City of Frankenmuth
Audit Presentation
June 30, 2014

What is an Audit?

- Independent person
- Expression of an opinion
  - Unmodified-clean opinion
- Designed to provided reasonable assurance
- Auditor's responsibilities
  - U.S. Generally Accepted Auditing Standards
  - Department of Treasury
  - Single audit-A-133

Required Communications

- Financial Statements
  - Compliance with Laws, Regulations, Contracts and Grants
    - No instances of noncompliance
  - Internal Control over Financial Reporting
    - No issues to report
  - A-133 Compliance
    - Community Development Block Grant Program
    - No findings

Required Communications

- Significant Accounting Policies
  - None
- Accounting Estimates
- Significant Audit Adjustments
  - None
- Disagreement with Management
  - None
- Consultation with Other Independent Accountants
  - None noted
- Issues Discussed Prior to Retention
  - Normal course of preparation
- Difficulties Encountered in Performing the Audit
  - None

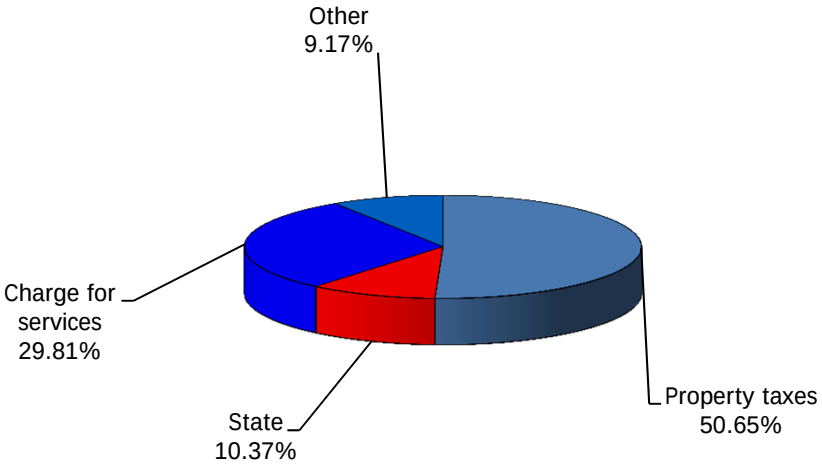
General Fund-Revenue Highlights

By Source For the Year Ended			
June 30,	2014	2013	Variance
Property taxes	$ 1,995,238	$ 1,959,186	$ 36,052
State	408,359	396,918	11,441
Charge for services	1,174,738	1,142,174	32,564
Other	361,189	363,659	(2,470)
Total Revenue	$ 3,939,524	$ 3,861,937	$ 77,587

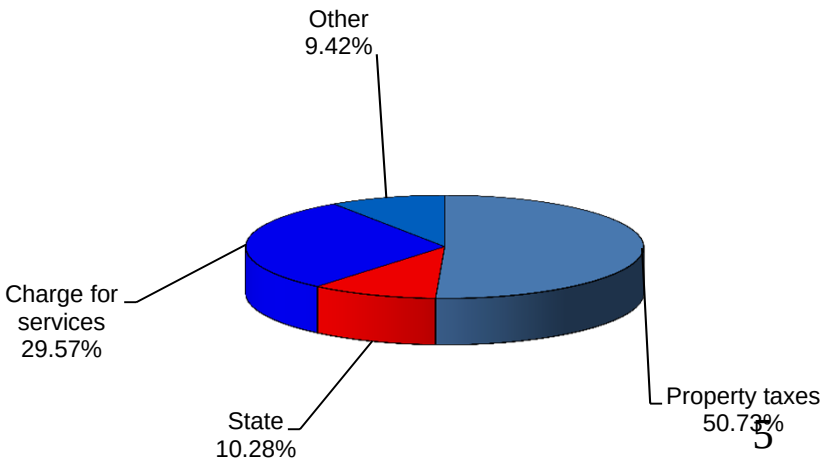
The increase in property taxes is due to the change in taxable values and higher charge backs in 2013.

The increase in charge for services is in the administration fee charged to other funds.

June 30, 2014



June 30, 2013



General Fund- Expenditure Highlights

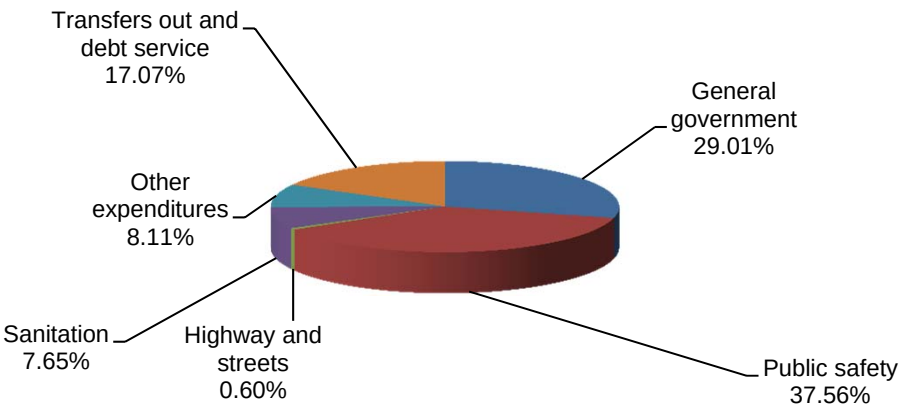
By Category			
For the Year Ended June 30,	2014	2013	Variance
General government	$ 1,117,132	$ 1,134,611	$ (17,479)
Public safety	1,446,597	1,384,078	62,519
Highway and streets	23,154	77,920	(54,766)
Sanitation	294,740	272,274	22,466
Other expenditures	312,310	282,143	30,167
Transfers out and debt service	657,296	1,230,807	(573,511)
Total expenditures and transfers out	$ 3,851,229	$ 4,381,833	$ (530,604)

The increase in public safety is in flood protection contracted services (Damn project).

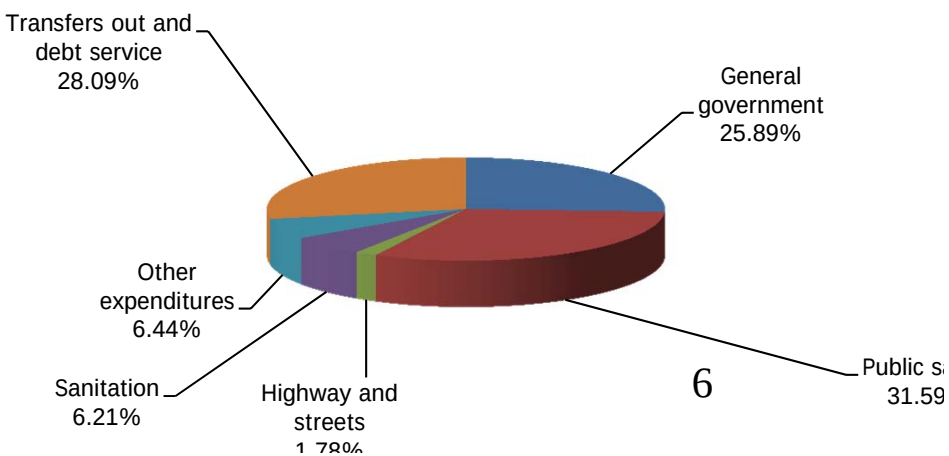
The decrease in highway and streets is due to a refund from Consumers.

The decrease in transfers out and debt service is due to the paying off of the land debt in fiscal year 2013.

June 30, 2014



June 30, 2013

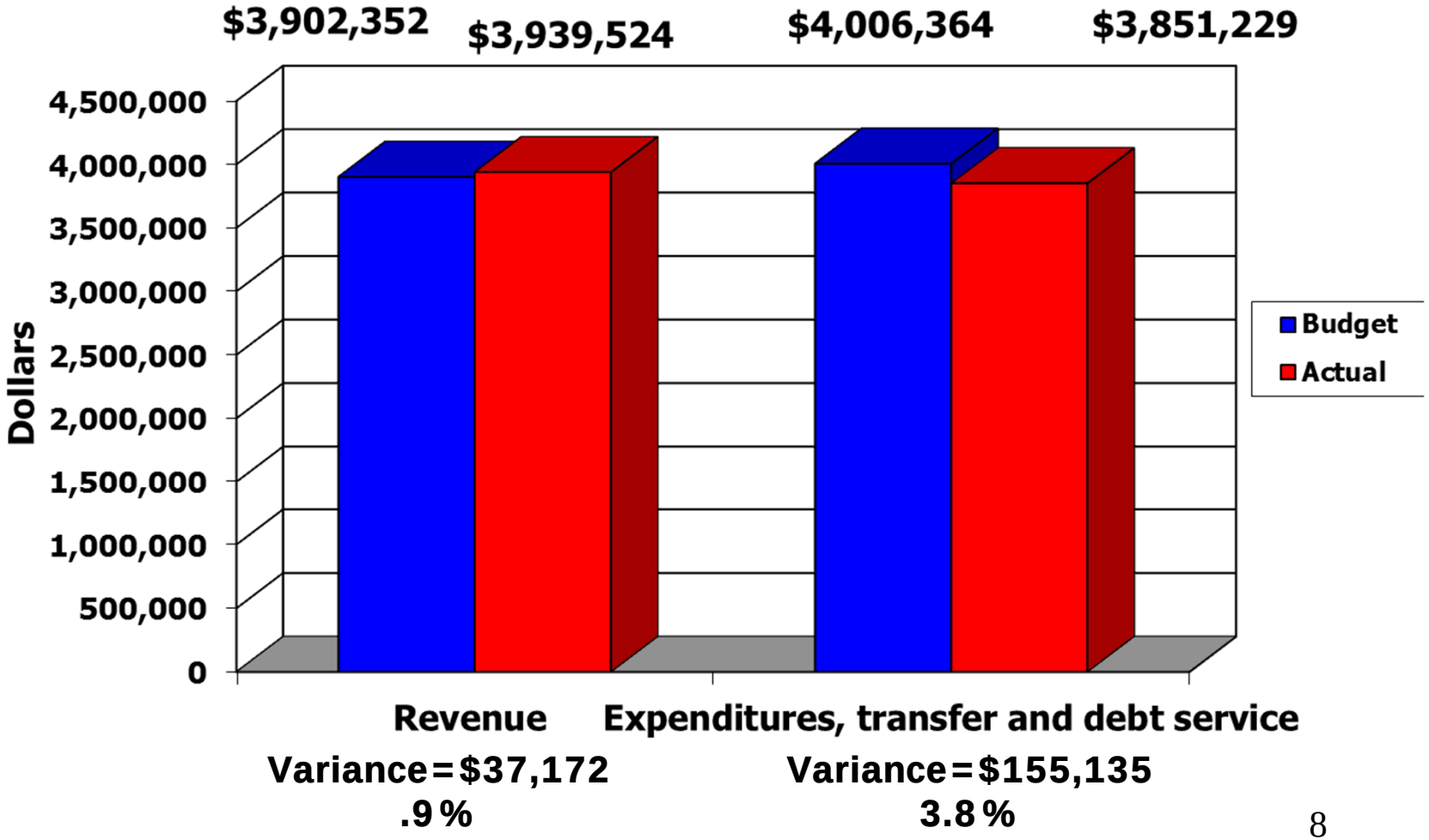


General Fund
Changes in Fund Balance

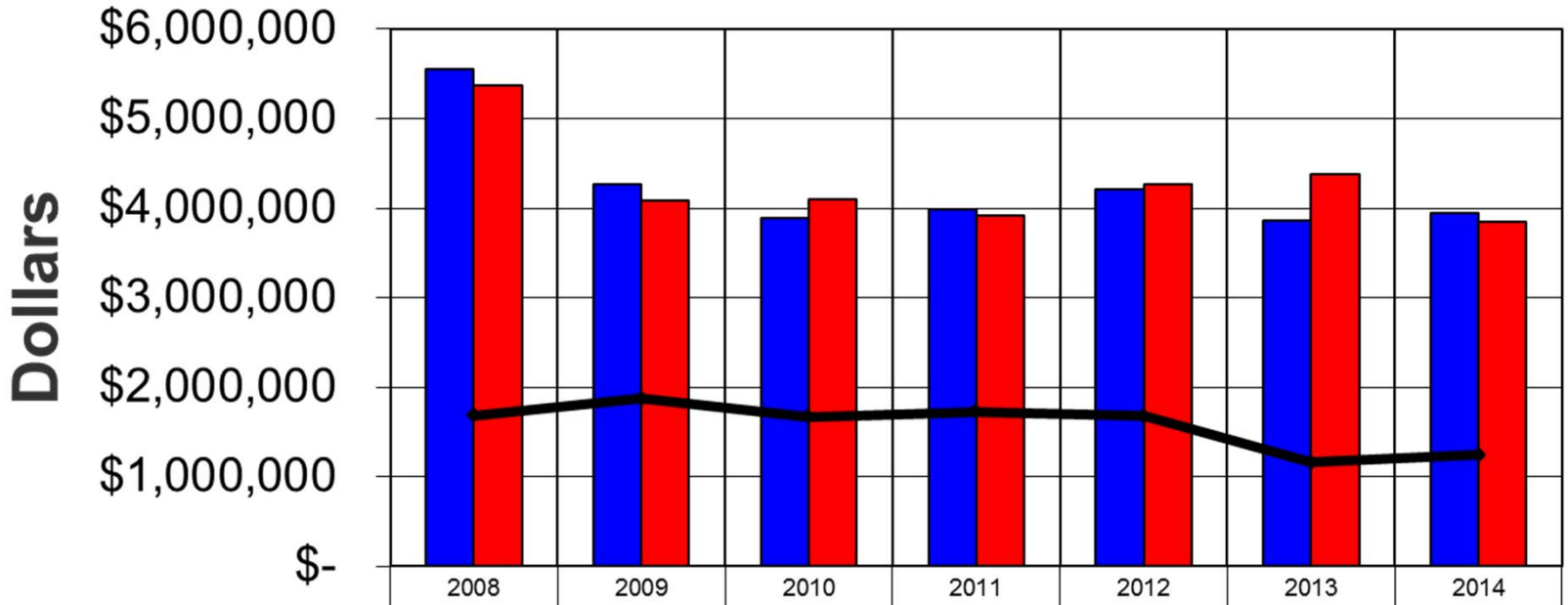
For The Year Ended			
June 30,	2014	2013	Variance
Revenues	$ 3,939,524	$ 3,861,937	$ 77,587
Expenditures	(3,193,933)	(3,151,026)	(42,907)
Transfers Out	(657,296)	(1,230,807)	573,511
Excess (deficit) of Revenue			
over Expenditures and transfers out	88,295	(519,896)	608,191
Fund Balance, Beginning	1,157,627	1,677,523	(519,896)
Fund Balance, Ending	$ 1,245,922	$ 1,157,627	$ 88,295
Months of Fund Balance	3.18	3.17	0.01

Note: Fund balance decrease was budgeted for $(104,012) a variance of $192,307.

General Fund
Budget to Actual
For the year Ended June 30, 2014



General Fund
Revenues, Expenditures,& Fund Balance



	2008	2009	2010	2011	2012	2013	2014
Revenue	$5,551,631	$4,272,231	$3,886,504	$3,983,081	$4,213,140	$3,861,937	$3,939,524
Expenditures	$5,371,549	$4,082,690	$4,093,210	$3,922,590	$4,264,482	$4,381,833	$3,851,229
Fund Balance	$1,685,539	$1,875,080	$1,668,374	$1,728,865	$1,677,523	$1,157,627	$1,245,922

For the Years Ended June 30,

Revenue Expenditures Fund Balance

Special Revenue Funds Financial Summary

- **Major Street Fund**
  - Fund balance decrease of $54,188 to $106,595.
  - Transfers in: general fund $105,000.
  - Transfers out: local street fund $33,000 and $43,760 to the debt service fund.
  - Improvements-Jefferson Street paving
- **Local Street Fund**
  - Fund balance decrease of $15,599 to $31,466
  - Transfers in: major street $33,000, capital projects $267,533, and general $100,000.
  - Transfers out: $16,553 to debt service.
  - Improvements-EDC project
- **Parks and Recreation**
  - Fund Balance decrease of $(15,381) to $1,059
  - Transfer in: general $275,000.

Special Revenue Funds
Financial Summary-cont.

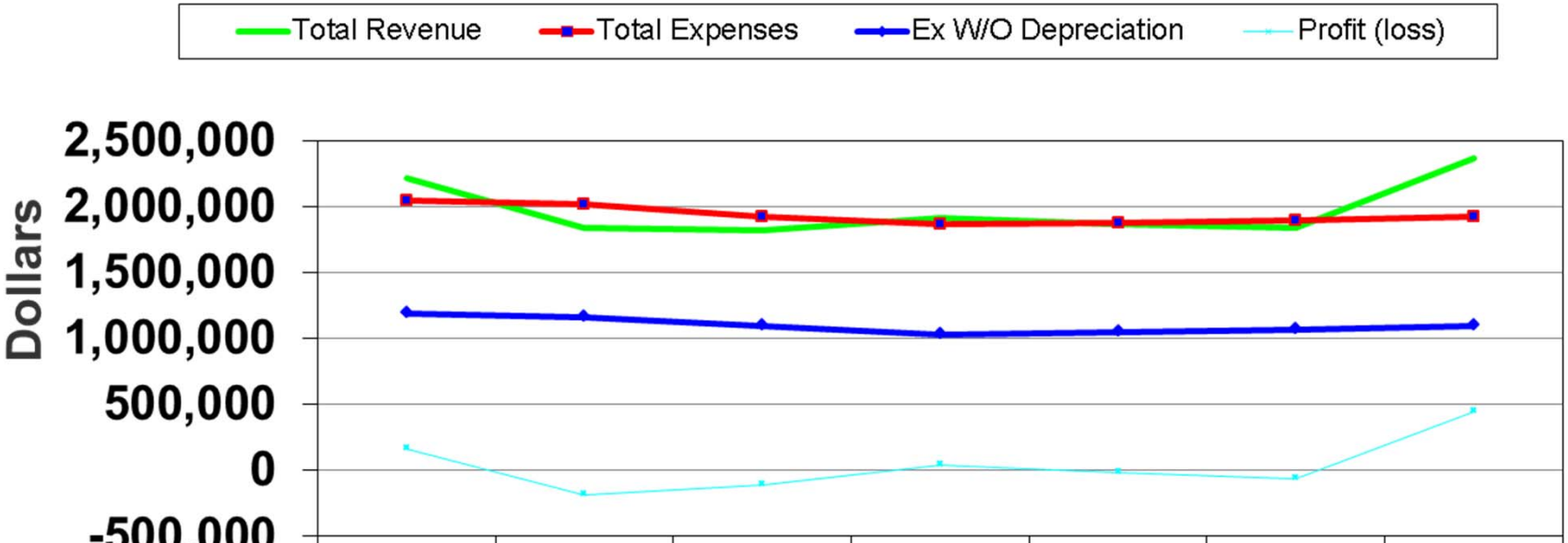
- **DDA Fund**
  - Fund balance decrease of $(117,330) to $222,993
  - Fund balance commitment of $80,000 for capital improvements and $49,002 for prepaid special assessments
  - Transfers out: $808,502 to debt service.
- **Building Fund-Component Unit**
  - Fund balance increase of $95,461 to $262,649.
  - This fund is intended to be self sufficient
  - Joint venture with Frankenmuth Township and Blumfeild Township

Debt Service Funds

- Are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related cost
- Total debt service fund balance at June 30, 2014 $0
- Total Debt-$8,542,000
  - General Obligation - $ 6,382,000
    - 10% of 2013 SEV=$27,619,500
  - Special Assessment-$2,160,000
- New
  - 2013 Capital improvement bonds
    - EDC park
    - River-Sewer

Year	Total Debt	Increase (decrease)
2006	$ 19,161,636	$ -
2007	$ 17,596,170	(1,565,466)
2008	$ 16,844,219	(751,951)
2009	$ 15,251,862	(1,592,357)
2010	$ 13,169,767	(2,082,095)
2011	$ 11,383,767	(1,786,000)
2012	$ 8,817,672	(2,566,095)
2013	$ 8,010,000	(807,672)
2014	$ 8,542,000	532,000

Waste Water Treatment Fund

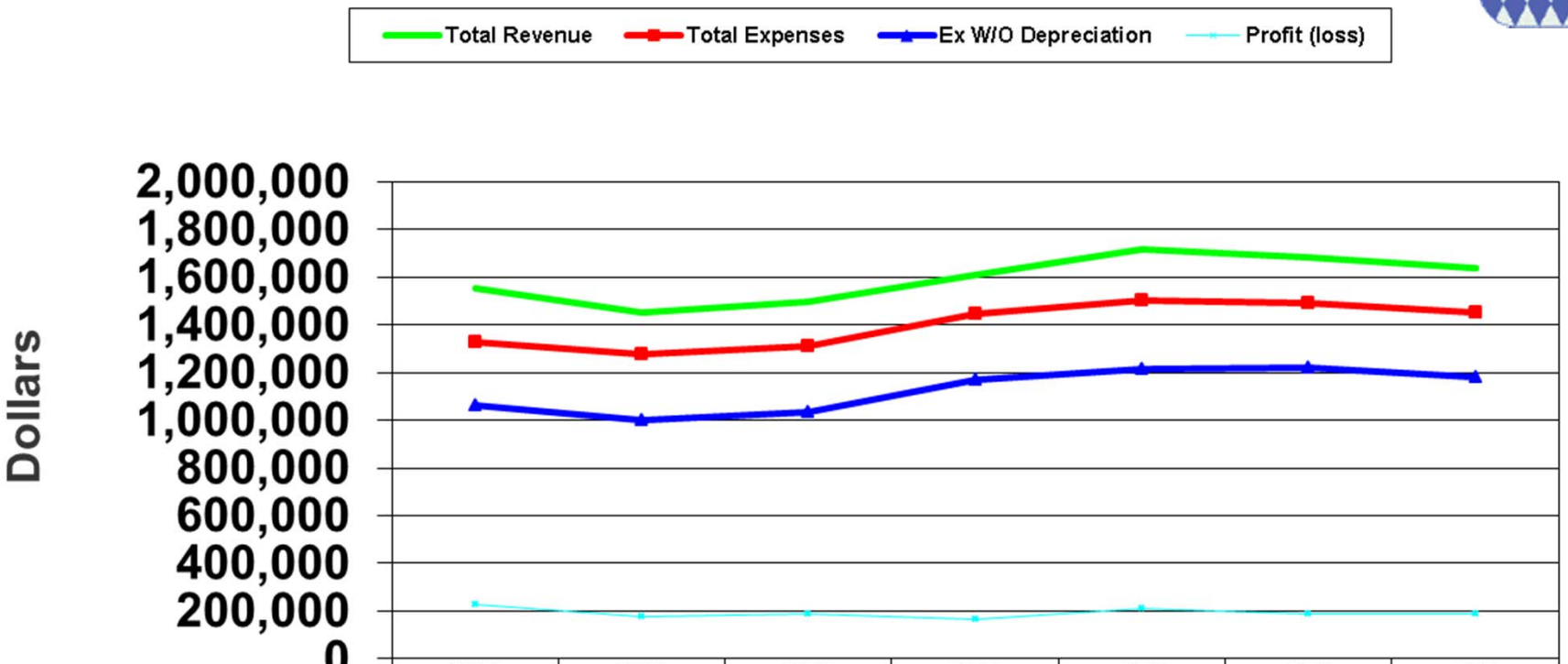


	2008	2009	2010	2011	2012	2013	2014
Total Revenue	$2,219,953	$1,843,422	$1,824,168	$1,912,919	$1,866,804	$1,841,501	$2,367,787
Total Expenses	$2,052,684	$2,025,752	$1,930,577	$1,870,371	$1,882,706	$1,900,727	$1,925,863
Ex W/O Depreciation	$1,189,236	$1,165,319	$1,095,702	$1,032,385	$1,053,784	$1,071,862	$1,096,998
Profit (loss)	$167,269	$(182,330)	$(106,409)	$42,548	$(15,902)	$(59,226)	$441,924

For the Years Ended June 30,

Note: 2014 includes $385,171 in grant revenue and $97,154 in contributed capital. The operating loss for 2014 was $(24,487).

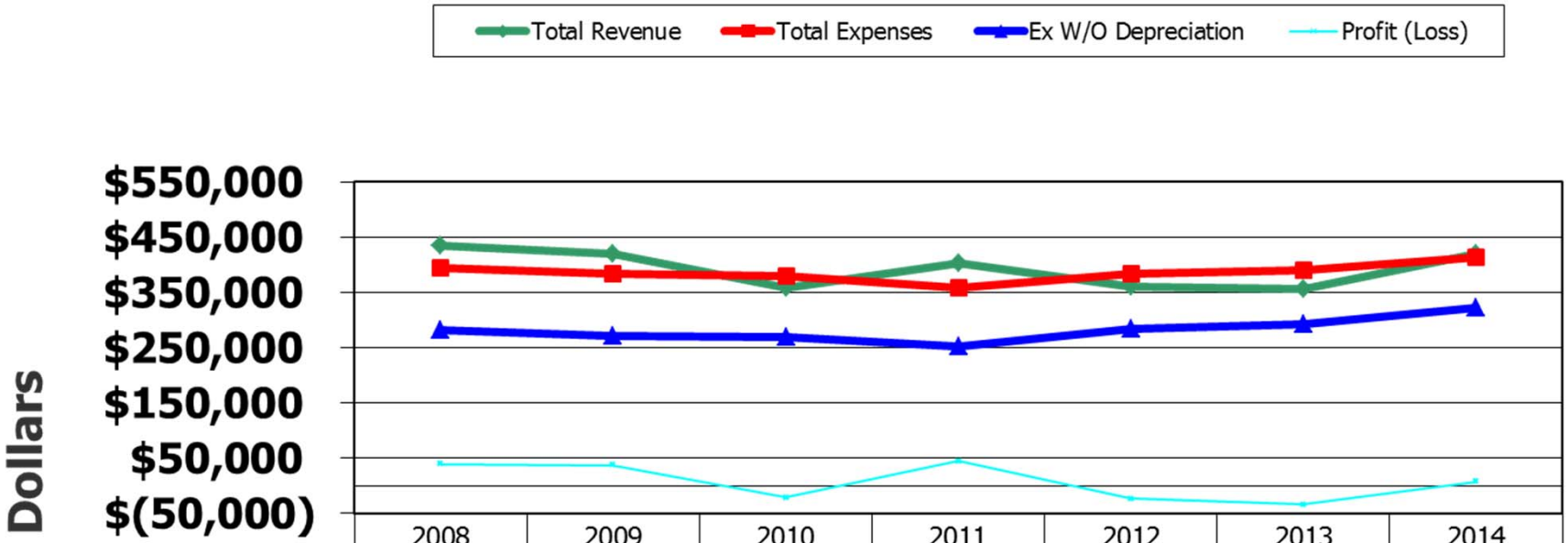
Water Fund



	2008	2009	2010	2011	2012	2013	2014
Total Revenue	$1,553,083	$1,452,719	$1,498,441	$1,610,047	$1,716,017	$1,681,320	$1,638,382
Total Expenses	$1,327,356	$1,276,768	$1,311,929	$1,446,163	$1,504,704	$1,492,169	$1,450,728
Ex W/O Depreciation	$1,060,985	$998,741	$1,033,531	$1,167,774	$1,216,171	$1,220,339	$1,179,008
Profit (loss)	$225,727	$175,951	$186,512	$163,884	$211,313	$189,151	$187,654

For the Years Ended June 30,

Equipment Fund



	2008	2009	2010	2011	2012	2013	2014
Total Revenue	$433,430	$420,099	$358,716	$401,858	$360,058	$356,207	$419,697
Total Expenses	$394,241	$383,022	$380,093	$357,815	$383,677	$390,309	$413,023
Ex W/O Depreciation	$281,661	$270,120	$268,666	$251,936	$282,708	$292,638	$321,237
Profit (Loss)	$39,189	$37,077	$(21,377)	$44,043	$(23,619)	$(34,102)	$6,674

For the Years Ended June 30,

Questions