City of Frankenmuth
Audit Presentation
June 30, 2015

What is an Audit?

- Independent person
- Expression of an opinion
  - Unmodified-clean opinion
- Designed to provided reasonable assurance
- Auditorôs responsibilities
  - U.S. Generally Accepted Auditing Standards
  - Department of Treasury

Required Communications

- Significant Accounting Policies
  - GASB 68
- 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

GASB 68

- To recognize Net Pension Liability
- Is the difference between the total pension liability (amount owed to employees)and the fiduciary net position (also called market value assets or the asset held in the pension trust at the measurement date)
- Total net pension liability as determined by actuary $4,133,225
  - Governmental Activities $2,975,922
  - Business-Type $1,157,303

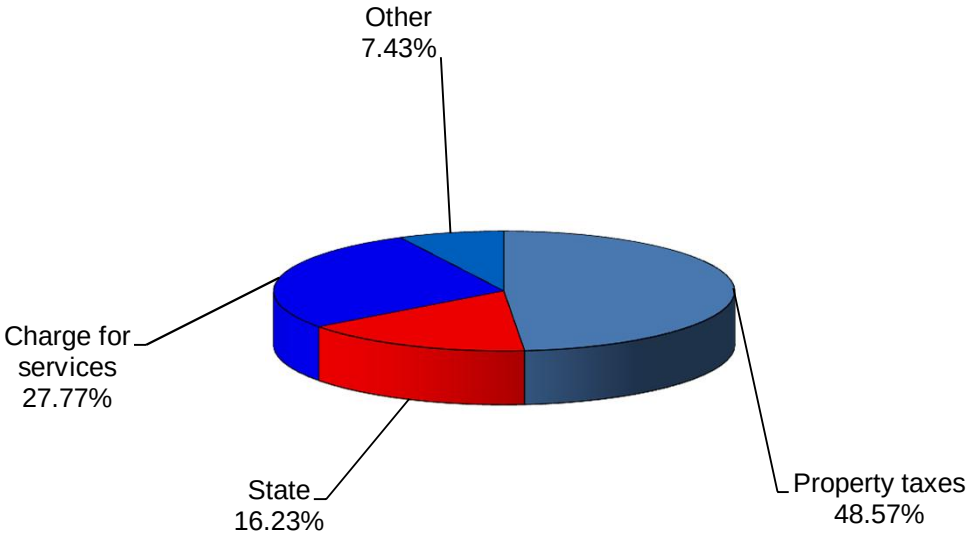
General Fund-Revenue Highlights

By Source For the Year Ended				
June 30,	2015	2014	Variance	%
Property taxes	$ 2,032,399	$ 1,995,238	$ 37,161	15.2%
State	678,962	408,359	270,603	110.4%
Charge for services	1,162,193	1,174,738	(12,545)	-5.1%
Other	311,042	361,189	(50,147)	-20.5%
Total Revenue	$ 4,184,596	$ 3,939,524	$ 245,072	100%

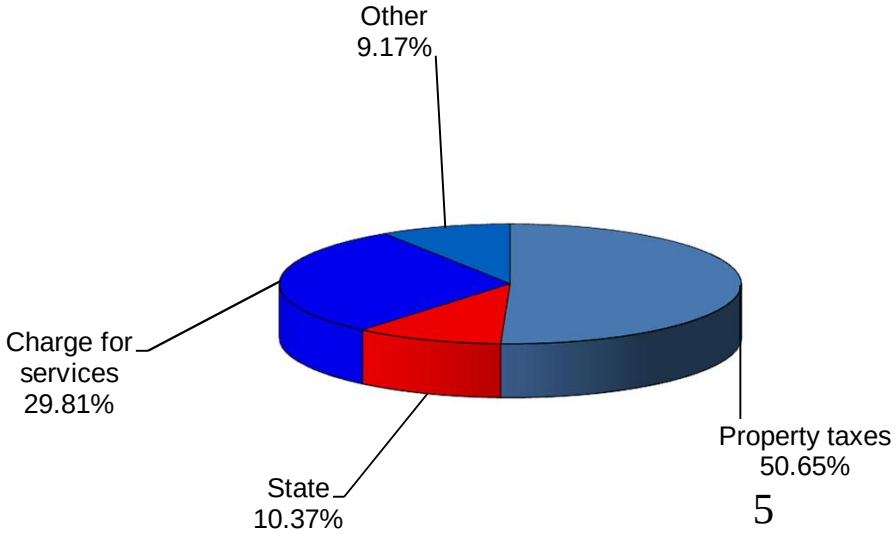
The increase in state is due to the grant for the M-83 North Main street project.

The decrease is other is mostly in donations and the sale of fixed assets.

June 30, 2015



June 30, 2014



General Fund- Expenditure Highlights

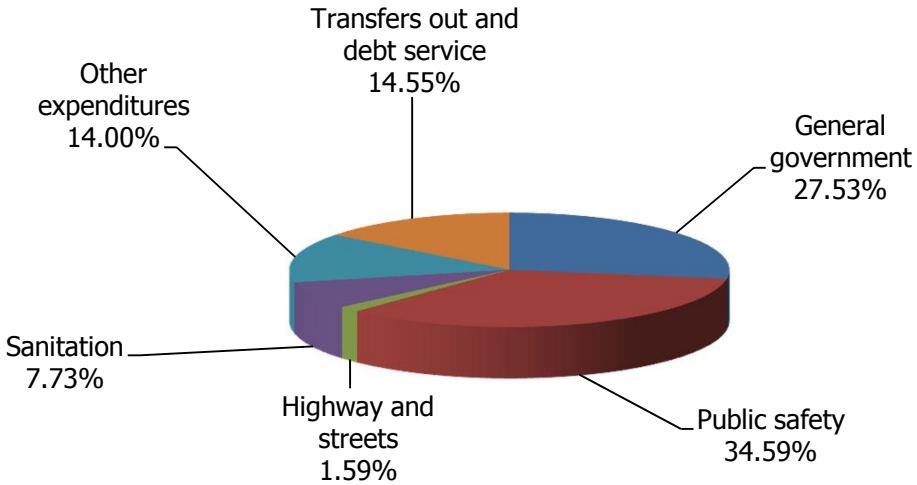
By Category				
For the Year Ended June 30,	2015	2014	Variance	%
General government	$ 1,121,988	$ 1,117,132	$ 4,856	2%
Public safety	1,409,614	1,446,597	(36,983)	-17%
Highway and streets	64,971	23,154	41,817	19%
Sanitation	314,965	294,740	20,225	9%
Other expenditures	570,601	312,310	258,291	115%
Transfers out and debt service	593,040	657,296	(64,256)	-29%
Total expenditures and transfers out	$ 4,075,179	$ 3,851,229	$ 223,950	100%

The decrease in public safety is in flood protection contracted services (Dam project).

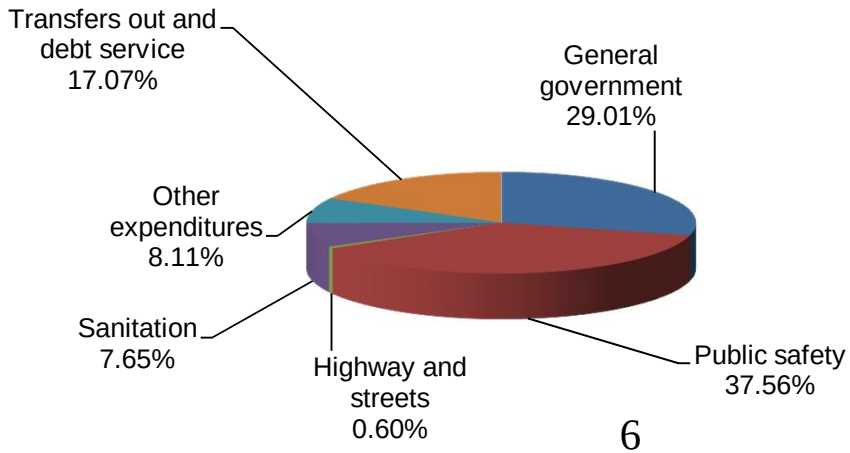
The increase in highway and streets is due to refunds from Consumers that was more in 2014.

Other includes economic development programs. The increase is due to the M-83 North Main street project.

June 30, 2015



June 30, 2014

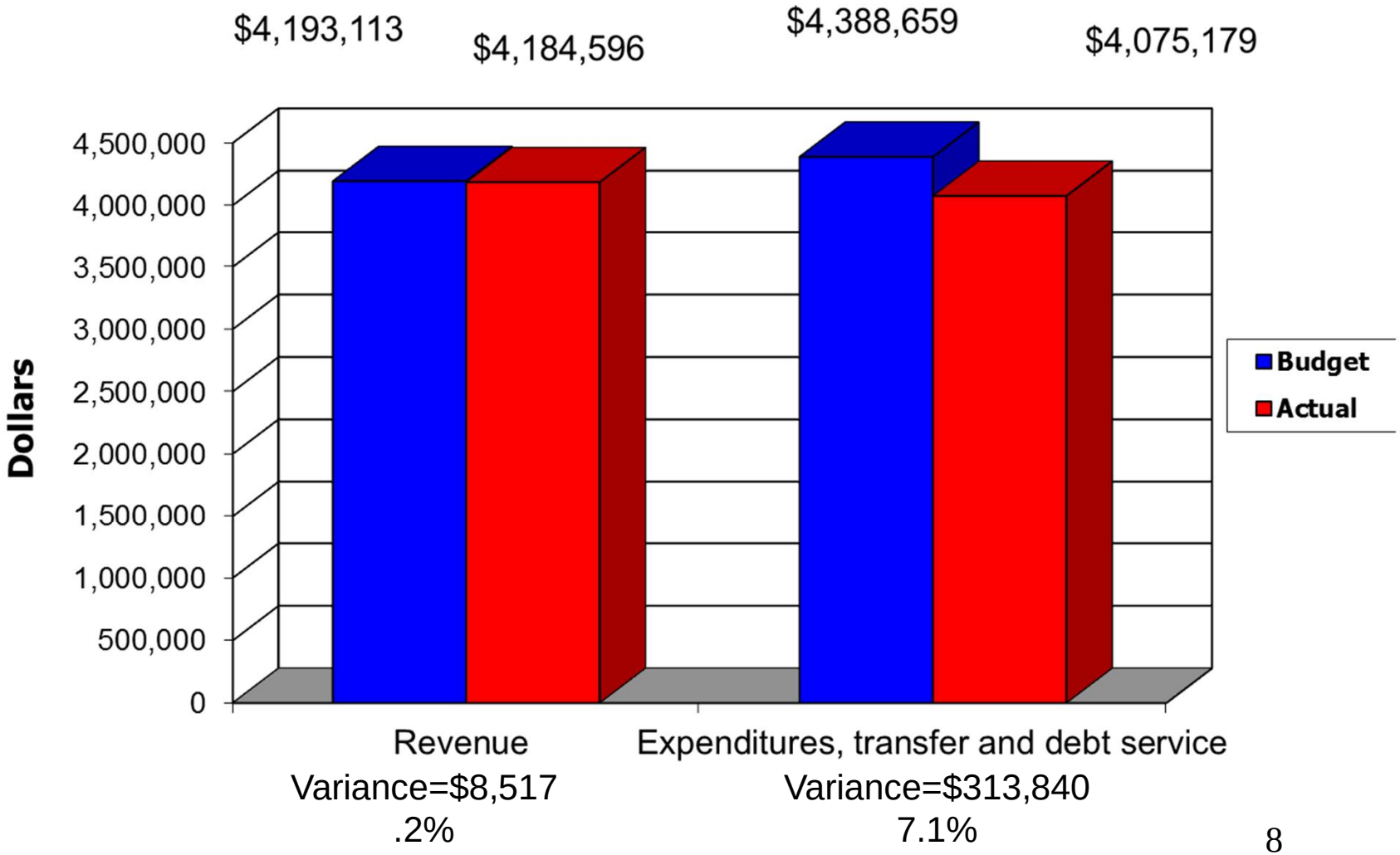


General Fund
Changes in Fund Balance

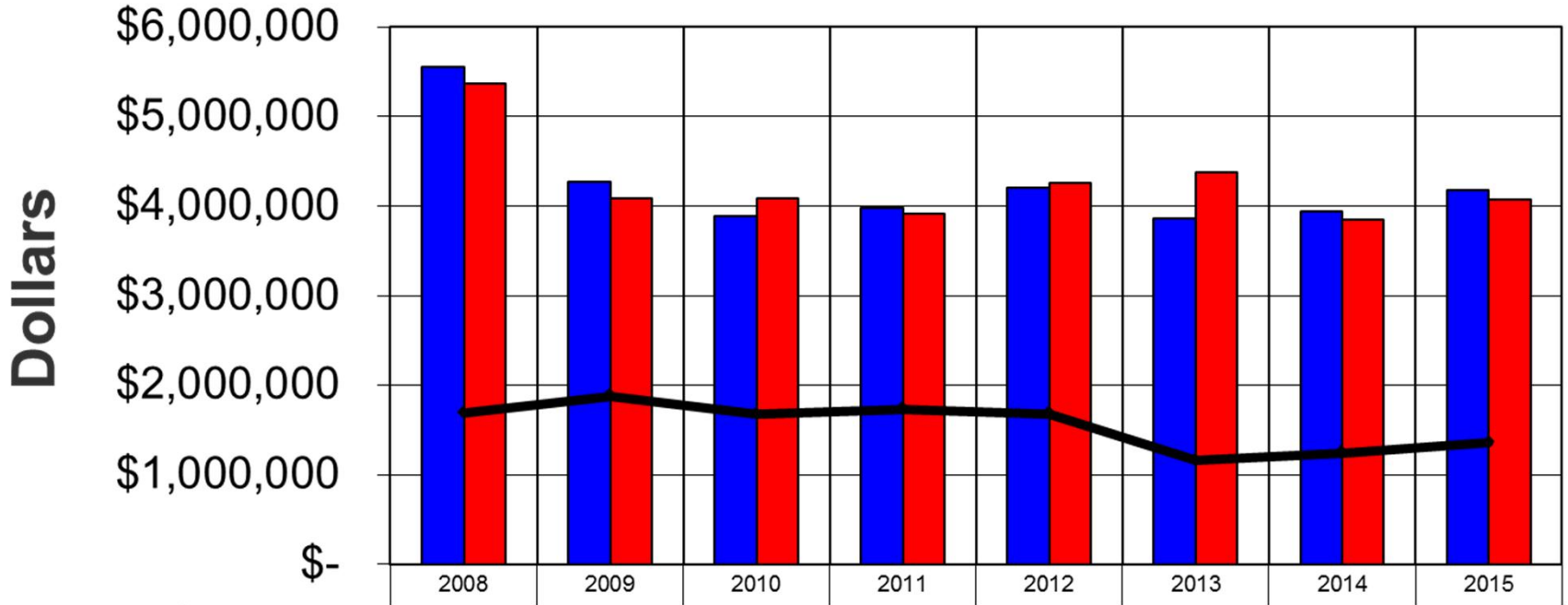
For The Year Ended			
June 30,	2015	2014	Variance
Revenues	$ 4,184,596	$ 3,939,524	$ 245,072
Expenditures	(3,482,139)	(3,193,933)	(288,206)
Transfers Out	(593,040)	(657,296)	64,256
Excess (deficit) of Revenue			
over Expenditures and transfers out	109,417	88,295	21,123
Fund Balance, Beginning	1,245,922	1,157,627	88,295
Fund Balance, Ending	$ 1,355,339	$ 1,245,922	$ 109,417
Months of Fund Balance	3.09	3.18	(0.09)

Note: Fund balance decrease was budgeted for $(195,546) a variance of $304,963.

General Fund
Budget to Actual
For the year Ended June 30, 2015



General Fund
Revenues, Expenditures,& Fund Balance



	2008	2009	2010	2011	2012	2013	2014	2015
Revenue	$5,551,631	$4,272,231	$3,886,504	$3,983,081	$4,213,140	$3,861,937	$3,939,524	$4,184,596
Expenditures	$5,371,549	$4,082,690	$4,093,210	$3,922,590	$4,264,482	$4,381,833	$3,851,229	$4,075,179
Fund Balance	$1,685,539	$1,875,080	$1,668,374	$1,728,865	$1,677,523	$1,157,627	$1,245,922	$1,355,339

For the Years Ended June 30,

Revenue Expenditures Fund Balance

Special Revenue Funds Financial Summary

- **Major Street Fund**
  - Fund balance decrease of ($11,176) to $95,419.
  - Transfers out: local street fund $33,000 and $41,020 to the debt service fund.
- **Local Street Fund**
  - Fund balance increase of $91,197 to $122,663
  - Transfers in: major street $33,000, capital projects $54,727, and general $171,000.
  - Transfers out: $14,526 to debt service.
  - Improvements-EDC project
- **Parks and Recreation**
  - Fund Balance increase of $23,821 to $24,880
  - Transfer in: general $320,000.

Special Revenue Funds
Financial Summary-cont.

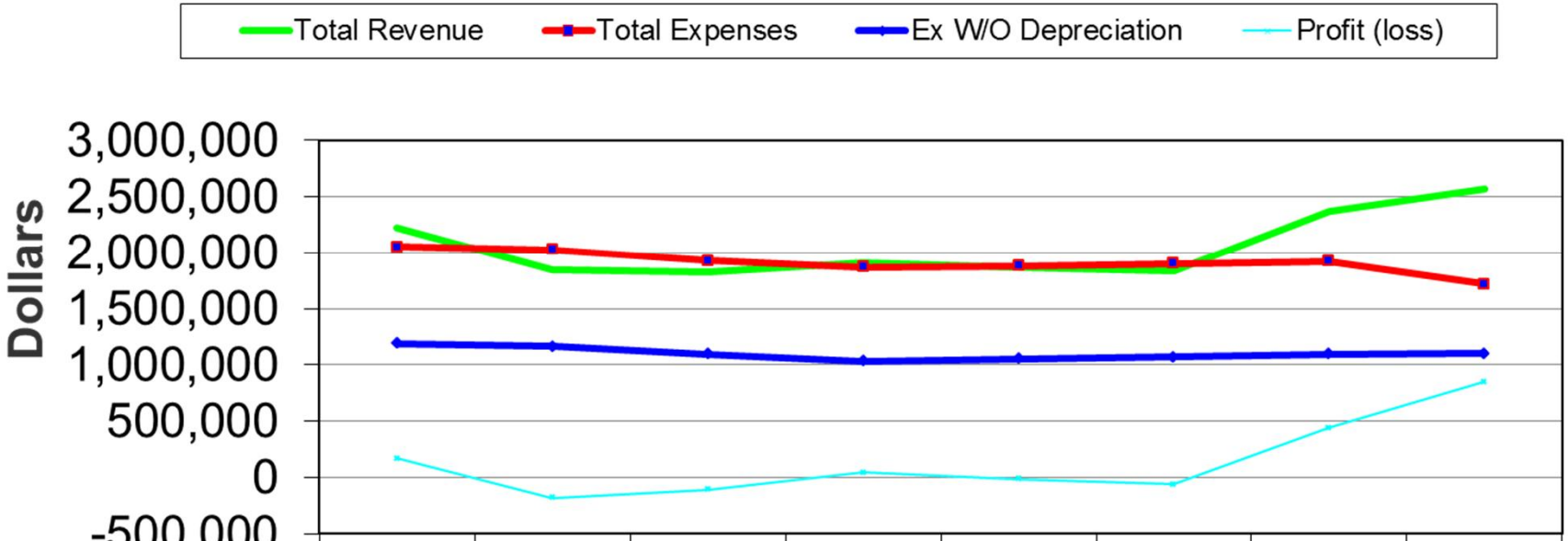
- **DDA Fund**
  - Fund balance decrease of $(34,656) to $188,337
  - Fund balance commitment of $33,758 for capital improvements and $153,945 for prepaid special assessments
  - Transfers out: $1,114,807 to debt service.
  - Advance from the water fund $300,000.
- **Building Fund-Component Unit**
  - Fund balance increase of $26,517 to $289,166.
  - 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, 2015 $63
- Total Debt-$7,364,000
  - General Obligation - $ 6,529,000
    - 10% of 2014 SEV=$26,716,939
  - Special Assessment-$835,000
- New
  - 2015 Refunding bonds $2,415,000
    - 2005 DDA
    - 204 Weiss street

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
2015	$ 7,364,000	(1,178,000)

Waste Water Treatment Fund

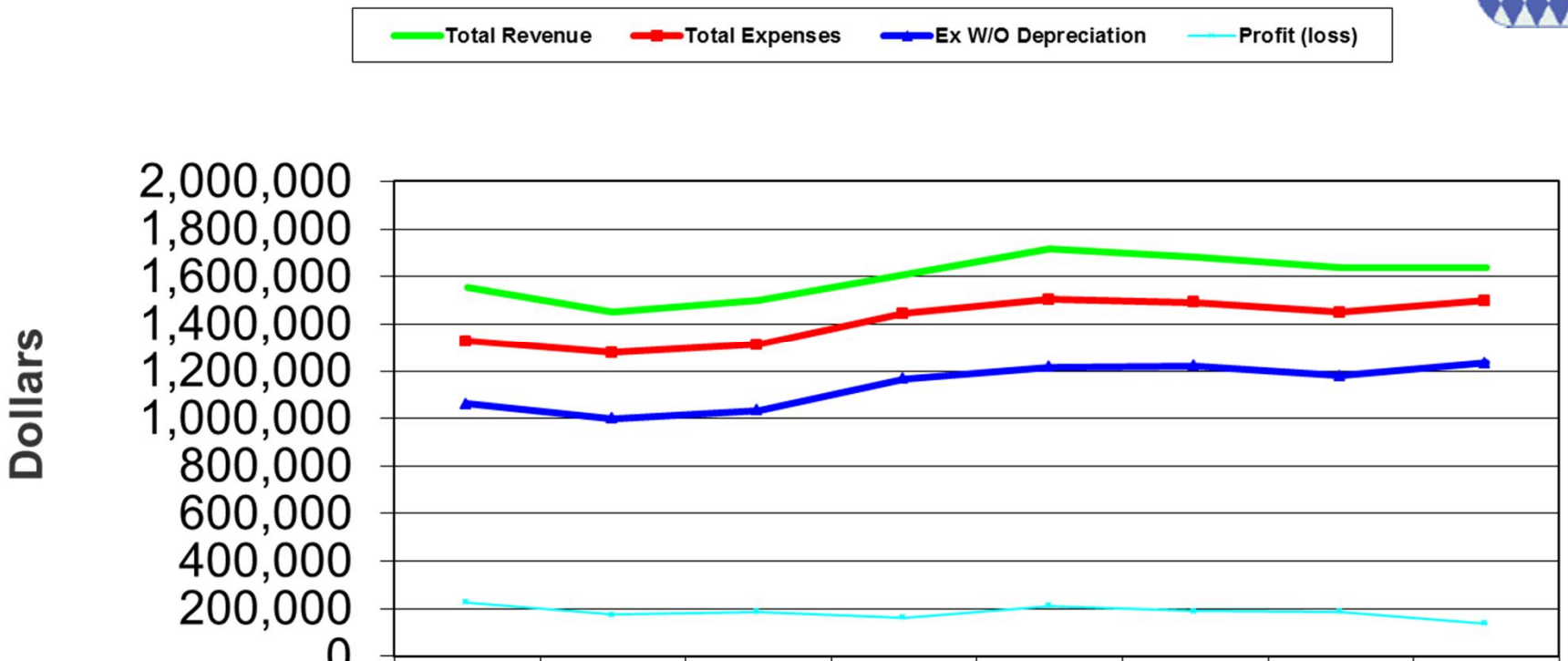


	2008	2009	2010	2011	2012	2013	2014	2015
Total Revenue	$2,219,953	$1,843,422	$1,824,168	$1,912,919	$1,866,804	$1,841,501	$2,367,787	$2,566,503
Total Expenses	$2,052,684	$2,025,752	$1,930,577	$1,870,371	$1,882,706	$1,900,727	$1,925,863	$1,716,873
Ex W/O Depreciation	$1,189,236	$1,165,319	$1,095,702	$1,032,385	$1,053,784	$1,071,862	$1,096,998	$1,103,994
Profit (loss)	$167,269	$(182,330)	$(106,409)	$42,548	$(15,902)	$(59,226)	$441,924	$849,630

For the Years Ended June 30,

Note: 2015 includes $114,989 in grant revenue and $505,799 in contributed capital. The operating income for 2015 was $237,272

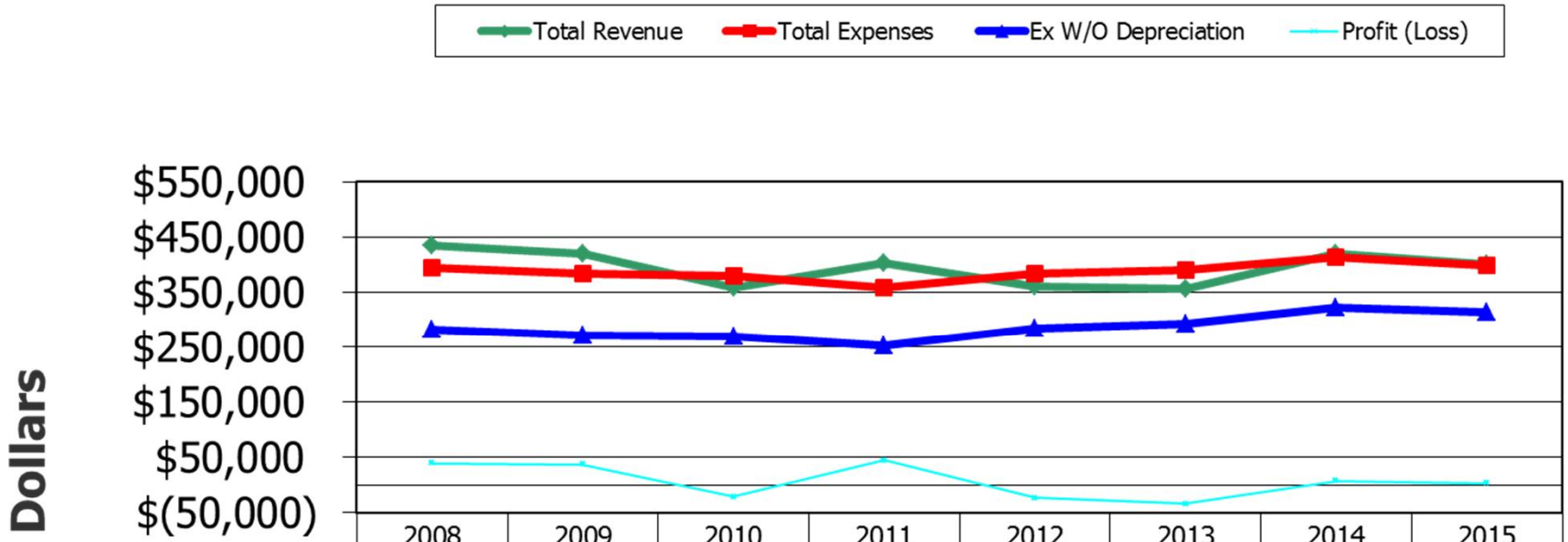
Water Fund



	2008	2009	2010	2011	2012	2013	2014	2015
Total Revenue	$1,553,083	$1,452,719	$1,498,441	$1,610,047	$1,716,017	$1,681,320	$1,638,382	$1,637,439
Total Expenses	$1,327,356	$1,276,768	$1,311,929	$1,446,163	$1,504,704	$1,492,169	$1,450,728	$1,498,705
Ex W/O Depreciation	$1,060,985	$998,741	$1,033,531	$1,167,774	$1,216,171	$1,220,339	$1,179,008	$1,232,504
Profit (loss)	$225,727	$175,951	$186,512	$163,884	$211,313	$189,151	$187,654	$138,734

For the Years Ended June 30,

Equipment Fund



	2008	2009	2010	2011	2012	2013	2014	2015
Total Revenue	$433,430	$420,099	$358,716	$401,858	$360,058	$356,207	$419,697	$400,556
Total Expenses	$394,241	$383,022	$380,093	$357,815	$383,677	$390,309	$413,023	$397,594
Ex W/O Depreciation	$281,661	$270,120	$268,666	$251,936	$282,708	$292,638	$321,237	$313,738
Profit (Loss)	$39,189	$37,077	$(21,377)	$44,043	$(23,619)	$(34,102)	$6,674	$2,962

For the Years Ended June 30,

Questions