

**CITY OF THE VILLAGE OF CLARKSTON  
Oakland County, Michigan**

**AUDITED FINANCIAL REPORT**

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



CITY OF THE VILLAGE OF CLARKSTON  
For the Year Ended June 30, 2015

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For the Year Ended June 30, 2015

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FINANCIAL SECTION





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## Independent Auditor's Report

October 13, 2015

To the Honorable Mayor and Members of City Council  
City of the Village of Clarkston, Michigan

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

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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



Honorable Mayor and  
Members of the City Council  
City of the Village of Clarkston, Michigan

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of the Village of Clarkston, 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.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

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

Respectfully,



PSLZ LLP  
Certified Public Accountants



## Management's Discussion and Analysis

### Overview of the Financial Statements

The City's annual report consists of management's discussion and analysis, government-wide financial statements, fund financial statements, notes to the financial statements, required supplemental information, and other supplemental information.

The government-wide financial statements are designed to provide a broad overview of the City's finances. The government-wide financial statements are presented on a full accrual basis, with an emphasis on measuring all economic resources and not just current financial resources, as measured in the individual fund statements. Two government-wide statements are provided.

The statement of net position, presents information on all of the City's assets and liabilities with the difference shown as net position. Increases or decreases of net position from period to period provide useful information on the direction of the City's financial position over time.

The statement of activities provides information on how the government-wide net position changed during the fiscal year. This statement provides information on income, expenses, and other increases or decreases in net position.

Following the government-wide statements, individual fund financial statements are provided for the City's major funds with one column provided for nonmajor funds. These statements are grouped into governmental funds, which account for the cost of providing governmental-type services such as public safety and public works; business-type funds, which account for functions that are intended to recover all or a significant portion of their costs through user fees and charges, and fiduciary funds, which account for assets held for outside parties.

Reconciliation between the individual fund statements and the government-wide financial statements is provided following the individual fund statements. The differences between the statement of net position and the fund-based balance sheet are primarily related to inclusion of capital assets and long-term liabilities in the government-wide statement of net position, which are not included in the fund-based balance sheet. The differences between the statement of activities and the statement of revenues, expenditures, and changes in fund balances primarily relate to the timing of reporting capital outlays and debt principal payments in the fund statements and a difference in the timing of the recognition of certain revenues and expenditures such as debt principal payments, and accrued employee leave time.

## Financial Position

The following table shows in a condensed format, the net position of the City's governmental activities as of June 30, 2015:

### City of Clarkston - Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 648,023	\$ 1,041,612	\$ 522,473	\$ 477,492	\$ 1,170,496	\$ 1,519,104
Capital Assets	3,960,049	4,093,751	143,873	148,500	4,103,922	4,242,251
Total Assets	4,608,072	5,135,363	666,346	625,992	5,274,418	5,761,355
Long-term Liabilities						
Outstanding	1,953,947	2,245,313	-	-	1,953,947	2,245,313
Other Liabilities	148,271	331,323	56,371	49,107	204,642	380,430
Total Liabilities	2,102,218	2,576,636	56,371	49,107	2,158,589	2,625,743
Net Position:						
Net Investment						
in Capital Assets	2,006,102	1,848,438	143,873	148,500	2,149,975	1,996,938
Restricted	198,762	258,286	-	-	198,762	258,286
Unrestricted	300,990	452,003	466,102	428,385	767,092	880,388
Total Net Position	\$ 2,505,854	\$ 2,558,727	\$ 609,975	\$ 576,885	\$ 3,115,829	\$ 3,135,612

The following table shows the changes of the net position during the year ended June 30, 2015:

City of Clarkston - Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Revenues:						
Charges for Services	\$ 103,093	\$ 76,688	\$ 241,374	\$ 234,186	\$ 344,467	\$ 310,874
Operating Grants & Contributions	157,309	186,792	-	-	157,309	186,792
Capital Grants & Contributions	103,108	168,698	-	-	103,108	168,698
General Revenues:						
Property Taxes	708,505	687,997	-	-	708,505	687,997
State Shared Revenues	74,378	73,439	-	-	74,378	73,439
Franchise Fees	20,313	19,626	-	-	20,313	19,626
Unrestricted Investment Earnings	2,663	6,517	2,347	133	5,010	6,650
Transfers	-	(289,782)	-	289,782	-	-
Total Revenues	<u>1,169,369</u>	<u>929,975</u>	<u>243,721</u>	<u>524,101</u>	<u>1,413,090</u>	<u>1,454,076</u>
Program Expenses:						
General Government	265,412	261,375	-	-	265,412	261,375
Public Safety	271,437	274,547	-	-	271,437	274,547
Public Works	555,090	490,102	-	-	555,090	490,102
Community Development	33,054	13,644	-	-	33,054	13,644
Recreation and Cultural	16,476	31,090	-	-	16,476	31,090
Interest on Long-Term Debt	80,773	90,080	-	-	80,773	90,080
Water	-	-	1,628	-	1,628	-
Sewer	-	-	209,003	242,405	209,003	242,405
Total Expenses	<u>1,222,242</u>	<u>1,160,838</u>	<u>210,631</u>	<u>242,405</u>	<u>1,432,873</u>	<u>1,403,243</u>
Change in Net Position	<u>\$ (52,873)</u>	<u>\$ (230,863)</u>	<u>\$ 33,090</u>	<u>\$ 281,696</u>	<u>\$ (19,783)</u>	<u>\$ 50,833</u>

The City had a decrease of \$52,873 in net position in its governmental activities for the fiscal year ended June 30, 2015, compared to a \$230,863 decrease for the fiscal year ended June 30, 2014. During fiscal year 2014, the City Council established a Water Enterprise Fund and therefore transferred the \$289,782 of the Water Reserve over to the new fund. Excluding the transfer to the Water Fund, the net position would have increased \$58,919. Property tax revenues increased \$20,508 over the prior year and the City spent approximately \$93,201 on routine road maintenance, winter maintenance, and repairs on roads in fiscal year 2015.

## **Governmental Activities**

General Fund operating revenues exceeded operating expenditures in fiscal year 2015 by \$6,698, and had operating transfers out of \$101,306, as compared to expenditures exceeded revenues in fiscal year 2014 by \$12,916. Revenues for fiscal year 2015 decreased by \$50,388 due to a federal grant received in fiscal year 2014 of \$167,448 for the purchase of 2 trucks for the department of public works. In fiscal year 2015, the City received approximately \$103,000 in donations toward the park pedestrian bridge project and security cameras in the park.

## **Analysis of Individual Funds**

Of the City's governmental funds, the General, Major and Local Streets, and Debt Service Funds account for all significant expenditures.

The General Fund ended the fiscal year with a decrease to its fund balance in the amount of \$94,608, which included \$32,241 of transfers out to the Major and Local Street Funds, and a \$69,065 transfer out to the Capital Projects Fund.

## **Capital Assets**

During fiscal year 2015, the City purchased a new tractor, security cameras for the park, and began construction on the Clark pedestrian bridge in the park. The City received a donation of \$100,000 toward the bridge project, and also a donation to offset the cost of the security cameras for the park.

## **Long-term Debt**

At the end of the current fiscal year, the City had total general obligation bond debt outstanding of \$2,032,000. The City's total bonded debt decreased by \$300,000 during the current fiscal year, as a result of annual debt payments made.

## **Economic Factors**

The City of the Village of Clarkston's property tax revenue is budgeted to remain approximately the same as the current fiscal year and state shared revenue distributions are projected to increase slightly. State voters approved eliminating the personal property taxes in August 2014. These revenues will be phased out through 2019, and the State has been working on determining replacement revenue to the local units. The impact to the City has not yet been determined. These factors were considered in preparing the City's budget for the 2015-2016 fiscal year.



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

This audit of the revenues and expenditures of the City is designed to depict the financial health of the City and demonstrate the uses of City resources. The audit also provides financial information to the City's investors and creditors.

If you have any questions about this report contact the City Offices, City of the Village of Clarkston, 375 Depot Road, Clarkston, Michigan 48346.



BASIC FINANCIAL STATEMENTS



**CITY OF THE VILLAGE OF CLARKSTON**  
**Statement of Net Position**  
**June 30, 2015**

	<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>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 489,847	\$ 370,835	\$ 860,682
Receivables (net of allowance for uncollectibles)			
Accounts	34,670	27,014	61,684
Taxes	8,926	-	8,926
Special Assessments	117,771	-	117,771
Due from Other Governmental Units	-	66,900	66,900
Prepaid Expenditures	4,051	-	4,051
Capital Assets (net of accumulated depreciation)	<u>3,960,049</u>	<u>143,873</u>	<u>4,103,922</u>
Total Assets	<u>4,615,314</u>	<u>608,622</u>	<u>5,223,936</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	85,510	56,371	141,881
Accrued Liabilities	12,279	-	12,279
Noncurrent Liabilities:			
Advance from Other Fund	57,724	(57,724)	-
Due within one year	310,000	-	310,000
Due in more than one year	<u>1,643,947</u>	<u>-</u>	<u>1,643,947</u>
Total Liabilities	<u>2,109,460</u>	<u>(1,353)</u>	<u>2,108,107</u>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	2,006,102	143,873	2,149,975
Restricted for:			
Streets	921	-	921
Mill Pond Lake Improvements	19,597	-	19,597
Debt Service	173,529	-	173,529
Other	4,715	-	4,715
Unrestricted	<u>300,990</u>	<u>466,102</u>	<u>767,092</u>
Total Net Position	<u>\$ 2,505,854</u>	<u>\$ 609,975</u>	<u>\$ 3,115,829</u>

**CITY OF THE VILLAGE OF CLARKSTON**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 265,412	\$ 39,028	\$ 1,712	\$ 3,108
Public Safety	271,437	29,440	2,282	-
Public Works	555,090	31,898	151,040	100,000
Community Development	33,054	2,727	2,275	-
Recreation and Cultural	16,476	-	-	-
Interest on Long-Term Debt	80,773	-	-	-
Total Governmental Activities	<u>1,222,242</u>	<u>103,093</u>	<u>157,309</u>	<u>103,108</u>
Business-type Activities:				
Water	1,628	16,900	-	-
Sewer	209,003	224,474	-	-
Total Primary Government	<u>\$ 1,432,873</u>	<u>\$ 327,567</u>	<u>\$ 157,309</u>	<u>\$ 103,108</u>

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

Change in Net Position  
Net Position - Beginning

Net Position - Ending

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

**Primary Government**

<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>
\$	(221,564)	\$	-	\$ (221,564)
	(239,715)		-	(239,715)
	(272,152)		-	(272,152)
	(28,052)		-	(28,052)
	(16,476)		-	(16,476)
	(80,773)		-	(80,773)
	<u>(858,732)</u>		<u>-</u>	<u>(858,732)</u>
	-		15,272	15,272
	-		15,471	15,471
	<u>(858,732)</u>		<u>30,743</u>	<u>(827,989)</u>
	708,505		-	708,505
	74,378		-	74,378
	2,663		2,347	5,010
	20,313		-	20,313
	<u>805,859</u>		<u>2,347</u>	<u>808,206</u>
	(52,873)		33,090	(19,783)
	<u>2,558,727</u>		<u>576,885</u>	<u>3,135,612</u>
\$	<u><u>2,505,854</u></u>	\$	<u><u>609,975</u></u>	\$ <u><u>3,115,829</u></u>

**CITY OF THE VILLAGE OF CLARKSTON**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	General	SAD 1, 2 & 4 2002 Bond Debt	SAD 3 2003 Bond Debt	2012 GO Refunding Bond Debt
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 282,217	\$ 64,387	\$ 99,014	\$ 3,126
Receivables (net of allowance for uncollectibles)				
Accounts	34,516	-	-	-
Taxes	8,926	-	-	-
Special Assessments	-	52,772	48,100	-
Due from Other Funds	2,031	856	429	-
Prepaid Expenditures	4,051	-	-	-
Total Assets	\$ <u>331,741</u>	\$ <u>118,015</u>	\$ <u>147,543</u>	\$ <u>3,126</u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Accounts Payable	\$ 77,160	\$ -	\$ -	-
Accrued and Other Liabilities	10,500	-	-	-
Due to Other Funds	20,771	-	-	2,031
Advance from Other Funds	57,724	-	-	-
Unavailable Revenue	-	52,772	48,100	-
Total Liabilities	<u>166,155</u>	<u>52,772</u>	<u>48,100</u>	<u>2,031</u>
Fund Balances:				
Nonspendable:				
Prepaid Expenditures	4,051	-	-	-
Restricted for:				
Streets	-	-	-	-
Mill Pond Lake Improvements	-	-	-	-
Debt Service	-	65,243	99,443	1,095
Sign Maintenance	3,796	-	-	-
Other	919	-	-	-
Committed	-	-	-	-
Assigned	5,436	-	-	-
Unassigned	151,384	-	-	-
Total Fund Balance	<u>165,586</u>	<u>65,243</u>	<u>99,443</u>	<u>1,095</u>
Total Liabilities and Fund Balance	\$ <u>331,741</u>	\$ <u>118,015</u>	\$ <u>147,543</u>	\$ <u>3,126</u>

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

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

Special Assessments are expected to be collected over several years, and, are not available to pay for current year expenditures.

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

Net Position of Governmental Activities



<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 41,103	\$ 489,847
154	34,670
-	8,926
16,899	117,771
19,486	22,802
-	4,051
<u>\$ 77,642</u>	<u>\$ 678,067</u>

\$ 8,350	\$ 85,510
1,779	12,279
-	22,802
-	57,724
<u>16,899</u>	<u>117,771</u>
<u>27,028</u>	<u>296,086</u>

-	4,051
921	921
19,597	19,597
7,748	173,529
-	3,796
-	919
22,348	22,348
-	5,436
-	151,384
<u>50,614</u>	<u>381,981</u>
<u>\$ 77,642</u>	

3,960,049
117,771
<u>(1,953,947)</u>
<u>\$ 2,505,854</u>

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

	<u>General</u>	<u>SAD 1, 2 &amp; 4 2002 Bond Debt</u>	<u>SAD 3 2003 Bond Debt</u>	<u>2012 GO Refunding Bond Debt</u>
<b><u>Revenues</u></b>				
Property Taxes	\$ 478,428	\$ -	\$ -	\$ 151,352
Licenses and Permits	21,590	-	-	-
Intergovernmental:				
Federal, State and Local	78,935	-	-	-
Charges for Services	48,848	-	-	-
Fines and Forfeitures	7,850	-	-	-
Franchise Fees	20,313	-	-	-
Special Assessments	-	33,791	30,059	-
Interest	1,768	29	847	4
Other	26,517	-	-	-
Total Revenues	<u>684,249</u>	<u>33,820</u>	<u>30,906</u>	<u>151,356</u>
<b><u>Expenditures</u></b>				
Current:				
General Government	240,771	-	-	-
Public Safety	271,437	-	-	-
Public Works	77,323	-	-	-
Community Development	33,054	-	-	-
Recreation and Cultural	13,084	-	-	-
Other Functions	19,273	-	-	-
Debt Service:				
Principal	-	50,000	50,000	120,000
Interest and Other Charges	718	6,713	6,825	31,828
Capital Outlay	21,891	-	-	-
Total Expenditures	<u>677,551</u>	<u>56,713</u>	<u>56,825</u>	<u>151,828</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,698</u>	<u>(22,893)</u>	<u>(25,919)</u>	<u>(472)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In	-	-	-	-
Transfers Out	<u>(101,306)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(101,306)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(94,608)	(22,893)	(25,919)	(472)
Fund Balance - Beginning	<u>260,194</u>	<u>88,136</u>	<u>125,362</u>	<u>1,567</u>
Fund Balance - Ending	<u>\$ 165,586</u>	<u>\$ 65,243</u>	<u>\$ 99,443</u>	<u>\$ 1,095</u>

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 78,725	\$ 708,505
-	21,590
60,960	139,895
-	48,848
-	7,850
-	20,313
26,230	90,080
15	2,663
<u>103,108</u>	<u>129,625</u>
<u>269,038</u>	<u>1,169,369</u>
-	240,771
-	271,437
256,028	333,351
-	33,054
-	13,084
-	19,273
80,000	300,000
26,055	72,139
-	21,891
<u>362,083</u>	<u>1,305,000</u>
<u>(93,045)</u>	<u>(135,631)</u>
101,306	101,306
-	<u>(101,306)</u>
<u>101,306</u>	<u>-</u>
8,261	(135,631)
<u>42,353</u>	<u>517,612</u>
<u>\$ 50,614</u>	<u>\$ 381,981</u>

**CITY OF THE VILLAGE OF CLARKSTON**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2015**

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

Net change in fund balance - total governmental funds	\$	(135,631)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
	Capital Outlay	21,891
	Capital Outlay-departmental	120,579
	Depreciation Expense	(276,172)
<p>Special assessment revenues are recorded in the statement of activities when the assessment is levied; they are not reported in the funds until collected or collectible within 60 days of year end.</p>		
		(74,906)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
	Principal Repayments	300,000
	Bond Issuance Cost Amortization	<u>(8,634)</u>
Change in net position in governmental activities	\$	<u><u>(52,873)</u></u>

**CITY OF THE VILLAGE OF CLARKSTON**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<b>Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and Cash Equivalents	\$ 225,009	\$ 145,826	\$ 370,835
Accounts Receivable	-	27,014	27,014
Due from Other Governmental Units	66,900	-	66,900
Total Current Assets	<u>291,909</u>	<u>172,840</u>	<u>464,749</u>
Noncurrent Assets:			
Advance to Other Funds	<u>17,526</u>	<u>40,198</u>	<u>57,724</u>
Capital Assets	-	1,289,975	1,289,975
Less: Accumulated Depreciation	-	(1,146,102)	(1,146,102)
Net Capital Assets	<u>-</u>	<u>143,873</u>	<u>143,873</u>
Total Assets	<u>\$ 309,435</u>	<u>\$ 356,911</u>	<u>\$ 666,346</u>
<b><u>LIABILITIES AND NET POSITION</u></b>			
Current Liabilities:			
Accounts Payable	<u>\$ -</u>	<u>\$ 56,371</u>	<u>\$ 56,371</u>
Net Position:			
Net Investment in Capital Assets	-	143,873	143,873
Unrestricted	<u>309,435</u>	<u>156,667</u>	<u>466,102</u>
Total Net Position	<u>309,435</u>	<u>300,540</u>	<u>609,975</u>
Total Liabilities and Net Position	<u>\$ 309,435</u>	<u>\$ 356,911</u>	<u>\$ 666,346</u>

**CITY OF THE VILLAGE OF CLARKSTON**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2015**

	<b>Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b><u>Operating Revenues:</u></b>			
Sewer Usage Charges	\$ -	\$ 221,216	\$ 221,216
Water Connection Charges	16,900	-	16,900
Penalty Charges	-	3,258	3,258
Total Operating Revenues	<u>16,900</u>	<u>224,474</u>	<u>241,374</u>
<b><u>Operating Expenses:</u></b>			
Contractual Services	-	195,932	195,932
Administrative Salaries	-	5,503	5,503
Postage and Supplies	-	1,206	1,206
Professional Fees	-	1,735	1,735
Repairs and Maintenance	1,628	-	1,628
Depreciation	-	4,627	4,627
Total Operating Expenses	<u>1,628</u>	<u>209,003</u>	<u>210,631</u>
Operating Income (Loss)	15,272	15,471	30,743
<b><u>Non-Operating Revenues:</u></b>			
Interest Earned	<u>1,781</u>	<u>566</u>	<u>2,347</u>
Change in Net Position	17,053	16,037	33,090
Net Position, Beginning	<u>292,382</u>	<u>284,503</u>	<u>576,885</u>
Net Position, Ending	<u>\$ 309,435</u>	<u>\$ 300,540</u>	<u>\$ 609,975</u>

**CITY OF THE VILLAGE OF CLARKSTON**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2015**

	<b>Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Receipts from customers	\$ 242,382	\$ 223,253	\$ 465,635
Payments to Suppliers	(19,154)	(181,807)	(200,961)
Payments to Employees	-	(5,503)	(5,503)
Net Cash Provided by Operating Activities	<u>223,228</u>	<u>35,943</u>	<u>259,171</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest Earned	1,781	566	2,347
Net Cash Provided (Used) by Investing Activities	<u>1,781</u>	<u>566</u>	<u>2,347</u>
Net Increase (Decrease) in Cash and Cash Equivalents	225,009	36,509	261,518
Cash and Cash Equivalents, Beginning	<u>-</u>	<u>109,317</u>	<u>109,317</u>
Cash and Cash Equivalents, Ending	<u>\$ 225,009</u>	<u>\$ 145,826</u>	<u>\$ 370,835</u>
<b><u>Reconciliation of Operating Income to Net Cash</u></b>			
<b><u>Provided (Used) by Operating Activities:</u></b>			
Operating Income (Loss)	\$ 15,272	\$ 15,471	\$ 30,743
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	-	4,627	4,627
(Increase) Decrease in Receivables	-	(1,221)	(1,221)
(Increase) Decrease in Due from Other Units	225,482	-	225,482
(Increase) Decrease in Advance to Other Funds	(17,526)	9,802	(7,724)
Increase (Decrease) in Accounts Payable	-	7,264	7,264
Net Cash Provided by Operating Activities	<u>\$ 223,228</u>	<u>\$ 35,943</u>	<u>\$ 259,171</u>

CITY OF THE VILLAGE OF CLARKSTON  
Statement of Assets and Liabilities  
Fiduciary Funds  
June 30, 2015

	<u>Agency Fund</u>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents	\$ <u>791</u>
<b><u>LIABILITIES</u></b>	
Due to Other	\$ <u>791</u>



CITY OF THE VILLAGE OF CLARKSTON  
Notes to Financial Statements  
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of the Village of Clarkston is governed by an elected seven member Council. The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. There are no component units for which the City is considered financially accountable.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

CITY OF THE VILLAGE OF CLARKSTON  
Notes to Financial Statements  
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Governmental Funds

The City reports the following major governmental funds:

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

The 2012 General Obligation Refunding Bond Debt Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The SAD 1, 2, and 4 2002 Bond Debt Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs associated with the respective water special assessment districts.

The SAD 3 2003 Bond Debt Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs associated with the respective water special assessment district.

CITY OF THE VILLAGE OF CLARKSTON  
Notes to Financial Statements  
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

The debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The capital projects fund is used to account for capital improvements, equipment purchases, and construction activity funded by general revenues of the City.

Proprietary Funds

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

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City has one enterprise fund, which is the Sewer Fund. The Sewer Fund accounts for the operation, maintenance, and distribution of the sewage system.

Fiduciary Funds

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF THE VILLAGE OF CLARKSTON  
Notes to Financial Statements  
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

*Estimates*

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

D. Assets, Liabilities and Net Position

1. Deposits and Investments

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

2. Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of allowance for uncollectible accounts, which are recorded at \$-0- at June 30, 2015.

CITY OF THE VILLAGE OF CLARKSTON  
Notes to Financial Statements  
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position – Continued

3. Capital Assets

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

<u>Assets</u>	<u>Years</u>
Land Improvements	15-30
Buildings	30-50
Road Improvements	20
Water System	30
Sewer System	40
Equipment, Furniture	5-25
Vehicles	6

4. Long-term Obligations

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

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

CITY OF THE VILLAGE OF CLARKSTON  
Notes to Financial Statements  
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position – Continued

5. Fund Equity

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

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

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

**Committed** – Amounts that have been formally set aside by the City Council for use for a specific purpose. Commitments are made and can be rescinded only via resolution of the City Council.

**Assigned** – Intent to spend resources on specific purposes expressed by the governing body. The City Council has delegated the authority to assign fund balance to the City Manager.

**Unassigned** – This is the residual classification for the general fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund. The City uses restricted funds first, followed by committed resources, and then assigned resources, but reserve the right to selectively spend unassigned resources first to defer the use of these classified funds.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

CITY OF THE VILLAGE OF CLARKSTON  
Notes to Financial Statements  
June 30, 2015

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

A. Budgetary Information – Continued

The City adopts annual budgets on a basis consistent with generally accepted accounting principles for the General and Special Revenue Funds. All annual appropriations lapse at year end. The City’s appropriation resolution is generally adopted during the May of the preceding fiscal year, after a public hearing has been held. Subsequent amendments may be authorized by Council during the year. In 2015, budget amendments were made and are reflected in the financial statements.

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

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

2. Excess of Expenditures Over Appropriations in Budgetary Funds

The budgets for the General and Special Revenue Funds are adopted at the activity level; expenditures in excess of budget appropriations are as follows:

	Final		Excess
	<u>Budget</u>	<u>Actual</u>	Expenditures Over <u>Appropriations</u>
General Fund:			
Treasurer	\$30,202	\$30,485	\$ 283
Professional Services	36,000	36,260	260
Public Works	34,104	34,160	56
Planning & Zoning	32,435	33,054	619
Transfers Out	100,182	101,306	1,124

C. Public Act 245 of 1999 Compliance

In accordance with the State Construction Code Act, Public Act 245 of 1999, the City must account for cumulative revenues over or under expenditures generated by the City’s building department from January 1, 2000 and forward.

The cumulative amounts as of June 30, 2015 are as follows:

Cumulative Balance at June 30, 2014	\$ (15,915)
Fees Collected in Fiscal Year 2015	21,590
Expenditures in Fiscal Year 2015	<u>(24,321)</u>
Revenues Over (Under) Expenditures	<u>\$ (18,646)</u>

CITY OF THE VILLAGE OF CLARKSTON  
Notes to Financial Statements  
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

The City's cash deposits are in accordance with statutory authority and the investment policy of the City. The City's cash and investments are subject to several types of risk, which are detailed as follows:

Custodial Credit Risk is the risk that in the event of a bank failure, the City's deposits may not be recovered. Neither State law nor the City's investment policy requires consideration of custodial credit risk. As of June 30, 2015, the City's book balance of its deposits was \$861,473, and the bank balance was \$876,940 of which \$496,933 was uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

A reconciliation of cash as presented on the financial statements is as follows:

Cash and Cash Equivalents per:	
Statement of Net Position	\$ 860,682
Statement of Fiduciary Assets and Liabilities	<u>791</u>
Total	<u>\$ 861,473</u>

Credit Risk. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's deposits and investments consisted of the following:

<u>Deposits and Investments</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Savings and Checking Accounts	\$ 380,007	Demand
Pooled Investments(Share price=\$1)	<u>496,933</u>	Demand
	<u>\$ 876,940</u>	

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



CITY OF THE VILLAGE OF CLARKSTON  
Notes to Financial Statements  
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

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

<u>Governmental Activities:</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Capital Assets, being depreciated:				
Building and Improvements	\$ 107,798	\$ -	\$ -	\$ 107,798
Land Improvements	89,068	111,242	-	200,310
Machinery and Equipment	542,004	31,228	-	573,232
Furniture and Fixtures	23,140	-	-	23,140
Infrastructure-Roads	1,590,969	-	-	1,590,969
Infrastructure-Water System	4,278,140	-	-	4,278,140
	<u>6,631,119</u>	<u>142,470</u>	<u>-</u>	<u>6,773,589</u>
Less: Accumulated Depreciation:				
Building and Improvements	(61,425)	(4,835)	-	(66,260)
Land Improvements	(88,658)	(410)	-	(89,068)
Machinery and Equipment	(200,212)	(48,736)	-	(248,948)
Furniture and Fixtures	(23,073)	(37)	-	(23,110)
Infrastructure-Roads	(773,605)	(79,549)	-	(853,154)
Infrastructure-Water System	(1,390,395)	(142,605)	-	(1,533,000)
	<u>(2,537,368)</u>	<u>(276,172)</u>	<u>-</u>	<u>(2,813,540)</u>
Governmental Activities Capital Assets, net	<u>\$ 4,093,751</u>	<u>\$ (133,702)</u>	<u>\$ -</u>	<u>\$ 3,960,049</u>

Depreciation expense was charged on the Statement of Activities as follows:

General Government	\$ 5,368
Public Works	267,412
Recreation and Cultural	<u>3,392</u>
	<u>\$ 276,172</u>

CITY OF THE VILLAGE OF CLARKSTON  
Notes to Financial Statements  
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets – Continued

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, being depreciated:				
Sewer System	\$ 1,289,975	\$ -	\$ -	\$ 1,289,975
Less: Accumulated Depreciation	<u>(1,141,475)</u>	<u>(4,627)</u>	<u>-</u>	<u>(1,146,102)</u>
Business-type Activities				
Capital Assets, net	<u>\$ 148,500</u>	<u>\$ (4,627)</u>	<u>\$ -</u>	<u>\$ 143,873</u>

C. Interfund Receivables, Payables and Transfers

The composition of interfund transfers as of June 30, 2015, is as follows:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	2012 GO Bond Debt	\$ 2,031
General Fund	SAD 1, 2& 4 Debt	856
General Fund	SAD 3 Debt	429
General Fund	Capital Projects Fund	<u>19,486</u>
		<u>\$ 22,802</u>

Amounts represent routine cash activity at year end.

<u>Advance Receivable</u>	<u>Advance Payable</u>	<u>Amount</u>
Water Fund	General Fund	\$ 17,526
Sewer Fund	General Fund	<u>40,198</u>
		<u>\$ 57,724</u>

The Sewer Fund advanced funds to the General Fund for purchase of 2 trucks to be repaid over 5 years with interest.

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Major Street Fund	General Fund	\$ 27,433
Local Street Fund	General Fund	4,808
Capital Projects Fund	General Fund	<u>69,065</u>
		<u>\$ 101,306</u>

Transfers represent the following:

General Fund transferred to Major Street, Local Street, and Capital Projects funds to supplement operations.

CITY OF THE VILLAGE OF CLARKSTON  
Notes to Financial Statements  
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt

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

	Balance July 1, 2014	Add: Additional Debt Incurred	Less: Retirements and Payments on Debt	Balance June 30, 2015	Due Within One Year
Governmental Activities:					
GO Bonds 2007	\$ 555,000	\$ -	\$ 55,000	\$ 500,000	\$ 60,000
GO Bonds 2012	1,427,000	-	120,000	1,307,000	125,000
Special Assess. Bonds-Water	50,000	-	25,000	25,000	25,000
Special Assess. Bonds-2002	150,000	-	50,000	100,000	50,000
Special Assess. Bonds-2003	150,000	-	50,000	100,000	50,000
Total Bonds Payable	<u>2,332,000</u>	<u>-</u>	<u>300,000</u>	<u>2,032,000</u>	<u>310,000</u>
Less: Bond Amortization	<u>(86,687)</u>	<u>-</u>	<u>(8,634)</u>	<u>(78,053)</u>	<u>-</u>
Total	<u>\$ 2,245,313</u>	<u>\$ -</u>	<u>\$ 291,366</u>	<u>\$ 1,953,947</u>	<u>\$ 310,000</u>

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

	Number of Issues	Interest Rate	Maturing Through	Principal Outstanding
Governmental Activities:				
General Obligation Bonds	2	2.33-4.50%	2024	\$ 1,807,000
Special Assessment Bonds	3	3.00-7.60%	2017	225,000
				<u>\$ 2,032,000</u>

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

Year Ended	Governmental Activities	
	Principal	Interest
2016	\$ 310,000	\$ 59,234
2017	303,000	48,396
2018	207,000	37,742
2019	209,000	31,447
2020	222,000	24,853
2021-2024	<u>781,000</u>	<u>36,562</u>
	<u>\$ 2,032,000</u>	<u>\$ 238,234</u>

CITY OF THE VILLAGE OF CLARKSTON  
Notes to Financial Statements  
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

E. Property Taxes

Property tax assessments are determined as of each December 31. Taxes are levied on July 1 and December 1 of the following year. These taxes are due on September 14 and February 14, after which time penalties and interest are assessed. The final collection date is February 28 before they are added to the county delinquent tax roll.

The City is permitted by Charter to levy taxes up to \$15 per \$1,000 of taxable valuation for general governmental services. The following is a summary of the tax rates levied on the 2014 tax roll:

<u>Purpose</u>	<u>Authorization</u>	<u>Authorized Rate</u>	<u>Per \$1,000 of State Equalized Value Authorized Rate Post "Roll Back"</u>	<u>Rate Levied</u>	<u>Tax Margin</u>
Operating	Charter	15.00	13.1979	12.8524	-
Debt	Voted	-	-	6.1139	-

IV. OTHER INFORMATION

Risk Management

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

In the event that a single loss should exceed the amount of protection afforded by the pool loss reserve fund, reinsurance, or other insurance carried by the pools, or in the event that a series of losses should deplete or exhaust the loss reserve fund and reinsurance, the payment of valid losses shall be the obligation of the individual member or members of the respective pool against whom the claim was made.

No such event has occurred with the City and the respective pools to which it belongs in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF THE VILLAGE OF CLARKSTON**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2015**

<b>Revenues:</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Property Taxes	\$ 482,758	\$ 478,332	\$ 477,468	\$ (864)
Penalties and Interest	1,000	960	960	-
Building Permits	14,450	21,745	21,590	(155)
Intergovernmental - Federal/CDBG	5,600	2,275	2,275	-
Intergovernmental - State	82,670	78,993	76,660	(2,333)
Charges for Services	31,865	44,409	48,848	4,439
Fines and Forfeitures	11,860	8,500	7,850	(650)
Franchise Fees	19,650	20,000	20,313	313
Interest Earnings	3,500	1,700	1,768	68
Other Revenues	12,150	26,834	26,517	(317)
<b>Total Revenues</b>	<b>665,503</b>	<b>683,748</b>	<b>684,249</b>	<b>501</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
City Council	10,025	9,501	9,501	-
Clerk	15,262	18,693	18,076	617
Treasurer	30,202	30,202	30,485	(283)
Board of Review	625	335	335	-
Assessing	7,603	7,603	7,603	-
Elections	3,142	4,118	4,118	-
Building and Grounds	126,821	135,668	134,393	1,275
Professional Services	30,500	36,000	36,260	(260)
	<b>224,180</b>	<b>242,120</b>	<b>240,771</b>	<b>1,349</b>
<b>Public Safety:</b>				
Police	110,245	110,245	110,245	-
Fire Protection	131,501	131,501	131,501	-
Building Inspections	29,883	29,839	29,691	148
	<b>271,629</b>	<b>271,585</b>	<b>271,437</b>	<b>148</b>
<b>Public Works:</b>				
Public Works	35,432	34,104	34,160	(56)
Sidewalks	15,000	-	-	-
Highways & Streets	32,017	30,434	30,277	157
Street Lighting	13,380	12,315	12,286	29
Refuse Collection	650	600	600	-
	<b>96,479</b>	<b>77,453</b>	<b>77,323</b>	<b>130</b>
<b>Community Development:</b>				
Planning and Zoning	16,100	32,435	33,054	(619)
<b>Recreation and Cultural:</b>				
Historic District	500	265	265	-
Library	12,819	12,819	12,819	-
	<b>13,319</b>	<b>13,084</b>	<b>13,084</b>	<b>-</b>
<b>Other:</b>				
Watershed	750	800	800	-
Insurance and Bonds	3,344	3,344	3,344	-
Fringe Benefits	20,029	15,212	15,129	83
	<b>24,123</b>	<b>19,356</b>	<b>19,273</b>	<b>83</b>
<b>Debt Service</b>				
Capital Outlay	14,797	718	718	-
	<b>49,000</b>	<b>21,891</b>	<b>21,891</b>	<b>-</b>
<b>Total Expenditures</b>	<b>709,627</b>	<b>678,642</b>	<b>677,551</b>	<b>1,091</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(44,124)</b>	<b>5,106</b>	<b>6,698</b>	<b>1,592</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	21,800	-	-	-
Operating Transfers Out	(30,340)	(100,182)	(101,306)	(1,124)
<b>Total Other Financing Sources (Uses)</b>	<b>(8,540)</b>	<b>(100,182)</b>	<b>(101,306)</b>	<b>(1,124)</b>
<b>Net Change in Fund Balance</b>	<b>(52,664)</b>	<b>(95,076)</b>	<b>(94,608)</b>	<b>468</b>
<b>Fund Balance - July 1</b>	<b>260,194</b>	<b>260,194</b>	<b>260,194</b>	<b>-</b>
<b>Fund Balance - June 30</b>	<b>\$ 207,530</b>	<b>\$ 165,118</b>	<b>\$ 165,586</b>	<b>\$ 468</b>





OTHER SUPPLEMENTARY INFORMATION



**CITY OF THE VILLAGE OF CLARKSTON**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Cash	\$ 22,143	\$ 7,748	\$ 11,212	\$ 41,103
Accounts Receivable	154	-	-	154
Special Assessments Receivable	-	16,899	-	16,899
Due from Other Funds	-	-	19,486	19,486
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	\$ <u>22,297</u>	\$ <u>24,647</u>	\$ <u>30,698</u>	\$ <u>77,642</u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 8,350	\$ 8,350
Accrued Liabilities	1,779	-	-	1,779
Unavailable Revenue	-	16,899	-	16,899
Total Liabilities	<u>1,779</u>	<u>16,899</u>	<u>8,350</u>	<u>27,028</u>
Fund Balance:				
Restricted for Streets	921	-	-	921
Restricted for Mill Pond Lake Improv.	19,597	-	-	19,597
Restricted for Debt Service	-	7,748	-	7,748
Committed for Capital Projects	-	-	22,348	22,348
Total Fund Balance	<u>20,518</u>	<u>7,748</u>	<u>22,348</u>	<u>50,614</u>
Total Liabilities and Fund Balance	\$ <u>22,297</u>	\$ <u>24,647</u>	\$ <u>30,698</u>	\$ <u>77,642</u>

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

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b><u>Revenues:</u></b>				
Property Tax Revenue	\$ -	\$ 78,725	\$ -	\$ 78,725
Special Assessments	4,997	21,233	-	26,230
State-Shared Revenue	60,960	-	-	60,960
Contributions	-	-	103,108	103,108
Interest Earned	9	6	-	15
Total Revenues	<u>65,966</u>	<u>99,964</u>	<u>103,108</u>	<u>269,038</u>
<b><u>Expenditures:</u></b>				
Highways, Streets, Sidewalks and Other Maintenance	102,711	-	153,317	256,028
Debt Service:				
Principal	-	80,000	-	80,000
Interest and Other Charges	-	26,055	-	26,055
Total Expenditures	<u>102,711</u>	<u>106,055</u>	<u>153,317</u>	<u>362,083</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(36,745)</u>	<u>(6,091)</u>	<u>(50,209)</u>	<u>(93,045)</u>
Other Financing Sources:				
Operating Transfers In	<u>32,241</u>	<u>-</u>	<u>69,065</u>	<u>101,306</u>
Change in Fund Balance	(4,504)	(6,091)	18,856	8,261
Fund Balance - July 1	<u>25,022</u>	<u>13,839</u>	<u>3,492</u>	<u>42,353</u>
Fund Balance - June 30	<u>\$ 20,518</u>	<u>\$ 7,748</u>	<u>\$ 22,348</u>	<u>\$ 50,614</u>

CITY OF THE VILLAGE OF CLARKSTON  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
June 30, 2015

	<u>Major Street</u>	<u>Local Street</u>	<u>Mill Pond Lake Improvement Board</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Cash	\$ 1,770	\$ 930	\$ 19,443	\$ 22,143
Accounts Receivable	-	-	154	154
	<u>\$ 1,770</u>	<u>\$ 930</u>	<u>\$ 19,597</u>	<u>\$ 22,297</u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Accrued Liabilities	\$ 1,299	\$ 480	-	\$ 1,779
Total Liabilities	<u>1,299</u>	<u>480</u>	<u>-</u>	<u>1,779</u>
Fund Balance:				
Restricted for Streets	471	450	-	921
Restricted for Mill Pond Lake Improvements	-	-	19,597	19,597
Total Fund Balance	<u>471</u>	<u>450</u>	<u>19,597</u>	<u>20,518</u>
Total Liabilities and Fund Balance	<u>\$ 1,770</u>	<u>\$ 930</u>	<u>\$ 19,597</u>	<u>\$ 22,297</u>

**CITY OF THE VILLAGE OF CLARKSTON**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2015**

	<u>Major Streets</u>	<u>Local Streets</u>	<u>Mill Pond Lake Improvement Board</u>	<u>Total</u>
<b><u>Revenues:</u></b>				
State-Shared Revenue	\$ 45,228	\$ 15,732	\$ -	\$ 60,960
Special Assessments	-	-	4,997	4,997
Interest Earned	-	-	9	9
Total Revenues	<u>45,228</u>	<u>15,732</u>	<u>5,006</u>	<u>65,966</u>
<b><u>Expenditures:</u></b>				
Highways, Streets, Sidewalks and Other Maintenance	<u>72,661</u>	<u>20,540</u>	<u>9,510</u>	<u>102,711</u>
Total Expenditures	<u>72,661</u>	<u>20,540</u>	<u>9,510</u>	<u>102,711</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(27,433)</u>	<u>(4,808)</u>	<u>(4,504)</u>	<u>(36,745)</u>
Other Financing Sources: Operating Transfers In	<u>27,433</u>	<u>4,808</u>	<u>-</u>	<u>32,241</u>
Change in Fund Balance	-	-	(4,504)	(4,504)
Fund Balance - July 1	<u>471</u>	<u>450</u>	<u>24,101</u>	<u>25,022</u>
Fund Balance - June 30	<u>\$ 471</u>	<u>\$ 450</u>	<u>\$ 19,597</u>	<u>\$ 20,518</u>

**CITY OF THE VILLAGE OF CLARKSTON**  
**Nonmajor Debt Service Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

	2007 GO Refunding Debt Service	Water S/A No.1 Debt Service	Total
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 130	\$ 7,618	\$ 7,748
Special Assessments Receivable	-	16,899	16,899
Total Assets	<u>\$ 130</u>	<u>\$ 24,517</u>	<u>\$ 24,647</u>

**LIABILITIES AND FUND BALANCE**

Liabilities:			
Unavailable Revenue	\$ -	\$ 16,899	\$ 16,899
Fund Balance:			
Restricted for Debt Service	<u>130</u>	<u>7,618</u>	<u>7,748</u>
Total Liabilities and Fund Balance	<u>\$ 130</u>	<u>\$ 24,517</u>	<u>\$ 24,647</u>

**CITY OF THE VILLAGE OF CLARKSTON**  
**Nonmajor Debt Service Funds**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**For the Year Ended June 30, 2015**

	2007 GO Refunding Debt Service	Water S/A No.1 Debt Service	Total
<b><u>Revenues:</u></b>			
Property Taxes	\$ 78,725	\$ -	\$ 78,725
Special Assessments	-	21,233	21,233
Interest Income	<u>2</u>	<u>4</u>	<u>6</u>
Total Revenues	<u>78,727</u>	<u>21,237</u>	<u>99,964</u>
<b><u>Expenditures:</u></b>			
Principal	55,000	25,000	80,000
Interest and Other Charges	<u>23,784</u>	<u>2,271</u>	<u>26,055</u>
Total Expenditures	<u>78,784</u>	<u>27,271</u>	<u>106,055</u>
Excess (Deficiency) of Revenues Over Expenditures	(57)	(6,034)	(6,091)
Fund Balance - July 1	<u>187</u>	<u>13,652</u>	<u>13,839</u>
Fund Balance - June 30	<u>\$ 130</u>	<u>\$ 7,618</u>	<u>\$ 7,748</u>

