,050,284	\$ 843,136	\$ 1,893,420	\$ 199,393
Goods and Services Purchased	(591,923)	(300,543)	(892,466)	(89,161)
Salaries and Fringes	(283,042)	(156,809)	(439,851)	(33,380)
Net Cash Provided by Operating Activities	175,319	385,784	561,103	76,852
Cash Flows From Noncapital Financing Activities				
State Grants	211,914	-	211,914	-
Customer Deposits	-	(1,000)	(1,000)	-
Due From Other Funds	43,011		43,011	(80,882)
Due to Other Funds	120,158	(103,142)	17,016	50,160
Operating Transfers In From Other Funds	138,215	-	138,215	20,000
Operating Transfers (Out) to Other Funds	-	(138,215)	(138,215)	-
Contributions From Component Units	13,085	-	13,085	-
Net Cash Flows From Noncapital Financing Activities	526,383	(242,357)	284,026	(10,722)
Cash Flows From Capital and Related Financing Activities				
Acquisition of Capital Assets				(66,130)
Principal Paid on Debt	(500,000)	(116,000)	(616,000)	-
Interest Paid on Debt	(139,669)	(188,953)	(328,622)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(639,669)	(304,953)	(944,622)	(66,130)
Cash Flows From Investing Activities				
Interest on Cash	704	441	1,145	-
Sale (Purchase) of Investments	51,808	70,492	122,300	-
Net Cash Provided by Investing Activities	52,512	70,933	123,445	-
Net Increase in Cash and Cash Equivalents	114,545	(90,593)	23,952	-
Cash at Beginning of the Year	686,436	484,671	1,171,107	-
Cash at End of the Year	\$ 800,981	\$ 394,078	\$ 1,195,059	\$ -
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ (184,812)	\$ 189,019	\$ 4,207	\$ (2,102)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	373,096	213,467	586,563	75,875
Changes in Assets and Liabilities				
Decrease (Increase) in Accounts Receivable	4,171	(5,482)	(1,311)	-
Increase (Decrease) in Accounts Payable	(19,937)	(12,246)	(32,183)	1,848
Increase (Decrease) in Accrued Liabilities	2,801	1,026	3,827	1,231
Net Cash Provided by Operating Activities	\$ 175,319	\$ 385,784	\$ 561,103	\$ 76,852

**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
June 30, 2015**

**EXHIBIT H**

	<u>Agency Fund</u>	<u>Payroll Fund</u>
<b><u>ASSETS</u></b>		
Cash	\$ 49,158	\$ 243
Total Assets	<u>\$ 49,158</u>	<u>\$ 243</u>
<b><u>LIABILITIES</u></b>		
Liabilities		
Due to Other Governmental Units	<u>49,158</u>	<u>243</u>
Total Liabilities	<u>49,158</u>	<u>243</u>
<b>NET POSITION</b>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF WILLIAMSTON  
COMBINING STATEMENT OF NET POSITION  
COMPONENT UNITS  
June 30, 2015**

**EXHIBIT I**

	<u>Economic Development Corporation</u>	<u>Tax Increment Finance Authority 2A</u>	<u>Tax Increment Finance Authority 2B</u>	<u>Downtown Development Authority</u>	<u>Total</u>
<b><u>ASSETS</u></b>					
Current Assets					
Cash	\$ 83,713	\$ 36,591	\$ 612,025	\$ 42,251	\$ 774,580
Investments	10,073	-	55,285	47,221	112,579
Due From Other Funds--Primary Government	-	-	134,516	18,372	152,888
Total Current Assets	<u>93,786</u>	<u>36,591</u>	<u>801,826</u>	<u>107,844</u>	<u>1,040,047</u>
Noncurrent Assets					
Restricted Cash	-	-	-	7,039	7,039
Capital Assets--Nondepreciating	-	-	213,898	453,656	667,554
Capital Assets--Depreciating	-	35,389	517,075	946,537	1,499,001
Total Noncurrent Assets	<u>-</u>	<u>35,389</u>	<u>730,973</u>	<u>1,407,232</u>	<u>2,173,594</u>
Total Assets	<u>93,786</u>	<u>71,980</u>	<u>1,532,799</u>	<u>1,515,076</u>	<u>3,213,641</u>
<b><u>LIABILITIES</u></b>					
Current Liabilities					
Accounts Payable	-	-	-	489	489
Due to Other Funds--Primary Government	17,112	14,927	-	15,642	47,681
Accrued Liabilities	-	-	-	1,645	1,645
Total Current Liabilities	<u>17,112</u>	<u>14,927</u>	<u>-</u>	<u>17,776</u>	<u>49,815</u>
Noncurrent Liabilities					
Bonds Payable--Due Within One Year	-	-	-	125,000	125,000
Bonds Payable--Due in More Than One Year	-	-	-	1,160,000	1,160,000
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,285,000</u>	<u>1,285,000</u>
Total Liabilities	<u>17,112</u>	<u>14,927</u>	<u>-</u>	<u>1,302,776</u>	<u>1,334,815</u>
<b><u>NET POSITION</u></b>					
Net Investment in Capital Assets	-	35,389	730,973	115,193	881,555
Restricted for					
Economic Development Programs	76,674	-	-	-	76,674
Downtown Development Plan	-	-	-	97,107	97,107
Tax Increment Finance Plans	-	21,664	801,826	-	823,490
Total Net Position	<u>\$ 76,674</u>	<u>\$ 57,053</u>	<u>\$ 1,532,799</u>	<u>\$ 212,300</u>	<u>\$ 1,878,826</u>

**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON**  
**COMBINING STATEMENT OF ACTIVITIES--**  
**COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2015**

**EXHIBIT J**

Functions/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION				
	Expenses	Charge for Services	Operating Grants and Contributions	Economic Development Corporation	Tax Increment Finance Authority 2A	Tax Increment Finance Authority 2B	Downtown Development Authority	Total
Economic Development Corporation								
Community and Economic Development	\$ 403,759	\$ -	\$ 484	\$ (403,275)	\$ -	\$ -	\$ -	\$ (403,275)
Interest on Related Debt	79	-	-	(79)	-	-	-	(79)
Total Economic Development Corporation	403,838	-	484	(403,354)	-	-	-	(403,354)
Tax Increment Finance Authority 2A								
Community and Economic Development	16,744	-	53	-	(16,691)	-	-	(16,691)
Total Tax Increment Finance Authority 2A	16,744	-	53	-	(16,691)	-	-	(16,691)
Tax Increment Finance Authority 2B								
Community and Economic Development	135,876	-	1,345	-	-	(134,531)	-	(134,531)
Total Tax Increment Finance Authority 2B	135,876	-	1,345	-	-	(134,531)	-	(134,531)
Downtown Development Authority								
Community and Economic Development	206,239	4,674	97	-	-	-	(201,468)	(201,468)
Interest and Other Expenses on Related Debt	41,132	-	-	-	-	-	(41,132)	(41,132)
Total Downtown Development Authority	\$ 247,371	\$ 4,674	\$ 97	-	-	-	(242,600)	(242,600)
General Revenues								
Property Taxes				-	-	254,597	378,446	633,043
Special Item-Gain/(Loss) on Sale of Capital Assets				(64,903)	-	3,311	-	(61,592)
Total General Revenues and Special Items				(64,903)	-	257,908	378,446	571,451
Change in Net Position				(468,257)	(16,691)	123,377	135,846	(225,725)
Net Position--Beginning of Year				576,266	136,615	1,409,422	(25,868)	2,096,435
Restatement to Net Position (Note N)				(31,335)	(62,871)	-	102,322	8,116
Restated Net Position--Beginning of Year				544,931	73,744	1,409,422	76,454	2,104,551
Net Position--End of Year				\$ 76,674	\$ 57,053	\$ 1,532,799	\$ 212,300	\$ 1,878,826

The Notes to Financial Statements are an integral part of this statement.

## CITY OF WILLIAMSTON

### NOTES TO FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2015

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### Reporting Entity

The City encompasses an area of approximately 2.6 square miles and is located approximately 20 miles east of Lansing and 65 miles west of Detroit.

The City was incorporated in 1963 as a home rule city under the council/manager form of government. The City council consists of seven council members who are elected at large. Every two years four council members are elected. The mayor, who is recognized as the chief executive officer of the City, and the mayor pro-tem are elected by the council from among its members. The City manager is the administrative agent of the council and is appointed by the council to serve at its pleasure. All other City administrative officers are appointed by the City manager.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The criteria established by Government Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity," for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if the data was not included. The component units total is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description of each component unit).

#### DISCRETELY PRESENTED COMPONENT UNITS

##### Downtown Development Authority

The Downtown Development Authority was created under the provisions of Public Act 197 of 1975, as amended, to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The authority's governing body, which consists of nine individuals, is selected by the City council. In addition, the authority's budget is subject to approval by the City council.

##### Economic Development Corporation

The Economic Development Corporation was created under the provisions of Public Act 338 of 1974, as amended, to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City to provide needed services and facilities to the residents of the City. The corporation's governing body, which consists of nine individuals, is selected by the City council.



CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Increment Finance Authorities (2A and 2B)

The Tax Increment Finance Authorities (2A and 2B) were created under the provisions of Public Act 450 of 1980, as amended, to prevent urban deterioration, to encourage development and activity, and to encourage neighborhood revitalization and historic preservation. The authorities' governing body is the same as the Economic Development Corporation that is selected by the City council and consists of nine individuals.

Complete financial statements of the individual component units can be obtained from their respective administrative offices located in City Hall:

Administrative Offices

City of Williamston  
161 East Grand River Avenue  
Williamston, MI 48895

JOINTLY GOVERNED ORGANIZATIONS

The City is a member of the Northeast Ingham Emergency Service Authority (NIESA) which provides emergency services to the residents of northeast Ingham County. The participating communities provided funding for its operations until December 1998, at which time a millage was levied to provide annual funding. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the authority can be obtained from the Community Fire Board offices at 1296 West Grand River, Williamston, Michigan 48895.

BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

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

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street Fund accounts for revenues and expenditures for the construction and maintenance of the major street system.

The Local Street Fund accounts for revenues and expenditures for the construction and maintenance of the local street system.

The City reports the following major proprietary funds:

The Sewer Fund accounts for the revenues and expenses for the operation of the sewer system.

The Water Fund accounts for the revenues and expenses for the operation of the water system.

Additionally, the City reports the following fund type:

Internal Service Fund - The Internal Service Fund accounts for operations that provide services to other departments of the City on a cost-reimbursement basis.

Agency Funds--These funds account for assets held on behalf of outside parties, including other governments.

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 revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Deposits and Investments

Cash is considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition. The statement of cash flows includes both restricted and unrestricted cash and cash equivalents. Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances.

Interfund Receivables and Payables

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

Prepaid Items

Payments for supplies are recorded as expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets for the primary government, component units and enterprise funds, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,500 and an estimated useful life in excess of two years. Such assets are recorded at 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.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant, equipment and infrastructure are depreciated using the straight-line method over the following useful lives:

Land Improvements	10 to 30 Years
Buildings	10 to 50 Years
Office Equipment	4 to 10 Years
Machinery and Equipment	7 to 10 Years
Vehicles	4 to 7 Years
Infrastructure--Roads	8 to 30 Years
Infrastructure--Bridges	12 to 50 Years
Sewer and Water System	30 to 50 Years

Compensated Absences (Vacation and Sick Leave)

It is the City's policy to permit employees to accumulate earned sick and vacation pay benefits for all of the employees. The liability for unpaid accumulated sick leave is 50% of the time available according to the City's union contracts and personnel policy. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported only in governmental funds for employee terminations as of year-end.

Long-Term Obligations

In the government-wide financial statements and proprietary fund type statements, the 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. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of the following: assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Other Financing Sources (Uses)

Transfers of cash between the various City funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

Fund Balance Classifications

In the fund financial statements, governmental funds report the following components of fund balance which comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- Non-spendable - includes fund balance amounts in governmental funds to designate amounts which are not available for spending, or are legally or contractually required to be maintained.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority.
- Assigned - includes fund balance amounts that are intended to be used for a specific purpose.
- Unassigned - includes fund balance spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the City Council.

Non-spendable Fund Balances

The non-spendable amount reported in the General Fund of \$14,284 is related to prepaid expenditures.

Restricted Fund Balances

The City of Williamston reports the following restricted fund balances.

Special Revenue Funds

- Major Street Fund - This fund is used to account for revenues from Federal and Michigan Transportation Fund monies distributed which are earmarked by law to control expenditures for the construction and maintenance of the major street system.
- Local Street Fund - This fund is used to account for revenues primarily from Michigan Transportation Fund monies distributed which are earmarked by law to control expenditures for the construction and maintenance of the local street system.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Funds

- 2003 Act 175 Bond Debt - This fund is used to account for the principal and interest payments on the 2003 Act 175 Michigan Transportation Fund Bonds and is funded by appropriations from the Local Street Fund.
- 2003 Act 342 Bond Debt - This fund is used to account for the principal and interest payments on the 2003 Act 342 General Obligation Bonds and is funded by appropriations from the Local Street Fund.

The purpose of the component unit's restricted fund balances and revenue sources are listed below:

- Economic Development Fund - This fund is used to account for revenues received to administer the activities authorized under the Economic Development Corporation Act.
- Tax Increment Finance Authority (TIFA) 2A - This fund is used to account for the taxes captured by TIFA 2A to administer the activities authorized under the Tax Increment Finance Authority Act.
- Tax Increment Finance Authority (TIFA) 2B - This fund is used to account for the taxes captured by TIFA 2B to administer the activities authorized under the Tax Increment Finance Authority Act.
- Downtown Development Authority (DDA) - This fund is used to account for the taxes captured by the DDA to administer the activities authorized under the Downtown Development Authority Act.

The City of Williamston does not have a formal minimum fund balance policy. The City Council has not established a policy for its use of unrestricted fund balance amounts. However, if the City had committed and/or assigned fund balances, the committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Pursuant to statute, prior to the commencement of the fiscal year, the budget is legally enacted through adoption by the City Council. Budgets are adopted for the General Fund and Special

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Revenue Funds as required by statute. Budgets are adopted on a basis consistent with the accounting principles followed in recording transactions. The City's annual budget is adopted on a departmental basis at the activity level. The City Council monitors and amends the budgets as necessary. Unexpended appropriations lapse at year end.

NOTE C--DEPOSITS AND INVESTMENTS

Public Act 20 of 1943, Section 2, as amended, authorizes the City to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States Banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Deposits are carried at cost. The City Council has designated four banks for the deposit of City funds. The investment policy adopted by the council in accordance with Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The City's deposits and investment policy are in accordance with statutory authority.

The risk disclosures for the City's deposits at June 30, 2015, as required by the Governmental Accounting Standards Board (GASB) Statement No. 40, are as follows:

	<b>PRIMARY GOVERNMENT</b>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Fund</u>	<u>Total Primary Government</u>
Cash	\$ 794,858	\$ 385,806	\$ 49,401	\$ 1,230,065
Restricted Cash	-	809,253	-	809,253
Investments	302,701	-	-	302,701
Total	<u>\$ 1,097,559</u>	<u>\$ 1,195,059</u>	<u>\$ 49,401</u>	<u>\$ 2,342,019</u>



CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE C--DEPOSITS AND INVESTMENTS (Continued)

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Component Units</u>
Bank Deposits (Checking and Savings Accounts, Certificates of Deposit)	\$ 2,038,688	\$ 781,619
Investments in Securities, Mutual Funds and Similar Vehicles	302,701	112,579
Petty Cash and Cash on Hand	<u>630</u>	<u>-</u>
Total	<u>\$ 2,342,019</u>	<u>\$ 894,198</u>

Non-negotiable certificates of deposits that are placed by the depositors directly with financial institutions and that are subject to a penalty if redeemed before maturity are treated as bank deposits. Because nonnegotiable certificates of deposits are deposits, no interest rate risk or credit risk disclosures are required, which are limited to investments.

Restricted Cash

The revenue bonds issued by the City include covenants to set aside amounts in bond reserve funds. These bonds' reserves are reported as "Restricted Cash" in the Statement of Net Position for the respective funds. At June 30, 2015, the following amounts were set aside for the following reasons.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE C--DEPOSITS AND INVESTMENTS (Continued)

<u>PRIMARY GOVERNMENT</u>	<u>AMOUNT</u>
Sewer Fund	
1996 Water and Sewer Improvement Bonds	\$ 79,383
2010 Sewer Bonds-Repair, Replacement, and Improvements	140,188
2010 Sewer Bonds-Bond and Interest Redemption	1,964
2010 Sewer Bonds-Bond Reserve	80,000
2011 Tax Refunding Reserve	207,023
2011 Water and Sewer Refunding Reserve	<u>13,584</u>
Subtotal--Sewer Fund	<u>\$ 522,142</u>
Water Fund	
2004 Water Improvement Bonds	\$ 46,195
2005 Water Improvement Bonds	45,150
2010 Water Bonds-Repair, Replacement, and Improvements	85,562
2010 Water Bonds-Bond and Interest Redemption	2,204
2010 Water Bonds-Bond Reserve	<u>108,000</u>
Subtotal--Water Fund	<u>\$ 287,111</u>
Total--Business Type Activities	<u><u>\$ 809,253</u></u>
<u>COMPONENT UNITS</u>	<u>AMOUNT</u>
2004 DDA Refunding Bonds	<u>\$ 7,039</u>
Total--Component Units	<u><u>\$ 7,039</u></u>

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City's deposits may not be recovered. The City does not have a deposit policy for custodial credit risk. The bank balance of the primary government's deposits is \$2,074,691, of which \$563,637 is covered by Federal depository insurance. The bank balance of the component units' deposits is \$757,269, of which none is covered by Federal depository insurance and \$2,268,323 was uncollateralized with securities held by the City's agent in the City's name.

Investments Authorized by the City's Investment Policy

The City's investment policy only authorizes investment in all those that are authorized by law. The City has limited their investments to money markets. The City's investment policy contains

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE C--DEPOSITS AND INVESTMENTS (Continued)

provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk. The board has a GASB Statement No. 40 compliant investment policy.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by participating in two money markets which hold diverse investments that local units of government are authorized by law for direct investment.

As of June 30, 2015, the City had the following investments:

	REPORTED AMOUNT (FAIR VALUE)	
	Primary Government	Component Units
Investments		
Michigan CLASS	<u>\$ 302,701</u>	<u>\$ 112,579</u>

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Michigan CLASS totaling \$415,280 has received a AAAM rating from Standard and Poor's.

The City's investment policy requires assets to be diversified to eliminate the risk of loss resulting from over concentration in a specific maturity, individual financial institution(s), or a specific class of securities.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law does not contain requirements that limit the exposure to custodial credit risk for deposits. However, the asset diversification requirements included in the City's investment policy limits, to some extent, exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker/dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law does not contain legal requirements that limit the exposure to custodial credit risk

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

for investments. However, the City's investment policy does contain a safekeeping and custody section that limits the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

NOTE D--PROPERTY TAXES

Property taxes are levied on each July 1 on the taxable valuation of property located in the City as of the preceding December 31. The City's property taxes were levied and collectible on July 1, 2013. It is the policy of the City to recognize revenue from the current tax levy in the fiscal year when proceeds of this levy are budgeted and made available for the financing of operations.

The 2014 State Taxable Valuation was \$101,432,761, on which ad valorem taxes levied consisted of 15.1342 mills and raised \$1,360,979 for City operations (net of captured taxes). This is recorded as revenue in the General Fund, which also includes mobile home specific taxes, penalties, interest and administrative fees for a total of \$1,432,920 (net of tax tribunal refunds, TIFA 2B captured taxes of \$254,598, and DDA captured taxes of \$378,446).

NOTE E--RECEIVABLES

Accounts Receivable--Business-Type Activities

The accounts receivable for the City are recorded in the Sewer and Water Funds. The receivables are based on the sewer and water services provided by the City. The receivables do not have an allowance for doubtful accounts because any receivables not collected are placed on the customer's tax bill. The receivables for the Sewer and Water Funds are \$173,396 and \$137,490, respectively.

Special Assessments Receivable--Governmental Activities

The City collects special assessments in the Local Street Fund to collect for expenses incurred by the City to improve sidewalks. As of June 30, 2015, the Local Street Fund has special assessments receivable of \$343.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE F--INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The amounts of the inter-fund receivables and payables between funds of the primary government and component units are as follows:

Interfund Payable	Interfund Receivables						Total
	Primary Government			Component Units			
	General	Nonmajor Gov't	Sewer	Internal Service	TIFA 2B	DDA	
<u>Primary Government</u>							
General	\$ -	\$ 103,049	\$ -	\$ -	\$ 134,516	\$ 18,372	\$ 255,937
Major Street	2,469	-	-	12,394	-	-	14,863
Local Street	105,422	-	-	13,669	-	-	119,091
Sewer Fund	153,752	-	-	18,421	-	-	172,173
Water Fund	138,844	-	138,215	20,755	-	-	297,814
Internal Service Fund	50,160	-	-	-	-	-	50,160
<u>Component Units</u>							
EDC	17,112	-	-	-	-	-	17,112
TIFA 2A	14,927	-	-	-	-	-	14,927
TIFA 2B	-	-	-	-	-	-	-
DDA	-	-	-	15,642	-	-	15,642
Total Government	<u>\$ 482,686</u>	<u>\$ 103,049</u>	<u>\$ 138,215</u>	<u>\$ 80,881</u>	<u>\$ 134,516</u>	<u>\$ 18,372</u>	<u>\$ 957,719</u>

The outstanding balances between funds results mainly from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE F--INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

The inter-fund receivable balances due to the General Fund consist of expenses paid by the General Fund for other funds that are to be reimbursed. The amount due from the Agency Fund is delinquent taxes collected that have not been distributed.

The 2015 operating transfers from Exhibits D and F can be summarized as follows:

Transfers Out	Trasnfers In				Total
	Local Street	Nonmajor Gov't	Sewer	Internal Service	
General	\$ 186,500	\$ -	\$ -	\$ 20,000	\$ 206,500
Major Street	10,000	-	-	-	10,000
Local Street	-	149,750	-	-	149,750
Water Fund	-	-	138,215	-	138,215
Total Government	\$ 196,500	\$ 149,750	\$ 138,215	\$ 20,000	\$ 504,465

Inter-fund transfers are used to 1) transfer revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; 2) transfer receipts restricted to debt service from the funds collecting the receipts to the debt service funds as debt service payments become due; and 3) transfer unrestricted revenues collected in the General Fund to other funds to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE G--CAPITAL ASSETS

Primary Government

Beginning Net Capital Asset Restatement

The list of the City's capital assets included land improvements that could no longer be substantiated. The following restatement is to remove the balance.

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Adjustment to Beginning Balance</u>	<u>Restated Beginning Balance</u>
Capital Assets Not Being Depreciated			
Land	\$ 390,632	\$ -	\$ 390,632
Land Improvements	317,395	(317,395)	-
Construction in Progress	38,312	-	38,312
Subtotal	<u>746,339</u>	<u>(317,395)</u>	<u>428,944</u>
Capital Assets Being Depreciated			
Land Improvements	1,136,779	-	1,136,779
Buildings	1,089,540	-	1,089,540
Office Equipment	68,270	-	68,270
Machinery and Equipment	496,205	-	496,205
Vehicles	900,903	-	900,903
Infrastructure	5,951,628	-	5,951,628
Subtotal	<u>9,643,325</u>	<u>-</u>	<u>9,643,325</u>
Less Accumulated Depreciation	<u>(3,482,451)</u>	<u>-</u>	<u>(3,482,451)</u>
Net Capital Assets Being Depreciated	<u>6,160,874</u>	<u>-</u>	<u>6,160,874</u>
Total Capital Assets--Net of Depreciation	<u>\$ 6,907,213</u>	<u>\$ (317,395)</u>	<u>\$ 6,589,818</u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE G--CAPITAL ASSETS (Continued)

Capital asset activity of the primary government for the current year was as follows:

<u>Governmental Activities</u>	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 390,632	\$ -	\$ -	\$ 390,632
Construction in Progress	38,312	-	38,312	-
Subtotal	<u>428,944</u>	<u>-</u>	<u>38,312</u>	<u>390,632</u>
Capital Assets Being Depreciated				
Land Improvements	1,136,779	-	220,529	916,250
Buildings	1,089,540	599,086	16,270	1,672,356
Office Equipment	68,270	-	41,051	27,219
Machinery and Equipment	496,205	34,132	115,521	414,816
Vehicles	900,903	66,130	60,217	906,816
Infrastructure	5,951,628	20,234	-	5,971,862
Subtotal	<u>9,643,325</u>	<u>719,582</u>	<u>453,588</u>	<u>9,909,319</u>
Less Accumulated Depreciation for				
Land Improvements	382,279	65,319	220,529	227,069
Buildings	387,504	50,324	16,270	421,558
Office Equipment	68,270	-	41,051	27,219
Machinery and Equipment	434,347	32,016	115,521	350,842
Vehicles	758,964	58,358	60,217	757,105
Infrastructure	1,451,087	264,008	-	1,715,095
Subtotal	<u>3,482,451</u>	<u>470,025</u>	<u>453,588</u>	<u>3,498,888</u>
Net Capital Assets Being Depreciated	<u>6,160,874</u>	<u>249,557</u>	<u>-</u>	<u>6,410,431</u>
Total Capital Assets--Net of Depreciation	<u>\$ 6,589,818</u>	<u>\$ 249,557</u>	<u>\$ 38,312</u>	<u>\$ 6,801,063</u>



CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE G--CAPITAL ASSETS (Continued)

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

	<u>Amount</u>
Governmental Activities	
General Government	\$ 43,324
Public Safety	16,739
Public Works	357,585
Community and Economic Development	3,559
Recreation and Culture	<u>48,818</u>
Total Depreciation--Governmental Activities	<u>\$ 470,025</u>

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land--Sewer	\$ 18,692	\$ -	\$ -	\$ 18,692
Land--Water	<u>417,865</u>	<u>-</u>	<u>-</u>	<u>417,865</u>
Subtotal	<u>436,557</u>	<u>-</u>	<u>-</u>	<u>436,557</u>
Capital Assets Being Depreciated				
Sewer System	17,307,321	-	-	17,307,321
Water System	9,698,471	-	-	9,698,471
Sewer Equipment	283,822	-	-	283,822
Water Equipment	<u>305,577</u>	<u>-</u>	<u>-</u>	<u>305,577</u>
Subtotal	<u>27,595,191</u>	<u>-</u>	<u>-</u>	<u>27,595,191</u>
Less: Accumulated Depreciation for				
Sewer System	5,719,598	352,760	-	6,072,358
Water System	1,672,672	200,760	-	1,873,432
Sewer Equipment	190,989	20,336	-	211,325
Water Equipment	<u>152,645</u>	<u>12,708</u>	<u>-</u>	<u>165,353</u>
Subtotal	<u>7,735,904</u>	<u>586,564</u>	<u>-</u>	<u>8,322,468</u>
Net Capital Assets Being Depreciated	<u>19,859,287</u>	<u>(586,564)</u>	<u>-</u>	<u>19,272,723</u>
Total Capital Assets--Net of Depreciation	<u>\$ 20,295,844</u>	<u>\$ (586,564)</u>	<u>\$ -</u>	<u>\$ 19,709,280</u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE G--CAPITAL ASSETS (Continued)

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

Business-Type Funds	
Sewer	\$ 373,096
Water	<u>213,467</u>
Total Business-Type Funds	<u>\$ 586,563</u>

Component Units

Beginning Net Capital Asset Restatement

The list of the City's capital assets included a building sold in a prior year, but never removed from the list. The following restatement is to remove the balance related to the Economic Development Corporation (EDC).

	<u>Beginning Balance</u>	<u>Adjustment to Beginning Balance</u>	<u>Restated Beginning Balance</u>
Capital Assets Being Depreciated			
Land Improvements	\$ 15,510	\$ -	\$ 15,510
Buildings	<u>1,014,165</u>	<u>(52,224)</u>	<u>961,941</u>
Subtotal	<u>1,029,675</u>	<u>(52,224)</u>	<u>977,451</u>
Less Accumulated Depreciation for			
Land Improvements	10,931	-	10,931
Buildings	<u>450,131</u>	<u>(20,889)</u>	<u>429,242</u>
Subtotal	<u>461,062</u>	<u>(20,889)</u>	<u>440,173</u>
Net Capital Assets Being Depreciated	<u>568,613</u>	<u>(31,335)</u>	<u>537,278</u>
Total Capital Assets--Net of Depreciation	<u>\$ 568,613</u>	<u>\$ (31,335)</u>	<u>\$ 537,278</u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE G--CAPITAL ASSETS (Continued)

Capital asset activity of the Economic Development Corporation (EDC) for the current year included the sale of the buildings and associated land improvements as follows:

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Being Depreciated				
Land Improvements	\$ 15,510	\$ -	\$ 15,510	\$ -
Buildings	<u>961,941</u>	<u>-</u>	<u>961,941</u>	<u>-</u>
Subtotal	<u>977,451</u>	<u>-</u>	<u>977,451</u>	<u>-</u>
Less Accumulated Depreciation for				
Land Improvements	10,931	-	10,931	-
Buildings	<u>429,242</u>	<u>2,376</u>	<u>431,618</u>	<u>-</u>
Subtotal	<u>440,173</u>	<u>2,376</u>	<u>442,549</u>	<u>-</u>
Net Capital Assets Being Depreciated	<u>537,278</u>	<u>(2,376)</u>	<u>534,902</u>	<u>-</u>
Total Capital Assets--Net of Depreciation	<u>\$ 537,278</u>	<u>\$ (2,376)</u>	<u>\$ 534,902</u>	<u>\$ -</u>

Depreciation expense for the year was \$2,376.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE G--CAPITAL ASSETS (Continued)

Beginning Net Capital Asset Restatement

The list of the City's capital assets included listing for land that could not be substantiated. The following restatement is to remove the balance.

	<u>Beginning Balance</u>	<u>Adjustment to Beginning Balance</u>	<u>Restated Beginning Balance</u>
Capital Assets Not Being Depreciated			
Land	\$ 62,871	\$ (62,871)	\$ -
Subtotal	<u>62,871</u>	<u>(62,871)</u>	<u>-</u>
Capital Assets Being Depreciated			
Infrastructure	<u>55,879</u>	<u>-</u>	<u>55,879</u>
Subtotal	<u>55,879</u>	<u>-</u>	<u>55,879</u>
Less Accumulated Depreciation for Infrastructure	<u>18,627</u>	<u>-</u>	<u>18,627</u>
Subtotal	<u>18,627</u>	<u>-</u>	<u>18,627</u>
Net Capital Assets Being Depreciated	<u>37,252</u>	<u>-</u>	<u>37,252</u>
Total Capital Assets--Net of Depreciation	<u>\$ 100,123</u>	<u>\$ (62,871)</u>	<u>\$ 37,252</u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE G--CAPITAL ASSETS (Continued)

Capital asset activity of the TIFA 2A for the current year was as follows:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Land Improvements	\$ 55,879	\$ -	\$ -	\$ 55,879
Subtotal	<u>55,879</u>	<u>-</u>	<u>-</u>	<u>55,879</u>
Less Accumulated Depreciation for				
Land Improvements	<u>18,627</u>	<u>1,863</u>	<u>-</u>	<u>20,490</u>
Subtotal	<u>18,627</u>	<u>1,863</u>	<u>-</u>	<u>20,490</u>
Total Capital Assets--Net of Depreciation	<u>\$ 37,252</u>	<u>\$ (1,863)</u>	<u>\$ -</u>	<u>\$ 35,389</u>

Depreciation expense for the year was \$1,863.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE G--CAPITAL ASSETS (Continued)

Capital asset activity of the TIFA 2B for the current year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 185,358	\$ -	\$ -	\$ 185,358
Construction in Progress	-	28,540	-	28,540
Subtotal	<u>185,358</u>	<u>28,540</u>	<u>-</u>	<u>213,898</u>
Capital Assets Being Depreciated				
Land Improvements	4,491	-	-	4,491
Buildings	747,614	-	-	747,614
Machinery and Equipment	19,379	-	19,379	-
Subtotal	<u>771,484</u>	<u>-</u>	<u>19,379</u>	<u>752,105</u>
Less Accumulated Depreciation for				
Land Improvements	4,491	-	-	4,491
Buildings	193,159	37,380	-	230,539
Machinery and Equipment	9,690	-	9,690	-
Subtotal	<u>207,340</u>	<u>37,380</u>	<u>9,690</u>	<u>235,030</u>
Net Capital Assets Being Depreciated	<u>564,144</u>	<u>(37,380)</u>	<u>9,689</u>	<u>517,075</u>
Total Capital Assets--Net of Depreciation	<u>\$ 749,502</u>	<u>\$ (8,840)</u>	<u>\$ 9,689</u>	<u>\$ 730,973</u>

Depreciation expense for the year was \$37,380.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE G--CAPITAL ASSETS (Continued)

Beginning Net Capital Asset Restatement

The list of the City's Downtown Development Authority capital assets included land initially purchased with buildings on the parcels. The dilapidated buildings were removed soon after, but the purchase had been recorded under buildings in error instead of land as well as depreciation had also been recorded. The following restatement is to reclassify the land and remove the accumulated depreciation recorded to date.

	<u>Beginning Balance</u>	<u>Restatement to Beginning Balance</u>	<u>Restated Beginning Balance</u>
Capital Assets Not Being Depreciated			
Land	\$ 144,093	\$ 155,708	\$ 299,801
Land Improvements	<u>153,855</u>	<u>-</u>	<u>153,855</u>
Subtotal	<u>297,948</u>	<u>155,708</u>	<u>453,656</u>
Capital Assets Being Depreciated			
Land Improvements	1,492,977	-	1,492,977
Buildings	<u>155,708</u>	<u>(155,708)</u>	<u>-</u>
Subtotal	<u>1,648,685</u>	<u>(155,708)</u>	<u>1,492,977</u>
Less Accumulated Depreciation for			
Land Improvements	500,765	-	500,765
Buildings	<u>102,322</u>	<u>(102,322)</u>	<u>-</u>
Subtotal	<u>603,087</u>	<u>(102,322)</u>	<u>500,765</u>
Net Capital Assets Being Depreciated	<u>1,045,598</u>	<u>(53,386)</u>	<u>992,212</u>
Total Capital Assets--Net of Depreciation	<u>\$ 1,343,546</u>	<u>\$ 102,322</u>	<u>\$ 1,445,868</u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE G--CAPITAL ASSETS (Continued)

Capital asset activity of the Downtown Development Authority (DDA) for the current year was as follows:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 299,801	\$ -	\$ -	\$ 299,801
Land Improvements	<u>153,855</u>	<u>-</u>	<u>-</u>	<u>153,855</u>
Subtotal	<u>453,656</u>	<u>-</u>	<u>-</u>	<u>453,656</u>
Capital Assets Being Depreciated				
Land Improvements	<u>1,492,977</u>	<u>-</u>	<u>-</u>	<u>1,492,977</u>
Subtotal	<u>1,492,977</u>	<u>-</u>	<u>-</u>	<u>1,492,977</u>
Less Accumulated Depreciation for				
Land Improvements	<u>500,765</u>	<u>41,227</u>	<u>-</u>	<u>541,992</u>
Subtotal	<u>500,765</u>	<u>41,227</u>	<u>-</u>	<u>541,992</u>
Net Capital Assets Being Depreciated	<u>992,212</u>	<u>(41,227)</u>	<u>-</u>	<u>950,985</u>
Total Capital Assets--Net of Depreciation	<u>\$ 1,445,868</u>	<u>\$ (41,227)</u>	<u>\$ -</u>	<u>\$ 1,404,641</u>

Depreciation expense for the year was \$41,227.



CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE H--LONG-TERM DEBT

The City issues bonds to provide for the acquisition and construction of major capital improvements. General obligation bonds are direct obligations and pledge the full faith and credit of the City. City contractual agreements and installment purchase agreements are also general obligations of the City. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties that benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

<u>Governmental Activities</u>	<u>Balance 07/01/14</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance 06/30/15</u>	<u>Due Within One Year</u>
\$1,395,000, 2002 Series, General Obligation Limited Tax Bonds. Due in 19 annual installments at interest ranging between 4.50% through 5.10% for Tobias/Linn Drain Sewer System at large.	\$ 895,000	\$ -	\$ (80,000)	\$ 815,000	\$ 90,000
\$250,000, 2003 Series, Michigan Transportation Fund Bonds. Due in 14 annual installments at interest ranging between 3.00% through 4.35% for major street improvements.	115,000	-	(20,000)	95,000	20,000
\$983,236 2002 Special Assessment for Tobias/Linn Road project payable to Ingham County Drain Commission. Due in 20 annual decreasing installments at interest rate of 5.00%.	393,294	-	(49,161)	344,133	49,162
Vested Employee Benefits Payable	83,472	-	(11,958)	71,514	14,303
<b>Total Governmental Activities</b>	<b>\$ 1,486,766</b>	<b>\$ -</b>	<b>\$ (161,119)</b>	<b>\$ 1,325,647</b>	<b>\$ 173,465</b>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE H--LONG-TERM DEBT (Continued)

<u>Business-Type Activities</u>	<u>Balance 07/01/14</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance 06/30/15</u>	<u>Due Within One Year</u>
\$850,000, 1996 Series, Revenue Bonds (Water and Sewer Improvements), due in annual installments at interest rates between 4% through 5.7%.	\$ 135,000	\$ -	\$ (65,000)	\$ 70,000	\$ 70,000
\$2,415,000, 2011 Series, General Obligation Unlimited Tax Refunding Bonds. Issued 2011 General Obligation Refunding Bonds leaving a balance of \$2,415,000 in 2011. Due in 13 biannual installments at an interest rate of 2.05%.	1,740,000	-	(386,000)	1,354,000	417,000
\$3,540,000, 2010 Series, Revenue Bonds (Sewage Disposal Improvements), payable in 40 years at an interest rate of 3%.	3,354,000	-	(49,000)	3,305,000	50,000
\$550,000, 2004 Series, Revenue Bonds (Water Supply System Improvements and Extensions), payable in 20 years at interest rates between 3.20% and 5.00%.	440,000	-	(20,000)	420,000	20,000
\$900,000, 2005 Series, Revenue Bonds (Water Supply System Improvements and Extensions), payable in 25 years at interest rates between 3.00% and 5.00%.	685,000	-	(30,000)	655,000	30,000
\$4,800,000, 2010 Series, Revenue Bonds (Water System Improvements), payable in 40 years at an interest rate of 3%.	4,546,000	-	(66,000)	4,480,000	68,000
Total Business-Type Activities	<u>\$ 10,900,000</u>	<u>\$ -</u>	<u>\$ (616,000)</u>	<u>\$ 10,284,000</u>	<u>\$ 655,000</u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE H--LONG-TERM DEBT (Continued)

<u>Component Unit Activities</u>	<u>Balance 07/01/14</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance 06/30/15</u>	<u>Due Within One Year</u>
<u>Downtown Development Authority (DDA)</u>					
\$1,375,000, 2011 Series, Limited Tax General Obligation Downtown Development Refunding Bonds. Due in 24 biannual installments at an interest rate of 2.74%.	\$ 1,180,000	\$ -	\$ (100,000)	\$ 1,080,000	\$ 105,000
\$425,000, 1994 Series, Limited Tax General Obligation Downtown Development Bonds. Issued 2004 DDA Refunding Bonds leaving a balance due of \$405,000 in 2004. Due in 20 annual installments at interest rates between 2.0% through 5.0%.	225,000	-	(20,000)	205,000	20,000
Total Downtown Development Authority	<u>\$ 1,405,000</u>	<u>\$ -</u>	<u>\$ (120,000)</u>	<u>\$ 1,285,000</u>	<u>\$ 125,000</u>
<u>Economic Development Coporation (EDC)</u>					
Mortgage payable \$490,000. To purchase a parcel of land and certain improvements to house some city offices, payable in monthly installments over a period of 15 years at an interest rate of 5.75%.	\$ 15,917	\$ -	\$ (15,917)	\$ -	\$ -
Total Economic Development Corporation	<u>\$ 15,917</u>	<u>\$ -</u>	<u>\$ (15,917)</u>	<u>\$ -</u>	<u>\$ -</u>
Total Component Unit Activities	<u>\$ 1,420,917</u>	<u>\$ -</u>	<u>\$ (135,917)</u>	<u>\$ 1,285,000</u>	<u>\$ 125,000</u>
Total Reporting Entity Activities	<u>\$ 13,807,683</u>	<u>\$ -</u>	<u>\$ (913,036)</u>	<u>\$ 12,894,647</u>	<u>\$ 953,465</u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE H--LONG-TERM DEBT (Continued)

Annual Principal and Interest Requirements

The annual requirements to pay the principal and interest on the City's long-term debt obligations excluding vested employee benefits outstanding at June 30, 2015, are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 159,162	\$ 61,483	\$ 220,645	\$ 655,000	\$ 313,241	\$ 968,241
2017	174,162	53,724	227,886	630,000	294,708	924,708
2018	184,162	45,309	229,471	667,000	279,080	946,080
2019	194,162	33,332	227,494	185,000	267,920	452,920
2020	174,162	23,935	198,097	195,000	261,563	456,563
2021-2025	368,323	21,367	389,690	1,062,000	1,199,154	2,261,154
2026-2030	-	-	-	1,352,000	1,009,486	2,361,486
2031-2035	-	-	-	1,022,000	773,550	1,795,550
2036-2040	-	-	-	1,201,000	607,245	1,808,245
2041-2045	-	-	-	1,408,000	411,870	1,819,870
2046-2050	-	-	-	1,652,000	182,910	1,834,910
2051	-	-	-	255,000	5,580	260,580
Total	<u>\$ 1,254,133</u>	<u>\$ 239,150</u>	<u>\$ 1,493,283</u>	<u>\$ 10,284,000</u>	<u>\$ 5,606,307</u>	<u>\$ 15,890,307</u>

Fiscal Year	Component Unit Activities		
	Principal	Interest	Total
2015	\$ 125,000	\$ 37,494	\$ 162,494
2016	130,000	33,688	163,688
2017	135,000	29,725	164,725
2018	135,000	25,675	160,675
2019	140,000	21,505	161,505
2020-2024	620,000	39,714	659,714
Total	<u>\$ 1,285,000</u>	<u>\$ 187,801</u>	<u>\$ 1,472,801</u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE H--LONG-TERM DEBT (Continued)

The debt service requirements to maturity for the City's debt obligations outstanding at June 30, 2015, are as follows:

Annual Debt Service Requirements--Governmental Activities

General Obligation Limited Tax Bonds, Series 2002

Date of Issue: March 1, 2002

Amount: \$1,395,000

Fiscal Year	Principal 1-May	Interest		Annual Total
		1-May	1-Nov	
2016	\$ 90,000	\$ 20,333	\$ 20,333	\$ 130,666
2017	100,000	18,150	18,150	136,300
2018	110,000	15,700	15,700	141,400
2019	120,000	12,978	9,978	142,956
2020	125,000	9,978	6,583	141,561
2021-2022	270,000	10,423	3,570	283,993
Total	<u>\$ 815,000</u>	<u>\$ 87,562</u>	<u>\$ 74,314</u>	<u>\$ 976,876</u>

2003 Act 175 Michigan Transportation Fund Bonds

Date of Issue: February 1, 2003

Amount: \$250,000

Fiscal Year	Principal 1-Aug	Interest		Annual Total
		1-Aug	1-Feb	
2016	\$ 20,000	\$ 2,010	\$ 1,600	\$ 23,610
2017	25,000	1,600	1,075	27,675
2018	25,000	1,075	544	26,619
2019	25,000	544	-	25,544
Total	<u>\$ 95,000</u>	<u>\$ 5,229</u>	<u>\$ 3,219</u>	<u>\$ 103,448</u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE H--LONG-TERM DEBT (Continued)

2002 Tobias/Linn Road Special Assessment

Date of Issue: November 1, 2002

Amount: \$983,236

<u>Fiscal Year</u>	<u>Principal Nov</u>	<u>Interest Nov</u>	<u>Annual Total</u>
2016	\$ 49,162	\$ 17,207	\$ 66,369
2017	49,162	14,749	63,911
2018	49,162	12,290	61,452
2019	49,162	9,832	58,994
2020	49,162	7,374	56,536
2021-2022	<u>98,323</u>	<u>7,374</u>	<u>105,697</u>
Total	<u>\$ 344,133</u>	<u>\$ 68,826</u>	<u>\$ 412,959</u>

Annual Principal and Interest Requirements--Business-Type Funds

The enterprise funds' annual requirements to pay the principal and interest on the City's direct long-term debt obligations outstanding at June 30, 2015, are as follows:

Revenue Bonds Water/Sewer Improvements, Series 1996 (Sewer Fund)

Date of Issue: February 26, 1996

Amount: \$850,000

<u>Fiscal Year</u>	<u>Principal 1-Mar</u>	<u>Interest</u>		<u>Annual Total</u>
		<u>1-Mar</u>	<u>1-Sep</u>	
2016	<u>\$ 70,000</u>	<u>\$ 1,995</u>	<u>\$ 1,995</u>	<u>\$ 73,990</u>
Total	<u>\$ 70,000</u>	<u>\$ 1,995</u>	<u>\$ 1,995</u>	<u>\$ 73,990</u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE H--LONG-TERM DEBT (Continued)

General Obligation Unlimited Tax Refunding Bonds, Series 2011

On September 28, 2011, the City issued \$2,415,000 in General Obligation Bonds with an interest rate of 2.05 percent to advance refund \$2,415,000 of outstanding 2001 Series bonds with interest rates ranging from 3 to 4.7%. The City refunded the 2001 Series bonds to reduce its total debt service payments over the next six years by \$188,463.

Date of Issue: September 28, 2011

Amount: \$2,415,000

Fiscal Year	Principal 1-Nov	Interest		Annual Total
		1-Nov	1-May	
2016	\$ 417,000	\$ 13,879	\$ 9,604	\$ 440,483
2017	452,000	9,604	4,971	466,575
2018	485,000	4,971	-	489,971
Total	<u>\$ 1,354,000</u>	<u>\$ 28,454</u>	<u>\$ 14,575</u>	<u>\$ 1,397,029</u>

2004 Water Supply and Sewage Disposal System Revenue Bonds

Date of Issue: December 27, 2004

Amount: \$550,000

Fiscal Year	Principal 1-Mar	Interest		Annual Total
		1-Mar	1-Sep	
2016	\$ 20,000	\$ 10,009	\$ 10,009	\$ 40,018
2017	20,000	9,599	9,599	39,198
2018	20,000	9,179	9,179	38,358
2019	20,000	8,748	8,748	37,496
2020	25,000	8,309	8,309	41,618
2021-2025	105,000	32,728	32,728	170,456
2026-2030	210,000	26,250	26,250	262,500
Total	<u>\$ 420,000</u>	<u>\$ 104,822</u>	<u>\$ 104,822</u>	<u>\$ 629,644</u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE H--LONG-TERM DEBT (Continued)

2005 Water Supply and Sewage Disposal System Revenue Bonds

Date of Issue: June 1, 2005

Amount: \$900,000

Fiscal Year	Principal 1-Mar	Interest		Annual Total
		1-Mar	1-Sep	
2016	\$ 30,000	\$ 15,230	\$ 15,230	\$ 60,460
2017	35,000	14,630	14,630	64,260
2018	35,000	13,913	13,913	62,826
2019	35,000	13,177	13,177	61,354
2020	35,000	12,425	12,425	59,850
2021-2025	215,000	48,794	48,794	312,588
2026-2030	270,000	20,813	20,813	311,626
Total	<u>\$ 655,000</u>	<u>\$ 138,982</u>	<u>\$ 138,982</u>	<u>\$ 932,964</u>

2010 Sewage System Improvements Revenue Bonds

Date of Issue: June 1, 2011

Amount: \$3,540,000

Fiscal Year	Principal 1-Dec	Interest		Annual Total
		1-Dec	1-June	
2016	\$ 50,000	\$ 50,310	\$ 49,560	\$ 149,870
2017	52,000	49,560	48,780	150,340
2018	54,000	48,780	47,970	150,750
2019	55,000	47,970	47,145	150,115
2020	57,000	47,145	46,290	150,435
2021-2025	315,000	222,300	217,575	754,875
2026-2030	370,000	197,085	191,535	758,620
2031-2035	434,000	167,475	160,965	762,440
2036-2040	510,000	132,735	125,085	767,820
2041-2045	597,000	91,920	82,965	771,885
2046-2050	701,000	44,145	33,630	778,775
2051	110,000	2,385	-	112,385
Total	<u>\$ 3,305,000</u>	<u>\$ 1,101,810</u>	<u>\$ 1,051,500</u>	<u>\$ 5,458,310</u>



CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE H--LONG-TERM DEBT (Continued)

2010 Water System Improvements Revenue Bonds

Date of Issue: June 1, 2011

Amount: \$4,800,000

Fiscal Year	Principal 1-Dec	Interest		Annual Total
		1-Dec	1-June	
2016	\$ 68,000	\$ 68,220	\$ 67,200	\$ 203,420
2017	71,000	67,200	66,135	204,335
2018	73,000	66,135	65,040	204,175
2019	75,000	65,040	63,915	203,955
2020	78,000	63,915	62,745	204,660
2021-2025	427,000	301,320	294,915	1,023,235
2026-2030	502,000	267,135	259,605	1,028,740
2031-2035	588,000	226,965	218,145	1,033,110
2036-2040	691,000	179,895	169,530	1,040,425
2041-2045	811,000	124,575	112,410	1,047,985
2046-2050	951,000	59,700	45,435	1,056,135
2051	145,000	3,195	-	148,195
Total	<u>\$ 4,480,000</u>	<u>\$ 1,493,295</u>	<u>\$ 1,425,075</u>	<u>\$ 7,398,370</u>

Annual Debt Service Requirements--Component Units

The annual requirements to pay the principal and interest on the component units direct long-term debt obligations outstanding at June 30, 2015, are as follows:

2011 Downtown Development Refunding Bonds

On September 28, 2011, the City issued \$1,375,000 in General Obligation Bonds with an interest rate of 2.74 percent to advance refund \$1,435,000 of outstanding 1999 Series bonds with interest rates ranging from 3.4 to 4.95%. The City refunded the 1999 Series bonds to reduce its total debt service payments over the next 13 years by \$184,106 (net savings) which resulted in an economic gain of \$155,036 (net present value of benefits).

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE H--LONG-TERM DEBT (Continued)

Date of Issue: September 28, 2011

Amount: \$1,375,000

Fiscal Year	Principal 1-Nov	Interest		Annual Total
		1-May	1-Nov	
2016	\$ 105,000	\$ 13,358	\$ 14,796	\$ 133,154
2017	110,000	11,850	13,358	135,208
2018	115,000	10,275	11,850	137,125
2019	115,000	8,700	10,275	133,975
2020	120,000	7,055	8,700	135,755
2021-2024	515,000	10,892	17,947	543,839
Total	<u>\$ 1,080,000</u>	<u>\$ 62,130</u>	<u>\$ 76,926</u>	<u>\$ 1,219,056</u>

2004 Downtown Development Refunding Bonds

Date of Issue: February 18, 2004

Amount: \$405,000

Fiscal Year	Principal 1-Nov	Interest		Annual Total
		1-May	1-Nov	
2016	\$ 20,000	\$ 4,455	\$ 4,885	\$ 29,340
2017	20,000	4,025	4,455	28,480
2018	20,000	3,575	4,025	27,600
2019	20,000	3,125	3,575	26,700
2020	20,000	2,625	3,125	25,750
2021-2024	105,000	4,125	6,750	115,875
Total	<u>\$ 205,000</u>	<u>\$ 21,930</u>	<u>\$ 26,815</u>	<u>\$ 253,745</u>

On February 8, 2004, the City issued \$405,000 in Downtown Development Refunding Bonds, Series 2004, with an average interest rate of 3.755% to refund \$365,000 of outstanding 1994 Downtown Development Bonds, Series 1994, with an average interest rate of 6.772%. The net proceeds of \$384,429 (after the payment of \$20,751 in underwriting fees and related bond issuance costs), were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1994 Series bonds. As a result, the 1994 bonds are considered to be defeased and the liability for those bonds has been removed from the component unit column of the Statement of Net Position. The City refunded the 1994 Series bonds to reduce its total debt service payments over the next 20 years by \$77,914 and resulted in an economic gain of \$51,649.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE I--COMPENSATED ABSENCES

Vested Employee Benefits Payable

The City has an accrued liability for accumulated vested vacation and sick leave benefits payable for its employees. As of June 30, 2015, the accumulated vested vacation and sick leave benefits of the City's employees were as follows:

	<u>Sick/Personnel Leave</u>	<u>Vacation Leave</u>	<u>Total</u>
General Government	\$ 3,710	\$ 12,892	\$ 16,602
Public Safety	7,051	17,253	24,304
Public Works--General Fund	<u>11,699</u>	<u>18,909</u>	<u>30,608</u>
Total	<u>\$ 22,460</u>	<u>\$ 49,054</u>	<u>\$ 71,514</u>

These amounts are reported in the Statement of Net Position as a noncurrent liability in the governmental activities (General Government, Public Safety, and Public Works).

City employees are entitled to certain vacation and sick pay benefits that accrue and vest under the terms of the City's labor agreements and personnel policy.

Vacation leave is earned in varying amounts ranging from 1 to 5 five weeks depending on the number of years of service provided by the employee and is available on the employee's anniversary date. With supervisory approval, employees may carry over a maximum of one week to the subsequent period.

Sick leave is earned by all City employees at the rate of 12 days annually with each day being made available as of the last day of the month. A maximum of 24 days may be accrued. Upon retirement, employees are paid one-half of their accumulated unused sick leave.

NOTE J--EMPLOYEES' RETIREMENT SYSTEM

PRIMARY GOVERNMENT

Summary of Significant Accounting Policies

*Pensions.* For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE J--EMPLOYEES' RETIREMENT SYSTEM (Continued)

employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

*Plan Description.* The City participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com) or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

*Benefits Provided--Defined Benefit.* The City's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers full-time employees at the City including police and public works hired prior to November 1, 2012 and non-union employees hired prior to June 30, 2013. Retirement benefits for employees are calculated as 2.0% to 2.5% of the employee's three year final average compensation. Normal retirement age is 60 with early retirement at an unreduced benefit ranging from 50 years of age and 15 years of service to 55 years of age and 25 years of service or a reduced benefit ranging from 50 years of age and 25 years of service to 55 years of age and 15 years of service. Deferred retirement benefits vest after 10 years of credited service, but are not paid until the date retirement would have occurred had the member remained an employee. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately and if duty-related without an actuarial reduction for retirement before age 60 is not applied. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms, within the guidelines established by MERS, are established and amended by the City Council, usually after negotiation of terms with applicable unions. Any changes to the plan, including cost of living adjustments, would have to be approved by the City Council in this manner also.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE J--EMPLOYEES' RETIREMENT SYSTEM (Continued)

*Benefits Provided--MERS Hybrid Plan.* For nonunion employees hired after June 30, 2013 and union employees under the AFSCME/AFL-CIO agreement hired after November 1, 2012, employees are eligible to participate in the MERS Pension System under the MERS Plan Document and will be covered by the MERS Hybrid Defined Benefit Plan (Plan). Retirement benefits consist of a Defined Benefit component calculated as 1.5% of the employee's three year final average compensation and a Defined Contribution component. The City and Employee will contribute to the Defined Contribution component of the Plan, with the Employee contributing a minimum 4.75% contribution to the Defined Contribution component of the Plan, and will be allowed to make additional contributions as allowed under the Plan, MERS regulations, and any applicable laws. The City will match the Employee's contribution in an amount up to seven percent (7%) of the employee's payroll less the cost to the City of the Defined Benefit component of the Plan, with the City's maximum combined Defined Contribution and Defined Benefit contribution being a total of seven percent (7%). Employees will be 100% vested for Employer contributions to the Defined Contribution component of the Plan after six years of service. Full-time employees hired before adoption of the Plan may convert to the Hybrid Plan at their option in accordance with the terms of the Plan and MERS Uniform Hybrid Program Resolution as adopted by the City Council. The Employer shall be responsible to pay 100% of the cost of the Defined Benefit Plan regardless of the amount of cost. During the fiscal year, the City contributed \$480 and employees contributed \$3,265 to the defined contribution portion of the hybrid plan.

*Employees covered by benefit terms.* At the December 31, 2014 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>16</u>
Total employees covered by MERS Plan	<u><u>38</u></u>

*Contributions.* Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance 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 5.6% of annual pay and the City's average contribution was 15.4% of annual payroll.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE J--EMPLOYEES' RETIREMENT SYSTEM (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 pension 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.

*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	3-4%
Salary Increases	4.50% In the long term, 1 percent, 2 percent, and 3 percent for calendar years 2014, 2015, and 2016, respectively, including inflation
Investment Rate of Return	8.25% Gross of pension plan investment expense, including inflation

Mortality rates were based on the 1994 Group Annuity Mortality Table of a 50% male and 50% 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 the most recent actuarial experience study in 2008.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE J--EMPLOYEES' RETIREMENT SYSTEM (Continued)

*Discount Rate:* The discount rate used to measure the total pension liability is 8.25% for 2014. The projection of cash flows used to determine the discount rate assumes that the employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay 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.

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2013	\$ 4,242,961	\$ 2,972,917	\$ 1,270,044
Changes for the Year:	-	-	-
Service Cost	98,706	-	98,706
Interest	343,261	-	343,261
Contributions - Employer	-	130,642	(130,642)
Contributions - Employee	-	45,976	(45,976)
Net Investment Income	-	187,084	(187,084)
Benefit Payments, Including Refunds	(263,163)	(263,163)	-
Administrative Expenses	-	(6,862)	6,862
	-	-	-
Net Changes	178,804	93,677	85,127
Balance at December 31, 2014	\$ 4,421,765	\$ 3,066,594	\$ 1,355,171

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the employer, calculated using the discount rate of 8.25%, as well as what the employer's net pension liability would be using a discount rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate.

	<u>1% Decrease (7.25%)</u>	<u>Current Discount Rate (8.25%)</u>	<u>1% Increase (9.25%)</u>
Net pension liability of the City	\$ 1,836,649	\$ 1,355,171	\$ 947,750

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE J--EMPLOYEES' RETIREMENT SYSTEM (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 \$172,305. At June 30, 2015, the City reported deferred outflow of resources related to pensions from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>
Employer contributions to the plan subsequent to the measurement date*	\$ 62,560
Net difference between projected and actual earnings on pension plan investments**	<u>43,463</u>
Total	<u>\$ 106,023</u>

\*The amount reported as deferred outflow of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the fiscal year ending June 30, 2016.

\*\*Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2016	\$ 10,866
2017	10,866
2018	10,866
2019	10,865

Defined Contribution Pension Plan

Employees hired after June 30, 2005 under the Fraternal Order of the Police receive a defined contribution retirement plan administered by MERS with the City contributing 8% of the employee's annual wages and the employee contributing at least 8% of the employee's annual wages. Vesting shall be 25% after 4 years, 50% after 6 years, 75% after 8 years, and 100% after 10 years.



CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE J--EMPLOYEES' RETIREMENT SYSTEM (Continued)

The Chief of Police and City Engineer/Director of Public Works also participate in a defined contribution retirement plan. The City contributes \$22,000 and \$10,000, respectively, annually with an immediate vesting schedule. In the event that either employee participates in the City's health, dental, or vision plans, the amount shall be decreased to reflect an offset dollar for dollar amount of the employer's cost for the health, dental, or vision plans. During the fiscal year, the City contributed \$36,458 and employees contributed \$3,866 to the plan.

NOTE K--OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to the pension benefits described in Note J, the City administers a single-employer defined benefit healthcare plan. The City provides post-employment healthcare insurance benefits to certain retired union and administrative employees through the City group health insurance plan which covers both active and retired members. Benefit provisions are established through negotiations between the City and the union in accordance with the labor contract and personnel policy which is negotiated every three-year bargaining period.

Funding Policy

The City provides post-employment health benefits, in accordance with the collective bargaining agreement with the Fraternal Order of Police. According to the agreement, employees hired before July 1, 2005, who retire during the period of this agreement and who are immediately eligible for retirement benefits shall be provided single subscriber health and hospitalization coverage as provided to active employees under this agreement. Single subscriber health and hospitalization coverage for employees hired before July 1, 2005, will continue until the retiree is eligible of Medicaid/Medicare coverage. Spousal coverage will be available under the same plan provided to the retiree with the retiree paying any cost to the employer. For employees hired after June 30, 2005, the employer will contribute \$750 per year into a Health Reimbursement Account which the employee will have full access to upon retirement from the City.

For the administrative employees and those covered by the AFL-CIO collective bargaining agreement, employees who retire under the auspices of the Municipal Employees' Retirement System (MERS) and are immediately eligible for retirement benefits, will be carried under the full group health plan. The coverage is limited to the employee only. However, the employee at their expense may continue to carry their spouse under the group health insurance policy offered City employees, provided they pay the difference in premium costs. Upon a retiree becoming eligible for Medicare coverage, said retiree shall apply for and be covered under Medicare. The City will make available to the retiree a Blue Cross/Blue Shield supplement policy to Medicare. The retiree shall bear the full cost of said Blue Cross/Blue Shield policy. However, all employees hired under the AFL-CIO collective bargaining agreement after July 1, 2014 are no longer eligible for this benefit.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE K--OTHER POST-EMPLOYMENT BENEFITS (Continued)

Currently, one (1) retirees met those eligibility requirements. Expenditures for post-employment health care benefits are recognized when insurance premiums are paid. Premiums paid by the City in 2015 totaled \$750.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Funding Status and Funding Progress

For the year ended June 30, 2015, the City has estimated the cost of providing retiree healthcare benefits using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The alternative measurement method computes an annual required contribution. The computed required contribution and actual funding are summarized as follows:

Annual Required Contribution	\$ 62,787
Interest on Beginning of Year Net OPEB Obligation (5.5%)	<u>13,203</u>
Annual OPEB Cost	75,990
Amounts Contributed	
Payments of Current Premiums	<u>(750)</u>
Increase in Net OPEB Obligation	75,240
Net OPEB Obligation--Beginning of Year	<u>240,046</u>
Net OPEB Obligation--End of Year	<u>\$ 315,286</u>

The above schedule of employer contributions presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 43.

The annual OPEB cost, the percentage contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015 were as follows:

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE K--OTHER POST-EMPLOYMENT BENEFITS (Continued)

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Annual OPEB Costs	\$ 38,816	\$ 83,991	\$ 75,990
Percentage Contributed	40%	8%	1%
Net OPEB Obligation	\$ 162,376	\$ 240,046	\$ 315,286

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 trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Overfunded (Unfunded) AAL (UAAL) (1)-(2)</u>	<u>Funded Ratio (1)/(2)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
2015	\$ -	\$ 1,883,602	\$(1,883,602)	0%	\$ 824,979	228%

The schedule of funding progress immediately following the notes to the financial statements presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. This is the first year of implementation for GASB Statement No. 45, so only one year is presented because only one alternative measurement method actuarial valuation is available. The City expects to prepare an alternative measurement method actuarial valuation every year.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of the sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following actuarial assumptions were used in the development of the City's retiree health cost projections.

1. Actuarial Cost Method: Alternate Method as provided under GASB Statement No. 45 for plans with fewer than 100 employees
2. Interest Discount Rate: 5.50% compounded annually
3. Mortality Prior to Retirement: None

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE K--OTHER POST-EMPLOYMENT BENEFITS (Continued)

4. Turnover Prior to Retirement: Based on GASB Statement No. 43 Table 2 - Expected Future Working Lifetimes of Employees, by Age - Default Values
5. Post-Retirement Interest Rate: 5.5%
6. Post-Retirement Mortality: Based on life expectancy of age 77 for males and 81 for females

NOTE L--RISK MANAGEMENT/SELF-INSURANCE PROGRAMS

PRIMARY GOVERNMENT

The City and its component units are exposed to various risks of loss related to theft of, damage to, and distribution of assets, error and omissions, and injuries to employees. The City participates in the Michigan Municipal Liability and Property Pool (Pool) for claims relating to general liability, excess liability, auto liability, errors and omissions, physical damage (equipment, building and contents) and workers' compensation. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

Local units in the State of Michigan established and created a trust fund, known as the Michigan Municipal Liability and Property Pool (Pool) pursuant to the provisions of Public Act 138 of 1982. The Pool is to provide for joint and cooperative action relative to member financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to local units and related local unit activities within the State.

The Michigan Municipal Liability and Property Pool program operates as a common risk-sharing management program for local units in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts.

NOTE M--CONSTRUCTION CODE FEES

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus generated since March 1, 2007, is as follows:

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE M--CONSTRUCTION CODE FEES (Continued)

(Deficit) at July 1, 2014	\$ (67,919)
Current year construction permit revenue	29,555
Related expenses - Direct costs	(52,056)
Related expenses - Indirect costs	<u>(5,206)</u>
Current year shortfall	<u>(27,707)</u>
Cumulative (deficit) at June 30, 2015	<u><u>\$ (95,626)</u></u>

NOTE N--RESATEMENT TO NET POSITION

During the current fiscal year, the City adopted GASB Statement Number 68, Accounting and Financial Reporting for Pensions. Due to this implementation, the government-wide statements now included a net pension liability for unfunded pension obligations. The statement of net position is restated to record the liability as of July 1, 2014.

Also, the City has restated its beginning net position for the government-wide activities, EDC, TIFA 2a, and DDA after reviewing its capital asset listing. The governmental activities restatement consists of removing land improvements that could no longer be substantiated. The EDC restatement consists of removing a building sold in a prior fiscal year. The TIFA 2a restatement consists of land sold in a prior fiscal year. The DDA restatement consists of land purchased, originally with buildings and depreciated as such. However, the buildings were razed shortly thereafter, but the purchase was continued to be reported as buildings with an accumulated depreciation balance. The restatement is to remove the depreciation recorded on the land purchases.

	Governmental Activities	EDC	TIFA 2a	DDA
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Beginning Net Position--July 1, 2014	\$ 6,498,357	\$ 576,266	\$ 136,615	\$ (25,868)
Less net pension liability recorded for the implementation of GASB 68	(1,204,098)	-	-	-
Capital asset adjustments	<u>(317,395)</u>	<u>(31,335)</u>	<u>(62,871)</u>	<u>102,322</u>
Restated Beginning Net Position--July 1, 2014	<u><u>\$ 4,976,864</u></u>	<u><u>\$ 544,931</u></u>	<u><u>\$ 73,744</u></u>	<u><u>\$ 76,454</u></u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

NOTE O--CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 which required governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability is now recorded on the government-wide statements and is computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI).

Coinciding with the implementation of GASB Statement No. 68, the City also implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB Statement No. 68*. The statement addressed the issue regarding the application of the transition provisions of GASB Statement No. 68 relating to the amounts associated with contributions made by the City to the defined benefit pension plan after the measurement date of the City's beginning net pension liability. GASB Statement No. 71 amends GASB Statement No. 68 to require that at transition, the City recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability.

NOTE P--UPCOMING REPORTING CHANGE

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive note disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements: (1) Brief descriptive information, such as the tax being abated, the authority under which tax

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

NOTE P--UPCOMING REPORTING CHANGE (Continued)

abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients; (2) The gross dollar amount of taxes abated during the period; (3) Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. GASB Statement No. 77 is effective for fiscal years beginning after December 15, 2015. The City is currently evaluating the effect of the new pronouncement.

CITY OF WILLIAMSTON  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE CITY'S NET  
PENSION LIABILITY AND RELATED RATIOS\*  
For the Fiscal Year Ending June 30, 2015

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 98,706
Interest	343,261
Benefit payments including employee refunds	<u>(263,163)</u>
Net Change in Total Pension Liability	<u>178,804</u>
Total Pension Liability beginning	<u>4,242,961</u>
Total Pension Liability ending	<u>\$ 4,421,765</u>
Plan Fiduciary Net Position	
Contributions-employer	\$ 130,642
Contributions-employee	45,976
Net Investment income	187,084
Benefit payments including employee refunds	(263,163)
Administrative expense	<u>(6,862)</u>
Net Change in Plan Fiduciary Net Position	<u>93,677</u>
Plan Fiduciary Net Position beginning	<u>2,972,917</u>
Plan Fiduciary Net Position ending	<u>\$ 3,066,594</u>
Employer Net Pension Liability	<u>\$ 1,355,171</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	69%
Covered Employee Payroll	\$ 863,134
Employer's Net Pension Liability as a percentage of covered employee payroll	157%

Notes to schedule:

There were no benefit changes or changes in assumptions or methods affecting the 2014 valuation.

Above dates are based on measurement date, which may not necessarily tie to the fiscal year

\*10-year schedule as required by GASB Statement No. 68 will be built prospectively upon implementation of the standard.



CITY OF WILLIAMSTON  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY'S CONTRIBUTIONS  
For the Fiscal Year Ending June 30, 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarial Determined Contributions*	\$ 130,642	\$ 121,382	\$ 100,193	\$ 91,228	\$ 99,316	\$ 109,042	\$ 273,351	\$ 107,678	\$ 109,160	\$ 101,858
Contributions in relation to the actuarially determined contribution	130,642	121,382	100,193	91,228	99,316	109,042	273,351	107,678	109,160	101,858
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	863,134	804,404	757,014	750,515	765,918	830,907	865,146	847,111	944,214	960,057
Contributions as a percentage of covered employee payroll	15%	15%	13%	12%	13%	13%	32%	13%	12%	11%

Notes to Schedule

Actuarial valuation information relative to the determination of contributions:

Valuation date 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  
Amortization method Level percentage of payroll, open  
Remaining amortization period 25 years  
Asset valuation method 10 year smoothed  
Inflation 3 to 4%  
Salary Increases 4.5%, including inflation  
Investment rate of return 8.0%  
Retirement age Experience-based tables of rates that are specific to the type of eligibility condition  
Mortality 50% Female/50% Male 1994 Group Annuity Mortality Table

CITY OF WILLIAMSTON  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS - OTHER POST-EMPLOYMENT BENEFITS  
 For the Fiscal Year Ending June 30, 2015

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
06/30/13	\$ -	\$ 1,164,485	\$ 1,164,485	0%	\$ 682,397	171%
06/30/14	-	2,251,814	2,251,814	0%	729,063	309%
06/30/15	-	1,883,602	1,883,602	0%	824,979	228%

**CITY OF WILLIAMSTON**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2015**

**EXHIBIT K**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget Positive (Negative)
<b>Revenues</b>				
Taxes and Penalties	\$ 1,398,000	\$ 1,398,000	\$ 1,432,920	\$ 34,920
Licenses and Permits	49,500	49,500	58,811	9,311
State Grants	339,750	339,750	334,752	(4,998)
Charges for Services	10,500	10,500	11,856	1,356
Fines and Forfeitures	5,500	5,500	5,263	(237)
Interest and Rentals	6,350	6,350	6,408	58
Other Revenue	694,500	674,500	648,085	(26,415)
<b>Total Revenues</b>	<b>2,504,100</b>	<b>2,484,100</b>	<b>2,498,095</b>	<b>13,995</b>
<b>Expenditures</b>				
<b>Current</b>				
General Government	953,980	930,480	889,220	41,260
Public Safety	662,375	662,375	640,182	22,193
Public Works	302,620	304,620	275,918	28,702
Community and Economic Development	70,975	70,975	58,859	12,116
Recreation and Culture	89,850	94,850	57,404	37,446
Capital Outlay	489,500	564,500	560,773	3,727
<b>Total Expenditures</b>	<b>2,569,300</b>	<b>2,627,800</b>	<b>2,482,356</b>	<b>145,444</b>
Excess of Revenues Over (Under) Expenditures	(65,200)	(143,700)	15,739	159,439
<b>Other Financing Sources (Uses)</b>				
Interfund Transfers (Out)	(206,500)	(206,500)	(206,500)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(206,500)</b>	<b>(206,500)</b>	<b>(206,500)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(271,700)</b>	<b>(350,200)</b>	<b>(190,761)</b>	<b>159,439</b>
Fund Balance--July 1, 2014	1,126,515	1,126,515	1,126,515	-
Fund Balance--June 30, 2015	\$ 854,815	\$ 776,315	\$ 935,754	\$ 159,439

**CITY OF WILLIAMSTON**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**MAJOR STREET--MAJOR SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2015**

**EXHIBIT L**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget Positive (Negative)
Revenues				
State Grants				
MTF Distributions	\$ 184,500	\$ 184,500	\$ 191,462	\$ 6,962
Metro Act	10,000	10,000	9,798	(202)
Other State Grants	-	-	22,059	22,059
Interest and Rentals	-	-	23	23
Other Revenue	1,500	31,500	22,830	(8,670)
Total Revenues	<u>196,000</u>	<u>226,000</u>	<u>246,172</u>	<u>20,172</u>
Expenditures				
Public Works				
Nonmotorized Transportation	15,635	15,635	5,524	10,111
Surface Maintenance	59,800	59,800	47,344	12,456
Sweeping/Flushing	8,350	9,350	7,218	2,132
Bridge Maintenance	3,175	3,175	-	3,175
Traffic Control	10,150	13,650	11,545	2,105
Winter Maintenance	45,000	45,000	24,876	20,124
Administration	8,100	9,100	8,159	941
Capital Outlay				
Preservation/Structural Improvements	121,000	121,000	20,233	100,767
Total Expenditures	<u>271,210</u>	<u>276,710</u>	<u>124,899</u>	<u>151,811</u>
Excess of Revenues Over (Under) Expenditures	<u>(75,210)</u>	<u>(50,710)</u>	<u>121,273</u>	<u>171,983</u>
Other Financing Sources (Uses)				
Interfund Transfers (Out)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net Change in Fund Balance	(85,210)	(60,710)	111,273	171,983
Fund Balance--July 1, 2014	<u>172,550</u>	<u>172,550</u>	<u>172,550</u>	<u>-</u>
Fund Balance--June 30, 2015	<u>\$ 87,340</u>	<u>\$ 111,840</u>	<u>\$ 283,823</u>	<u>\$ 171,983</u>

**CITY OF WILLIAMSTON**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**LOCAL STREET--MAJOR SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2015**

**EXHIBIT M**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget Positive (Negative)
<b>Revenues</b>				
State Grants				
MTF Distributions	\$ 58,000	\$ 58,000	\$ 60,147	\$ 2,147
Interest and Rentals	25	25	109	84
Other Revenues	50	50	-	(50)
<b>Total Revenues</b>	<u>58,075</u>	<u>58,075</u>	<u>60,256</u>	<u>2,181</u>
<b>Expenditures</b>				
Public Works				
Nonmotorized Transportation	6,425	6,425	2,735	3,690
Surface Maintenance	53,600	55,600	54,808	792
Sweeping/Flushing	3,550	6,550	4,478	2,072
Bridge Maintenance	1,615	1,615	-	1,615
Traffic Control	2,925	9,425	7,322	2,103
Winter Maintenance	34,900	28,400	25,119	3,281
Administration	7,850	8,000	7,910	90
<b>Total Expenditures</b>	<u>110,865</u>	<u>116,015</u>	<u>102,372</u>	<u>13,643</u>
Excess of Revenues Over (Under) Expenditures	<u>(52,790)</u>	<u>(57,940)</u>	<u>(42,116)</u>	<u>15,824</u>
<b>Other Financing Sources (Uses)</b>				
Interfund Transfers In	196,500	196,500	196,500	-
Interfund Transfers (Out)	(149,750)	(149,750)	(149,750)	-
<b>Total Other Financing Sources (Uses)</b>	<u>46,750</u>	<u>46,750</u>	<u>46,750</u>	<u>-</u>
Net Change in Fund Balance	(6,040)	(11,190)	4,634	15,824
Fund Balance--July 1, 2014	<u>18,590</u>	<u>18,590</u>	<u>18,590</u>	<u>-</u>
Fund Balance--June 30, 2015	<u>\$ 12,550</u>	<u>\$ 7,400</u>	<u>\$ 23,224</u>	<u>\$ 15,824</u>

**CITY OF WILLIAMSTON  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2015**

**EXHIBIT N**

	<b><u>DEBT SERVICE FUNDS</u></b>		
	2003 Act 175 <u>Bond Debt</u>	2003 Act 342 <u>Bond Debt</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Due From Other Funds--Primary Government	\$ 239	\$ 102,810	\$ 103,049
Total Assets	<u>\$ 239</u>	<u>\$ 102,810</u>	<u>\$ 103,049</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Accounts Payable	\$ -	\$ 102,233	\$ 102,233
Total Liabilities	<u>\$ -</u>	<u>\$ 102,233</u>	<u>\$ 102,233</u>
Fund Balances			
Restricted for Debt Service	<u>239</u>	<u>577</u>	<u>816</u>
Total Fund Balances	<u>239</u>	<u>577</u>	<u>816</u>
Total Liabilities and Fund Balances	<u>\$ 239</u>	<u>\$ 102,810</u>	<u>\$ 103,049</u>

**CITY OF WILLIAMSTON  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 For the Fiscal Year Ended June 30, 2015**

**EXHIBIT O**

	<b>DEBT</b>		
	<b>SERVICE FUNDS</b>		
	2003 Act 175 Bond Debt	2003 Act 342 Bond Debt	Total
Total Revenues	\$ -	\$ -	\$ -
Expenditures			
Current			
Principal	20,000	80,000	100,000
Interest and Fees	4,770	44,465	49,235
Total Expenditures	24,770	124,465	149,235
Excess of Revenue Over (Under)			
Expenditures	(24,770)	(124,465)	(149,235)
Other Financing Sources (Uses)			
Interfund Transfers In (Primary Government)	25,000	124,750	149,750
Total Other Financing Sources (Uses)	25,000	124,750	149,750
Net Change in Fund Balances	230	285	515
Fund Balance--July 1, 2014	9	292	301
Fund Balance--June 30, 2015	\$ 239	\$ 577	\$ 816

**CITY OF WILLIAMSTON**  
**SCHEDULE OF REVENUES**  
**BUDGET AND ACTUAL--GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2015**

**EXHIBIT P**

	<b>BUDGETED AMOUNTS</b>			Variance With
	Original	Amended	Actual	Amended Budget Positive (Negative)
<b>Taxes and Penalties</b>				
Current Property Taxes	\$ 1,330,000	\$ 1,330,000	\$ 1,360,979	\$ 30,979
Mobile Home Tax	500	500	510	10
Penalties and Interest on Taxes	10,000	10,000	8,907	(1,093)
Property Tax Administration Fees	57,500	57,500	62,524	5,024
<b>Total Taxes and Penalties</b>	<b>1,398,000</b>	<b>1,398,000</b>	<b>1,432,920</b>	<b>34,920</b>
<b>Licenses and Permits</b>				
Cable Franchise Fee	23,000	23,000	23,596	596
Building Permits	25,000	25,000	29,555	4,555
Zoning Permits	500	500	4,475	3,975
Other Licenses and Permits	1,000	1,000	1,185	185
<b>Total Licenses and Permits</b>	<b>49,500</b>	<b>49,500</b>	<b>58,811</b>	<b>9,311</b>
<b>State Grants</b>				
Liquor Licenses	3,500	3,500	4,007	507
Act 302 Officer Training	1,150	1,150	592	(558)
State Shared Revenue	335,100	335,100	330,153	(4,947)
<b>Total State Grants</b>	<b>339,750</b>	<b>339,750</b>	<b>334,752</b>	<b>(4,998)</b>
<b>Charges for Services</b>				
General Sales	500	500	486	(14)
Garbage Bag Sales	3,500	3,500	2,918	(582)
Police Reports and Service Fees	6,500	6,500	7,283	783
Miscellaneous	-	-	1,169	1,169
<b>Total Charges for Services</b>	<b>10,500</b>	<b>10,500</b>	<b>11,856</b>	<b>1,356</b>
<b>Fines and Forfeitures</b>				
Parking Fines and Civil Infractions	5,500	5,500	5,263	(237)
<b>Total Fines and Forfeitures</b>	<b>5,500</b>	<b>5,500</b>	<b>5,263</b>	<b>(237)</b>
<b>Interest and Rentals</b>				
Interest Earned	350	350	408	58
Building Rental	6,000	6,000	6,000	-
<b>Total Interest and Rentals</b>	<b>6,350</b>	<b>6,350</b>	<b>6,408</b>	<b>58</b>
<b>Other Revenue</b>				
Sale of Capital Assets	10,000	10,000	-	(10,000)
Donations	3,500	3,500	19,378	15,878
Administrative Reimbursements	187,500	187,500	182,500	(5,000)
Refunds and Reimbursements	33,500	33,500	49,759	16,259
Contribution From EDC	460,000	440,000	396,448	(43,552)
<b>Total Other Revenue</b>	<b>694,500</b>	<b>674,500</b>	<b>648,085</b>	<b>(26,415)</b>
<b>Total Revenues</b>	<b>\$ 2,504,100</b>	<b>\$ 2,484,100</b>	<b>\$ 2,498,095</b>	<b>\$ 13,995</b>



**CITY OF WILLIAMSTON**  
**SCHEDULE OF EXPENDITURES AND OTHER USES--BY ACTIVITY**  
**BUDGET AND ACTUAL--GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2015**

**EXHIBIT Q**

	<b>BUDGETED AMOUNTS</b>			Variance With
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	Amended Budget Positive (Negative)
General Government				
City Council	\$ 28,675	\$ 28,675	\$ 22,739	\$ 5,936
City Manager	150,350	150,350	147,885	2,465
Clerk	98,825	98,825	98,470	355
Treasurer	196,880	170,880	156,930	13,950
Assessor	59,950	55,950	52,023	3,927
Elections	8,300	9,800	9,210	590
Buildings and Grounds	319,000	324,000	317,312	6,688
Attorney	59,000	59,000	52,441	6,559
Cemetery Board	15,000	15,000	15,000	-
Wheatfield Township 425 Revenue Sharing	18,000	18,000	17,210	790
<b>Total General Government</b>	<b>953,980</b>	<b>930,480</b>	<b>889,220</b>	<b>41,260</b>
Public Safety				
Police	603,375	603,375	587,626	15,749
Building Department	58,500	58,500	52,056	6,444
Ingham County Hazmat Team	500	500	500	-
<b>Total Public Safety</b>	<b>662,375</b>	<b>662,375</b>	<b>640,182</b>	<b>22,193</b>
Public Works				
Department of Public Works	86,300	86,300	76,214	10,086
Equipment Maintenance	-	-	-	-
Street Lighting	72,000	72,000	66,310	5,690
City Tree Service	68,320	70,320	60,390	9,930
Tobias Drain Assessment	76,000	76,000	73,004	2,996
<b>Total Public Works</b>	<b>302,620</b>	<b>304,620</b>	<b>275,918</b>	<b>28,702</b>
Community and Economic Development				
Planning Commission	36,375	36,375	31,484	4,891
Community and Economic Development Administration	34,600	34,600	27,375	7,225
<b>Total Community and Economic Development</b>	<b>70,975</b>	<b>70,975</b>	<b>58,859</b>	<b>12,116</b>
Recreation and Culture				
Parks and Recreation	89,850	94,850	57,404	37,446
<b>Total Recreation and Culture</b>	<b>89,850</b>	<b>94,850</b>	<b>57,404</b>	<b>37,446</b>
Capital Outlay				
New Equipment	489,500	564,500	560,773	3,727
<b>Total Capital Outlay</b>	<b>489,500</b>	<b>564,500</b>	<b>560,773</b>	<b>3,727</b>
Other Financing Uses				
Local Street Fund	186,500	186,500	186,500	-
Equipment Fund	20,000	20,000	20,000	-
<b>Total Other Financing Uses</b>	<b>206,500</b>	<b>206,500</b>	<b>206,500</b>	<b>-</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 2,775,800</b>	<b>\$ 2,834,300</b>	<b>\$ 2,688,856</b>	<b>\$ 145,444</b>

**CITY OF WILLIAMSTON  
GOVERNMENTAL FUND BALANCE SHEET  
STATEMENT OF NET POSITION  
ECONOMIC DEVELOPMENT CORPORATION  
June 30, 2015**

**EXHIBIT R**

	<u>Modified Accrual Basis</u>	<u>Full Accrual Adjustments</u>	<u>Statement of Net Position</u>
<b><u>ASSETS</u></b>			
Current Assets			
Cash	\$ 83,713	\$ -	\$ 83,713
Investments	<u>10,073</u>	<u>-</u>	<u>10,073</u>
Total Assets	<u>\$ 93,786</u>	<u>-</u>	<u>93,786</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Due to Other Funds--Primary Government	<u>\$ 17,112</u>	<u>-</u>	<u>17,112</u>
Total Liabilities	<u>17,112</u>	<u>-</u>	<u>17,112</u>
<b><u>FUND BALANCE/NET POSITION</u></b>			
Fund Balance--Restricted	<u>76,674</u>	<u>(76,674)</u>	<u>-</u>
Total Fund Balance	<u>76,674</u>	<u>(76,674)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 93,786</u>		
Net Position			
Restricted for Economic Development Programs		<u>76,674</u>	<u>76,674</u>
Total Net Position		<u>\$ 76,674</u>	<u>\$ 76,674</u>

**CITY OF WILLIAMSTON**  
**STATEMENT OF GOVERNMENTAL FUND REVENUE,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**STATEMENT OF ACTIVITIES**  
**ECONOMIC DEVELOPMENT CORPORATION**  
**For the Fiscal Year Ended June 30, 2015**

**EXHIBIT S**

	Modified Accrual Basis	Full Accrual Adjustments	Statement of Activities
Revenue			
Interest and Rents	\$ 484	\$ -	\$ 484
Other Revenue-Gain (Loss) on Sale/Disposal of Capital Asset	469,999	(534,902)	(64,903)
Total Revenue	<u>470,483</u>	<u>(534,902)</u>	<u>(64,419)</u>
Expenditures			
Community and Economic Development	401,383	2,376	403,759
Debt Service			
Principal	15,917	(15,917)	-
Interest	79	-	79
Total Expenditures	<u>417,379</u>	<u>(13,541)</u>	<u>403,838</u>
Excess of Revenue Over (Under) Expenditures/Change in Net Position	<u>53,104</u>	<u>(521,361)</u>	<u>(468,257)</u>
Fund Balance/Net Position--Beginning of Year	<u>23,570</u>	<u>552,696</u>	<u>576,266</u>
Restatement to Net Position	<u>-</u>	<u>(31,335)</u>	<u>(31,335)</u>
Restated Net Position--Beginning of Year	<u>23,570</u>	<u>521,361</u>	<u>544,931</u>
Fund Balance/Net Position--End of Year	<u>\$ 76,674</u>	<u>\$ -</u>	<u>\$ 76,674</u>

**CITY OF WILLIAMSTON  
GOVERNMENTAL FUND BALANCE SHEET  
STATEMENT OF NET POSITION  
TAX INCREMENT FINANCE AUTHORITY 2A  
June 30, 2015**

**EXHIBIT T**

	<u>Modified Accrual Basis</u>	<u>Full Accrual Adjustments</u>	<u>Statement of Net Position</u>
<b><u>ASSETS</u></b>			
Current Assets			
Cash	\$ 36,591	\$ -	\$ 36,591
Total Current Assets	<u>36,591</u>	<u>-</u>	<u>36,591</u>
Noncurrent Assets			
Capital Assets--Depreciating	<u>-</u>	<u>35,389</u>	<u>35,389</u>
Total Noncurrent Assets	<u>-</u>	<u>35,389</u>	<u>35,389</u>
Total Assets	<u>\$ 36,591</u>	<u>35,389</u>	<u>71,980</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Due to Other Funds--Primary Government	<u>\$ 14,927</u>	<u>-</u>	<u>14,927</u>
Total Liabilities	<u>14,927</u>	<u>-</u>	<u>14,927</u>
<b><u>FUND BALANCE/NET POSITION</u></b>			
Fund Balance--Restricted	<u>21,664</u>	<u>(21,664)</u>	<u>-</u>
Total Fund Balance	<u>21,664</u>	<u>(21,664)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 36,591</u>		
Net Position			
Net Investment in Capital Assets		35,389	35,389
Restricted for Tax Increment Finance Plans		<u>21,664</u>	<u>21,664</u>
Total Net Position		<u>\$ 57,053</u>	<u>\$ 57,053</u>

**CITY OF WILLIAMSTON**  
**STATEMENT OF GOVERNMENTAL FUND REVENUE,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**STATEMENT OF ACTIVITIES**  
**TAX INCREMENT FINANCE AUTHORITY 2A**  
**For the Fiscal Year Ended June 30, 2015**

**EXHIBIT U**

	Modified Accrual Basis	Full Accrual Adjustments	Statement of Activities
Revenue			
Interest and Rents	\$ 53	\$ -	\$ 53
Total Revenue	<u>53</u>	<u>-</u>	<u>53</u>
Expenditures			
Community and Economic Development	14,881	1,863	16,744
Total Expenditures	<u>14,881</u>	<u>1,863</u>	<u>16,744</u>
Excess of Revenue Over (Under) Expenditures/Change in Net Position	<u>(14,828)</u>	<u>(1,863)</u>	<u>(16,691)</u>
Fund Balance/Net Position--Beginning of Year	<u>36,492</u>	<u>100,123</u>	<u>136,615</u>
Restatement to Net Position	<u>-</u>	<u>(62,871)</u>	<u>(62,871)</u>
Restated Fund Balance/Net Position--Beginning of Year	<u>36,492</u>	<u>37,252</u>	<u>73,744</u>
Fund Balance/Net Position--End of Year	<u>\$ 21,664</u>	<u>\$ 35,389</u>	<u>\$ 57,053</u>

**CITY OF WILLIAMSTON  
GOVERNMENTAL FUND BALANCE SHEET  
STATEMENT OF NET POSITION  
TAX INCREMENT FINANCE AUTHORITY 2B  
June 30, 2015**

**EXHIBIT V**

	<u>Modified Accrual Basis</u>	<u>Full Accrual Adjustments</u>	<u>Statement of Net Position</u>
<b><u>ASSETS</u></b>			
Current Assets			
Cash	\$ 612,025	\$ -	\$ 612,025
Investments	55,285	-	55,285
Due From Other Funds--Primary Government	<u>134,516</u>	<u>-</u>	<u>134,516</u>
Total Current Assets	<u>801,826</u>	<u>-</u>	<u>801,826</u>
Noncurrent Assets			
Capital Assets--Nondepreciating		213,898	213,898
Capital Assets--Depreciating	<u>-</u>	<u>517,075</u>	<u>517,075</u>
Total Noncurrent Assets	<u>-</u>	<u>730,973</u>	<u>730,973</u>
Total Assets	<u><u>\$ 801,826</u></u>	<u>730,973</u>	<u>1,532,799</u>
<b><u>LIABILITIES</u></b>			
Total Liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>
<b><u>FUND BALANCE/NET POSITION</u></b>			
Fund Balance--Restricted	<u>801,826</u>	<u>(801,826)</u>	<u>-</u>
Total Fund Balance	<u>801,826</u>	<u>(801,826)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 801,826</u></u>		
Net Position			
Net Investment in Capital Assets		730,973	730,973
Restricted for Tax Increment Finance Plans		<u>801,826</u>	<u>801,826</u>
Total Net Position		<u><u>\$ 1,532,799</u></u>	<u><u>\$ 1,532,799</u></u>

**CITY OF WILLIAMSTON**  
**STATEMENT OF GOVERNMENTAL FUND REVENUE,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**STATEMENT OF ACTIVITIES**  
**TAX INCREMENT FINANCE AUTHORITY 2B**  
**For the Fiscal Year Ended June 30, 2015**

**EXHIBIT W**

	Modified Accrual Basis	Full Accrual Adjustments	Statement of Activities
Revenue			
Property Taxes	\$ 254,597	\$ -	\$ 254,597
Interest and Rents	1,345	-	1,345
Other Revenue-Gain (Loss) on Sale/Disposal of Capital Asset	13,000	(9,689)	3,311
Total Revenue	<u>268,942</u>	<u>(9,689)</u>	<u>259,253</u>
Expenditures			
Community and Economic Development	98,496	37,380	135,876
Capital Outlay	28,540	(28,540)	-
Total Expenditures	<u>127,036</u>	<u>8,840</u>	<u>135,876</u>
Excess of Revenue Over (Under) Expenditures/Change in Net Position	<u>141,906</u>	<u>(18,529)</u>	<u>123,377</u>
Change in Net Position	<u>-</u>	<u>(18,529)</u>	<u>123,377</u>
Fund Balance/Net Position--Beginning of Year	<u>659,920</u>	<u>749,502</u>	<u>1,409,422</u>
Fund Balance/Net Position--End of Year	<u><u>\$ 801,826</u></u>	<u><u>\$ 730,973</u></u>	<u><u>\$ 1,532,799</u></u>

**CITY OF WILLIAMSTON  
GOVERNMENTAL FUND BALANCE SHEET  
STATEMENT OF NET POSITION  
DOWNTOWN DEVELOPMENT AUTHORITY  
June 30, 2015**

**EXHIBIT X**

	Modified Accrual Basis	Full Accrual Adjustments	Statement of Net Position
<b><u>ASSETS</u></b>			
Current Assets			
Cash	\$ 42,251	\$ -	\$ 42,251
Investments	47,221	-	47,221
Due From Other Funds--Primary Government	18,372	-	18,372
Total Current Assets	<u>107,844</u>	<u>-</u>	<u>107,844</u>
Noncurrent Assets			
Restricted Cash	7,039	-	7,039
Capital Assets--Nondepreciating	-	453,656	453,656
Capital Assets--Depreciating	-	946,537	946,537
Total Noncurrent Assets	<u>7,039</u>	<u>1,400,193</u>	<u>1,407,232</u>
Total Assets	<u><u>\$ 114,883</u></u>	<u><u>1,400,193</u></u>	<u><u>1,515,076</u></u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts Payable	\$ 489	-	489
Due to Other Funds--Primary Government	15,642	-	15,642
Accrued Liabilities	1,645	-	1,645
Total Current Liabilities	<u>17,776</u>	<u>-</u>	<u>17,776</u>
Non-Current Liabilities			
Bonds Payable--Due Within One Year	-	125,000	125,000
Bonds Payable--Due in More Than One Year	-	1,160,000	1,160,000
Total Noncurrent Liabilities	<u>-</u>	<u>1,285,000</u>	<u>1,285,000</u>
Total Liabilities	<u>17,776</u>	<u>1,285,000</u>	<u>1,302,776</u>
<b><u>FUND BALANCE/NET POSITION</u></b>			
Fund Balance--Restricted	<u>97,107</u>	<u>(97,107)</u>	<u>-</u>
Total Fund Balance	<u>97,107</u>	<u>(97,107)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 114,883</u></u>		
Net Position			
Net Investment in Capital Assets		115,193	115,193
Restricted for Downtown Development Activities		<u>97,107</u>	<u>97,107</u>
Total Net Position		<u><u>\$ 212,300</u></u>	<u><u>\$ 212,300</u></u>



**CITY OF WILLIAMSTON**  
**STATEMENT OF GOVERNMENTAL FUND REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES**  
**DOWNTOWN DEVELOPMENT AUTHORITY**  
**For the Fiscal Year Ended June 30, 2015**

**EXHIBIT Y**

	Modified Accrual Basis	Full Accrual Adjustments	Statement of Activities
Revenue			
Property Taxes	\$ 378,446	\$ -	\$ 378,446
Charges for Services	4,286	-	4,286
Interest and Rents	97	-	97
Other Revenue	388	-	388
	<u>383,217</u>	<u>-</u>	<u>383,217</u>
Total Revenue			
Expenditures			
Community and Economic Development	160,564	45,675	206,239
Debt Service			
Principal	120,000	(120,000)	-
Interest	41,132	-	41,132
	<u>321,696</u>	<u>(74,325)</u>	<u>247,371</u>
Total Expenditures			
Excess of Revenue Over (Under) Expenditures/Change in Net Position	<u>61,521</u>	<u>74,325</u>	<u>135,846</u>
Fund Balance/Net Position--Beginning of Year	<u>35,586</u>	<u>(61,454)</u>	<u>(25,868)</u>
Restatement to Net Position	<u>-</u>	<u>102,322</u>	<u>102,322</u>
Restated Fund Balance/Net Position--Beginning of Year	<u>35,586</u>	<u>40,868</u>	<u>76,454</u>
Fund Balance/Net Position--End of Year	<u>\$ 97,107</u>	<u>\$ 115,193</u>	<u>\$ 212,300</u>



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

NICK A. KHOURI  
STATE TREASURER

November 17, 2015

Honorable Mayor and City Council  
City of Williamston  
161 East Grand River Avenue  
Williamston, Michigan 48895

Independent Auditor's Report

RE: Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards

Dear Council Members:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Williamston, Ingham County, Michigan, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Williamston's basic financial statements, and have issued our report thereon dated November 17, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Williamston's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Williamston's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Williamston's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented,

or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Williamston's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Williamston's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Williamston's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Government Financial Services Division



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

NICK A. KHOURI  
STATE TREASURER

November 17, 2015

Honorable Mayor and City Council  
City of Williamston  
161 East Grand River Avenue  
Williamston, Michigan 48895

RE: Report to Those Charged With Governance

Dear Council Members:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Williamston, Ingham County, Michigan, for the fiscal year ended June 30, 2015, and have issued our report thereon dated November 17, 2015. Professional standards require that we provide you with information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in the engagement letter dated January 23, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City of Williamston's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Other information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described in professional standards, is to evaluate the presentation of supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a

whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and our meeting about planning matters September 28, 2015, with management.

#### Significant Results of the Audit

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

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Williamston are described in Note A to the financial statements. As described in Note O, during the fiscal year ended June 30, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement of net position now includes a liability for unfunded pension costs on the government-wide statements. We noted no transactions entered into by the City of Williamston during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

The most sensitive estimate affecting the governmental activities in the government-wide statements relates to depreciation, the net pension liability, and the liability related to other post-employment benefits. Management's estimate of the depreciation is based on the straight-line method for all other capital assets. For the pension, estimates and assumptions are determined by MERS and its actuary, based on the City's negotiations with its bargaining units and resolutions of the City Council. For retiree health care, the estimates and assumptions are based on actuarial techniques. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements, taken as a whole.

#### Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 17, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Williamston's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Williamston's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the City of Williamston Council and management of the City of Williamston and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Government Financial Services Division