CITY OF FRANKENMUTH

Frankenmuth, Michigan

Financial Statements
June 30, 2013

Gardner | Provenzano
Thomas & Luplow

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF FRANKENMUTH
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Gardner | Provenzano
Thomas & Luplow

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner
Giacamo Provenzano
Heather A. Thomas
Brett A. Luplow

INDEPENDENT AUDITOR'S REPORT

October 21, 2013

Honorable Mayor and Members
of the Frankenmuth City Council
City of Frankenmuth
Frankenmuth, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of City of Frankenmuth as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the City of Frankenmuth'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 of material misstatement, whether due to fraud or error.

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

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

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

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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 discretely presented component unit, each major fund and the remaining fund information of City of Frankenmuth as of June 30, 2013 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in conformity 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 budgetary comparison information as listed 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 Frankenmuth's basic financial statements. The combining and individual fund financial statements, statistical information and schedule of indebtedness are presented for purposed of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, statistical information and the schedule of indebtedness are the responsibility of management and were derived from and relate 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 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 combining and individual fund financial statements, statistical information and schedule of indebtedness are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter – Change in Accounting Principle
New Accounting Pronouncement

As discussed in Note 18 to the financial statements, City of Frankenmuth implemented Governmental Accounting Standards Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,* and Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities.* Our opinion is not modified with respect to these matters.

Gardner, Provenzano, Thomas & Lupiow, P.C.

Certified Public Accountants

Overview of the Financial Statements

The City of Frankenmuth, Michigan's (the "City") annual report consists of this analysis (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 City fully implemented the Governmental Accounting Standards Board's (GASB) Statement No. 34. As allowed by Gasb-34 for Phase Three governments, the City of Frankenmuth did not recognize infrastructure assets that were not already in the general fixed assets account groups retroactively. This accounting pronouncement, among other changes, adds government-wide financial statements which were designed to provide a broad overview of the City's finances. The government-wide statements are presented on a full accrual basis of accounting, with an emphasis on measuring all economic resources and not just current financial resources as measured in the individual fund statements. These statements make a distinction between governmental activities for example public safety and public works and business-type activities such as the provision of water and sewerage service. Two government-wide statements are provided. These statements will show a comparison from the prior year's fiscal year data.

One government-wide statement, 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 other government-wide statement, 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 and compiled financial information is provided for non-major funds. These statements are grouped into governmental funds, which account for the cost of providing governmental-type services for example public safety and public works and proprietary funds which account for business-type activities such as provision of water and sewer services.

Reconciliations between the individual fund statements and the government-wide financial statements are provided following the individual fund statements. The differences are primarily related to inclusion of capital assets and recognition of certain receivables and long-term liabilities in the government-wide statement of net position, which are not included in the fund balance sheets, and related to the timing of reporting capital outlays and debt principal repayment in the fund statements and a difference in the timing of the recognition of certain revenues and expenditures such as bond proceeds and accrued interest in the individual fund statements versus the government-wide statements.

Financial Position and Results of Operation for the City as a Whole

The City of Frankenmuth's Governmental Wide activities indicates an increase in net position of $278,690 for fiscal year 2012-13. This compares to an increase in net position of $723,398 for the prior fiscal year. This is the consolidated results of the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds and Internal Service activity.

Net position of the Business-type activities, (Water and Waste Treatment Funds) increased by $139,925 for fiscal year 2012-13. This compares to an increase of $195,411 for the prior fiscal year. Outside the purchase of water, the largest single expenditure in both funds is depreciation expense of $1,100,695.

In a condensed format, the tables below show the net position and changes in net position as of June 30, 2013 with comparable data for the prior fiscal year.

	Government Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current assets	$ 4,802,753	$ 4,698,343	$ 2,382,493	$ 1,975,072	$ 7,185,246	$ 6,673,415
Noncurrent assets	10,229,876	10,453,447	9,358,115	10,218,109	19,587,991	20,671,556
Total Assets	$ 15,032,629	$ 15,151,790	$ 11,740,608	$ 12,193,181	$ 26,773,237	$ 27,344,971
Liabilities						
Current liabilities	$ 2,448,576	$ 2,971,252	$ 941,211	$ 1,143,934	$ 3,389,787	$ 4,115,186
Long-term liabilities	4,850,050	4,725,225	2,076,950	2,466,725	6,927,000	7,191,950
Total Liabilities	7,298,626	7,696,477	3,018,161	3,610,659	10,316,787	11,307,136
Net Position						
Net investment in capital assets	4,682,699	4,493,224	6,688,101	7,076,101	11,370,800	11,569,325
Restricted for debt service	-	33,585	-	-	-	33,585
Unrestricted	3,051,304	2,928,504	2,034,346	1,506,421	5,085,650	4,434,925
Total Net Position	$ 7,734,003	$ 7,455,313	$ 8,722,447	$ 8,582,522	$ 16,456,450	$ 16,037,835

The above table presents the net position as of June 30, 2013 and 2012. The change in net position for the 2012-2013 and 2011-2012 years are presented and discussed below.

Financial Position and Results of Operation for the City as a Whole (cont.)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue						
Program revenue						
Charges for services	$ 1,332,766	$ 1,338,719	$ 3,415,358	$ 3,420,996	$ 4,748,124	$ 4,759,715
Operating grants and contributions	778,336	893,437	-	-	778,336	893,437
Capital grants and contributions	150,426	144,614	73,580	97,755	224,006	242,369
General revenue						
Property taxes	2,687,861	2,858,274	-	-	2,687,861	2,858,274
State Shared revenue	396,918	466,238	-	-	396,918	466,238
License and permits	5,487	4,478	-	-	5,487	4,478
Unrestricted investment earnings	62,413	100,845	22,861	43,302	85,274	144,147
Other revenues	160,163	184,209	-	-	160,163	184,209
Transfers	177,971	156,143	(167,819)	(150,143)	10,152	6,000
Total Revenue	5,752,341	6,146,957	3,343,980	3,411,910	9,096,321	9,558,867
Program Expense						
General government	1,264,343	1,050,665	-	-	1,264,343	1,050,665
Public safety	1,388,971	1,358,852	-	-	1,388,971	1,358,852
Highways and Street	437,478	460,897	-	-	437,478	460,897
Sanitation	282,004	286,206	-	-	282,004	286,206
Economic development-DDA	458,633	372,545	-	-	458,633	372,545
Culture-recreations	955,723	1,217,560	-	-	955,723	1,217,560
Interest on long term debt	297,765	295,176	-	-	297,765	295,176
Equipment	374,671	381,658	-	-	374,671	381,658
Other	14,063	-	-	-	14,063	-
Water and waste water	-	-	3,204,055	3,216,499	3,204,055	3,216,499
Total Program Expenses	5,473,651	5,423,559	3,204,055	3,216,499	8,677,706	8,640,058
Change in Net Position	$ 278,690	$ 723,398	$ 139,925	$ 195,411	$ 418,615	$ 918,809

Governmental Activities

The City tax revenues decreased this fiscal year (a decrease of $170,413 or 6%) from the previous year. This is a result of minimal change in taxable value, levying the same millage rate of 8.75 and significant tax charge backs. Taxable value decreased 2.5% this year while assessed values decreased in residential class and a minor increase in the commercial and industrial class of property. Total expenditures, before transfers to other funds, decreased by $416,444 from the previous fiscal year. We again experienced rate increases in employee health care premiums and in the employer contribution for employee pension benefits.

State-shared revenues, statutorily designated to support local community services and historically about 15% of the City's general operating revenues, have decreased over time but have leveled off at approximately 7% of total revenues. State shared revenues qualifications have changed significantly in the past few years and we continue to monitor this to maximize our state revenues.

Governmental Activities (continued

The City strives to maintain an unassigned fund balance reserve in the general fund of at least two months as recommended by the Government Accounting Standards Board in GASB statement number 54. Based upon the 2012-2013 budgeted general fund expenditures, we have approximately 3.17 months in reserves which fall within the desired level. This compares to 4.8 months reserve in the previous year. This drop in fund balance is a result of the City paying off long-term debt early.

Business-type Activities

The City operates a water department and sewer treatment department. These departments provide water and sewage services to all the City's residents. Water is provided to some areas outside the City corporate limits. Rates are set to provide for annual operations, maintenance, replacement, and for the payment of debt service requirements. The Water Board reviews the rate structure annually. Water rates were adjusted effective August 2011. The City, in June 2012, signed a 22 year water service agreement with the City of Saginaw to be the wholesale supplier of water. The Waste Treatment Committee continues to review that department's operation. Waste Treatment rates were increased in August 2013 by 3.5%. A concerted effort is underway to reduce operational expenditures to hold the current waste treatment rates at their present level.

Analysis of Individual Funds

Of the City's governmental funds, the General Fund, the Major and Local Street Funds, and the Downtown Development Authority Fund account for most of the significant expenditures other than for debt service.

The General Fund ended the fiscal year with a decrease to the fund balance in the amount of $519,896. This was a result of the City prepaying a long term debt early to save interest costs in the long term. An ongoing concerted effort by the City Council and management is being made to stabilize and reduce operational expenditures. Property taxes remain the major revenue source (50.7%) followed by Charges for Services (29.6%), State shared revenue (10.3%), Other Revenues (8.8%) and licenses and permits, fines and forfeits making up the balance of the general fund revenue.

Both the Major and Local Street Funds continue to struggle with limited funds available to undertake construction or reconstruction projects. The major source of revenue comes from the State gas and weight taxes. The General Fund annually transfers money, as needed, into these street funds for any planned construction project. The ending fund balance in these street funds decreased to $207,848 for fiscal year 2012-13, as compared to an ending balance of $216,898 for the prior fiscal year.

Analysis of Individual Funds (continued)

The Downtown Development Authority Fund receives the majority of their revenue from property taxes, captured taxes and special assessments. The majority of the planned infrastructure and beautification projects have been completed.

General Operating Fund Budget Highlights

During the annual budget process, the City completes an extensive review of the current year budget, culminating in a budget amendment to appropriate the revised expenditure estimates.

The City did amend the originally adopted budget in March 2013 and a minor adjustment in June 2013. The most significant variances between the first budget adopted and the final budget adopted are as follows:

- Other revenues were increased by $496,500 due to donations received for the Dam rock/ramp project.
- Public safety expenditures were increased by $977,135 anticipating Dam rock/ramp project expenditures.
- Other financing sources were increased primarily to recognize bond proceeds for the Dam rock/ramp project.

Significant variances between the final budget and actual results are as follows:

- The $435,904 variance in other revenues was due to reclassifying Dam rock/ramp project donations to unearned revenue to be recognized in the next fiscal year when the project will be undertaken.
- Public safety expenditures were $1,291,857 less than anticipated due to the Dam rock/ramp project not materializing in this fiscal year as expected.

Capital Asset and Long-term Debt Activity

The City did service all outstanding debt in a timely basis. Additional debt was issued for the Dam rock/ramp project in the amount of $875,000.

Economic Factors and Next Year's Budgets and Rates

The City's tax levy rate for fiscal year 2012-13 was 8.75. The taxable value decreased by 2.5% while assessed value decreased by 4%. We are anticipating a flat change in tax revenues in the next fiscal year. The limiting factor on tax revenue growth in the General Fund results from the capture of commercial tax values in the D.D.A. District.

Michigan Tax Tribunal tax appeals have been filed for major properties within the D.D.A. which may have an adverse impact on this fund.

The City has experienced no specific events which it believes will materially impact the finances of the City. It should be noted that certain long-term trends such as the capture of commercial property tax revenues, shrinking state-shared revenues, and a decrease in anticipated property tax revenue will have an adverse impact on the City's ability to provide current services as inflation and the cost of providing services increases. Currently, adequate cash reserves and authorized unlevied millage ensures provision of current services in the near term as the City meets these challenges and plans for the future.

The City is involved in a lawsuit pertaining to zoning restrictions placed on large commercial buildings. The individuals whose land had a purchase agreement on their property filed suit in U.S. District Court in Bay City. A judgment in the amount of $3,600,000 was levied against the City of Frankenmuth. This judgment has been overturned by the U.S. Court of Appeals in Cincinnati and referred back to the U.S. District Court for reconsideration. No court date at this time has been set. There is insurance coverage for this matter

Contacting the City's Financial Management

This financial report is designed to provide accountability of our stewardship of the resources provided by our citizens, taxpayers, and customers and to provide financial information to the City's investors and creditors. If you have any questions about this report or need additional financial information, please do not hesitate to contact the City Manager or City Treasurer at Frankenmuth City & Township Government Center, 240 West Genesee Street, Frankenmuth, MI 48734-1398.

City of Frankenmuth
Statement of Net Position
June 30, 2013

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
Assets				
Cash	$ 2,303,999	$ 1,659,545	$ 3,963,544	$ 164,669
Investments	677,344	266,542	943,886	-
Receivables	262,345	288,800	551,145	218
Special Assessments Receivable	1,113,856	53,424	1,167,280	-
Due from other funds	240,686	13,970	254,656	5
Due from other governmental units	97,651	-	97,651	-
Inventory	29,316	83,579	112,895	-
Prepaid expenses	77,556	16,633	94,189	3,042
Total Current assets	4,802,753	2,382,493	7,185,246	167,934
Noncurrent Assets				
Special Assessments net of current portion	-	203,064	203,064	-
Net OPEB obligation	4,127	-	4,127	-
Net Capital assets	10,225,749	9,155,051	19,380,800	-
Total Noncurrent Assets	10,229,876	9,358,115	19,587,991	-
Total assets	15,032,629	11,740,608	26,773,237	167,934
Liabilities				
Accruals	243,635	103,420	347,055	353
Accrued payroll	-	2,689	2,689	-
Due to other funds	13,975	240,293	254,268	393
Unearned revenue	1,497,966	204,809	1,702,775	-
Noncurrent liabilities:				
Due within one year	693,000	390,000	1,083,000	-
Due in more than one year	4,850,050	2,076,950	6,927,000	-
Total liabilities	7,298,626	3,018,161	10,316,787	746
Net Position				
Net investment in capital assets	4,682,699	6,688,101	11,370,800	-
Unrestricted	3,051,304	2,034,346	5,085,650	167,188
Total net position	$ 7,734,003	$ 8,722,447	$ 16,456,450	$ 167,188

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
Governmental activities:								
General Government	$ 1,264,343	$ 208,977	$ 149,547	$ 1,420	$ (904,399)	$ -	$ (904,399)	$ -
Public Safety	1,388,971	240,737	34,418	-	(1,113,816)	-	(1,113,816)	-
Public Works	9,730	-	-	-	(9,730)	-	(9,730)	-
Highways & Streets	437,478	-	546,597	7,623	116,742	-	116,742	-
Sanitation	272,274	328,645	-	-	56,371	-	56,371	-
Economic Development - DDA	458,633	-	-	138,270	(320,363)	-	(320,363)	-
Culture - recreations	955,723	181,339	47,774	-	(726,610)	-	(726,610)	-
Interest on Long Term Debt	297,765	-	-	-	(297,765)	-	(297,765)	-
Equipment	374,671	373,068	-	-	(1,603)	-	(1,603)	-
Other	14,063	-	-	3,113	(10,950)	-	(10,950)	-
Total governmental activities	5,473,651	1,332,766	778,336	150,426	(3,212,123)	-	(3,212,123)	-
Business-type Activities:								
Wastewater Treatment Fund	1,821,040	1,773,998	-	61,926	-	14,884	14,884	-
Water Fund	1,383,015	1,641,360	-	11,654	-	269,999	269,999	-
Total business-type activities	3,204,055	3,415,358	-	73,580	-	284,883	284,883	-
Total primary government	$ 8,677,706	$ 4,748,124	$ 778,336	$ 224,006	(3,212,123)	284,883	(2,927,240)	-
Component unit:								
Building Code Authority	$ 81,337	$ -	$ 1,543	$ -	$ -	$ -	$ -	$ (79,794)
General revenues:								
Property Taxes					2,687,861	-	2,687,861	-
State Revenue					396,918	-	396,918	-
License & Permits					5,487	-	5,487	115,392
Interest					62,413	22,861	85,274	44
Other					160,163	-	160,163	-
Transfers					177,971	(167,819)	10,152	(10,152)
Total general revenues					3,490,813	(144,958)	3,345,855	105,284
Change in					278,690	139,925	418,615	25,490
Net position - beginning					7,455,313	8,582,522	16,037,835	141,698
Net position - ending					$ 7,734,003	$ 8,722,447	$ 16,456,450	$ 167,188

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Governmental Funds Balance Sheet
June 30, 2013

	General	Major Street	Local Street	Parks and Recreation	DDA	Debt Service	Capital Projects	Other Nonmajor Governmental Fund	Total Governmental Funds
Assets									
Cash	$ 1,453,897	$ 154,062	$ 11,925	$ 87,400	$ 234,384	$ -	$ -	$ -	$ 1,941,668
Investments	677,344	-	-	-	-	-	-	-	677,344
Receivables							-		
Accounts	120,219	-	124,218	15,012	2,842	-	-	-	262,291
Special assessments	6,465	13,598	3,497	-	1,090,296	-	-	-	1,113,856
Due from other funds	343,425	-	-	-	130	-	1,208,511	2,552	1,554,618
Due from other governmental units	12,665	41,504	15,482	28,000	-	-	-	-	97,651
Inventory	25,731	-	-	-	-	-	-	-	25,731
Prepaid expenditures	63,269	-	-	4,363	684	-	-	-	68,316
Total	$ 2,703,015	$ 209,164	$ 155,122	$ 134,775	$ 1,328,336	$ -	$ 1,208,511	$ 2,552	$ 5,741,475
Liabilities									
Liabilities									
Accounts payable	$ 113,632	$ 350	$ 126	19,758	$ 4,934	$ -	$ 13,418	$ -	$ 152,218
Accrued expenditures	73,015	-	-	1,514	7,755	-		-	82,284
Due to other funds	1,244,956	40,783	105,710	32,049	12,676	-		-	1,436,174
Unearned revenue	113,785	7,248	2,221	65,014	962,648	-	347,050	-	1,497,966
Total Liabilities	1,545,388	48,381	108,057	118,335	988,013	-	360,468	-	3,168,642
Fund Balance									
Restricted	-	160,783	47,065	-	-	-	848,043	-	1,055,891
Non-spendable	-	-	-	-	-	-	-	-	
Prepaid expenditures	63,269	-	-	4,363	684	-	-	-	68,316
Inventories	25,731	-	-	-	-	-	-	-	25,731
Committed	-	-	-	-	134,285	-	-	-	134,285
Assigned	61,950	-	-	12,077	205,354	-	-	2,552	281,933
Unassigned	1,006,677	-	-	-	-	-	-	-	1,006,677
Total Fund Balance	1,157,627	160,783	47,065	16,440	340,323	-	848,043	2,552	2,572,833
Total Liabilities and Fund Balance	$ 2,703,015	$ 209,164	$ 155,122	$ 134,775	$ 1,328,336	$ -	$ 1,208,511	$ 2,552	$ 5,741,475

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Reconciliation of the Governmental Funds Balance Sheet
to the City-Wide Statement of Net Position
June 30, 2013

Fund balances of governmental funds	$	2,572,833
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.		
Capital assets		16,560,565
Accumulated depreciation		(6,919,233)
Long-term liabilities, including bonds payable, are not due and payable in the current period; and therefore, are not reported in the funds.		(5,538,923)
Internal service funds are used by management to charge the cost of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		1,058,761
Net positionof governmental activities	$	7,734,003

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth

Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2013

	General	Major Street	Local Street	Parks and Recreation	DDA	Debt Service	Capital Projects	Other Nonmajor Governmental Fund	Total Governmental Funds
Revenues									
Taxes	$ 1,959,186	$ -	$ -	$ -	$ 825,730	$ -	$ -	$ -	$ 2,784,916
Licenses	12,253	-	-	-	-	-	-	-	12,253
State	396,918	238,401	93,504	28,000	-	-	-	-	756,823
Charges for service	1,142,174	-	-	154,190	-	-	-	-	1,296,364
Fines and forfeits	10,810	-	-	-	-	-	-	-	10,810
Other revenues	340,596	27,698	197,234	47,984	203,892	3,415	-	2,116	822,935
Total Revenues	3,861,937	266,099	290,738	230,174	1,029,622	3,415	-	2,116	5,684,101
Expenditures									
General government	1,134,611	-	-	-	-	-	-	-	1,134,611
Public safety	1,384,078	-	-	-	-	-	-	-	1,384,078
Public works	350,194	180,183	475,615	-	-	-	-	-	1,005,992
Recreation and cultural	-	-	-	518,865	-	-	-	-	518,865
Other expenditures	282,143	-	-	-	485,538	3,134	63,730	-	834,545
Debt service							-		
Principal retirement	678,852	-	-	-	-	677,175	-	-	1,356,027
Interest and fiscal agent charges	7,500	-	-	-	-	228,451	-	-	235,951
Total Expenditures	3,837,378	180,183	475,615	518,865	485,538	908,760	63,730	-	6,470,069
Excess (Deficiency) of Revenues over Expenditures	24,559	85,916	(184,877)	(288,691)	544,084	(905,345)	(63,730)	2,116	(785,968)
Other Financing Sources (Uses)									
Operating transfers in and other sources	37,000	-	218,000	258,000	-	871,760	36,773	-	1,421,533
Bond proceeds	-	-	-	-	-	-	875,000	-	875,000
Operating transfers (out)	(581,455)	(110,920)	(17,169)	-	(711,989)	-	-	-	(1,421,533)
Total Other Financing Sources (Uses)	(544,455)	(110,920)	200,831	258,000	(711,989)	871,760	911,773	-	875,000
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(519,896)	(25,004)	15,954	(30,691)	(167,905)	(33,585)	848,043	2,116	89,032
Fund Balances, Beginning	1,677,523	185,787	31,111	47,131	508,228	33,585	-	436	2,483,801
Fund Balances, Ending	$ 1,157,627	$ 160,783	$ 47,065	$ 16,440	$ 340,323	$ -	$ 848,043	$ 2,552	$ 2,572,833

The Accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Reconciliation of the Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balance to the City-Wide Change in Net Position of Governmental Activities
For the Year Ended June 30, 2013

Net change in fund balances --total governmental funds	$ 89,032
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources; and therefore, are not reported in the funds.	
Depreciation expense	(583,258)
Capital Outlay	390,370
The proceeds of an issued debt 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 has any effect on net assets.	
Repayment of debt	1,289,847
Proceeds from issuing long-term debt	(875,000)
The difference between the actuarially determined Annual Required Contribution to fund Other Post-Employment Benefits and the actual contributions made during the year is reported as an expense in the Statement of Activities, but does not require the use of current resources and therefore is not reported as an expenditure in the fund level statements.	1,801
Internal service funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(34,102)
Change in net position of governmental activities	$ 278,690

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Proprietary Funds
Statement of Net Position
June 30, 2013

	Waste Water	Water	Enterprise Totals	Internal Service
Assets				
Current Assets				
Cash	$ 28,375	$ 1,631,170	$ 1,659,545	$ 362,331
Investments	-	266,542	266,542	-
Accounts receivable	146,209	142,591	288,800	54
Special assessments receivable	47,416	6,008	53,424	-
Due from other funds	3,312	19,109	22,421	108,827
Inventory	18,074	65,505	83,579	3,585
Prepaid Expenses	10,685	5,948	16,633	9,240
Current portion advance due from waste treatment fund	-	166,950	166,950	-
Total Current Assets	254,071	2,303,823	2,557,894	484,037
Non current Assets				
Special assessments receivable net of current portion	173,245	29,819	203,064	-
Advance due from waste treatment fund	-	529,700	529,700	-
Net Capital Assets	6,621,972	2,533,079	9,155,051	584,417
Total Noncurrent Assets	6,795,217	3,092,598	9,887,815	584,417
Total Assets	$ 7,049,288	$ 5,396,421	$ 12,445,709	$ 1,068,454
Liabilities and Net Position				
Current Liabilities				
Accounts Payable	$ 30,604	$ 72,816	$ 103,420	$ 9,133
Accrued Payroll	633	2,056	2,689	-
Due to other funds	223,843	24,901	248,744	560
Deferred Special Assessment Revenue	174,803	30,006	204,809	-
Current portion of advance due to water fun	166,950	-	166,950	-
Current Portion of Long-Term Debt	390,000	-	390,000	-
Total Current Liabilities	986,833	129,779	1,116,612	9,693
Noncurrent Liabilities				
Bonds Payable (net of current portion and unamortized discount)	2,076,950	-	2,076,950	-
Advance due to water fund	529,700	-	529,700	-
Total Noncurrent Liabilities	2,606,650	-	2,606,650	-
Total Liabilities	3,593,483	129,779	3,723,262	9,693
Net Position				
Net investment in capital assets	4,155,022	2,533,079	6,688,101	584,417
Unrestricted	(699,217)	2,733,563	2,034,346	474,344
Total Net Position	3,455,805	5,266,642	8,722,447	1,058,761
Total Liabilities and Net Position	$ 7,049,288	$ 5,396,421	$ 12,445,709	$ 1,068,454

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Proprietary Funds
Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended June 30, 2013

	Waste Water	Water	Enterprise Totals	Internal Service
Operating Revenues				
Sewage disposal charges	$ 1,746,726	$ -	$ 1,746,726	$ -
Water sales	-	1,617,788	1,617,788	-
Penalties on late payments	10,871	10,942	21,813	-
Hydrant rental	-	4,000	4,000	-
Billings to departments	-	-	-	346,442
Other revenues	-	29,648	29,648	8,772
Total Operating Revenues	1,757,597	1,662,378	3,419,975	355,214
Operating Expenses				
Transmission Maintenance	82,190	-	82,190	-
Sewage purification	1,521,451	-	1,521,451	-
Distribution System Maintenance, Township	-	19,804	19,804	-
Distribution System Maintenance, City	-	215,624	215,624	-
Purification	-	1,107,997	1,107,997	-
Motor Vehicle Maintenance	-	-	-	334,044
Administration	211,011	114,494	325,505	43,124
Customer service	217	34,250	34,467	-
Total Operating Expenses	1,814,869	1,492,169	3,307,038	377,168
Operating Income (Loss)	(57,272)	170,209	112,937	(21,954)
Non-Operating Revenues (Expenses)				
Interest	15,573	7,288	22,861	993
Miscellaneous	68,331	6,675	75,006	-
Interest expense and agent fees	(85,858)	-	(85,858)	-
Gain on sale of fixed assets	-	-	-	(13,141)
Total Non-operating Revenues	(1,954)	13,963	12,009	(12,148)
Income before other revenues	(59,226)	184,172	124,946	(34,102)
Other Revenue				
Capital Contributions	10,000	4,979	14,979	-
Total Other Revenue	10,000	4,979	14,979	-
Increase (decrease) in net position	(49,226)	189,151	139,925	(34,102)
Net Position, Beginning	3,505,031	5,077,491	8,582,522	1,092,863
Net Position, Ending	$ 3,455,805	$ 5,266,642	$ 8,722,447	$ 1,058,761

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2013

	Waste Water Fund	Water Fund	Enterprise Totals	Internal Service
Cash Flows From Operating Activities				
Receipts from customers	$ 1,768,345	$ 1,673,831	$ 3,442,176	$ -
Billings from other departments	-	-	-	343,626
Payments to suppliers	(550,437)	(901,157)	(1,451,594)	(148,068)
Payments to employees	(329,647)	(251,794)	(581,441)	(98,894)
Internal activity - Net payments to other funds	(129,564)	58,429	(71,135)	(30,000)
Net cash provided by (used in) operating activities	758,697	579,309	1,338,006	66,664
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(305,170)	(14,700)	(319,870)	(78,329)
Capital contributions	10,000	4,979	14,979	-
Principal and interest paid on capital debt	(638,333)	-	(638,333)	-
Net cash provided by (used in) capital and related financing activities	(933,503)	(9,721)	(943,224)	(78,329)
Cash Flows from Investing Activities				
Interest received on investments	15,573	7,288	22,861	993
Special assessment revenue	51,926	6,675	58,601	-
Other	16,405	-	16,405	-
Sale of investments	-	756,855	756,855	-
Net cash provided by (used in) investing activities	83,904	770,818	854,722	993
Net Increase (Decrease) in Cash and cash equivalents	(90,902)	1,340,406	1,249,504	(10,672)
Cash and cash equivalents - Beginning of year	119,277	290,764	410,041	373,003
Cash and cash equivalents - End of year	$ 28,375	$ 1,631,170	$ 1,659,545	$ 362,331
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	$ (57,272)	$ 170,209	$ 112,937	$ (21,954)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	828,865	271,830	1,100,695	97,671
Receivables	78,151	32,263	110,414	446
Due from other funds	44,438	1,774	46,212	(11,010)
Other assets	(6,757)	165,727	158,970	634
Accounts payable	19,678	(8,814)	10,864	1,454
Accrued and other liabilities	(63,833)	(12,433)	(76,266)	-
Due to other funds	(84,573)	(41,247)	(125,820)	(577)
Net Cash provided by (used in) operating activities	$ 758,697	$ 579,309	$ 1,338,006	$ 66,664

The accompanying notes are an integral part of these financial statements.

NOTE 1--Summary of Significant Accounting Policies

The City of Frankenmuth is organized under Michigan's Comprehensive Home Rule City Act. City government is directed by a seven-member City Council, including the Mayor, who is elected by the community at large. This legislative body appoints a City Manager to administer the affairs of the City. The City provides the following services as authorized by its charter: public safety, highways and streets, sanitation, cultural and recreation, public improvements, and general administrative services.

The City of Frankenmuth complies with Generally Accepted Accounting Principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions.

The Reporting Entity

The accompanying financial statements present the City and one component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its financial relationship to the City. In addition, the City has consolidated the Frankenmuth Beautification Committee into these financial statements.

Construction Codes Group Authority

The Construction Codes Group Authority (CCGA) was formed in conjunction with Frankenmuth City, Frankenmuth Township and Blumfield Township in 2004. Members of this authority are appointed by each jurisdiction. The CCGA is included as part of the City's financial statements because of the significance of its financial relationship with the City and the City Council's ability to influence the operations. The financial statements of this component unit of the City, which are reported for the fiscal year ending June 30, 2013, are presented as a discretely presented component unit of the City.

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 governmental and business-type activities of the primary government and its component unit. 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.

NOTE 1--Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

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 within 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 that cannot be attributed directly to any one function are reported instead as general revenue.

The City does not allocate indirect costs. An administrative fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement to recover the direct costs of the General Fund services provided.

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. Revenue is 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 as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end 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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures relating to compensated absences are recorded only when payment is due.

NOTE 1--Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

A fund is defined as a fiscal and accounting entity with self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following fund types are used by the City:

Governmental Funds

General Fund--The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds--Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds--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 costs.

Capital Projects Funds--Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Funds

Enterprise Funds--Enterprise Funds report operations that provide services to citizens financed primarily by a user charge or activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds--These funds are used to record the financing of goods or services by the City to other departments and funds, or to other governmental units, on a cost reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and waste water function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE 1--Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services.

Operating expenses for proprietary funds include the cost of source of supply, transmission and distribution maintenance, and administrative and general expenses, including depreciation and capital assets.

All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Cash

Cash includes cash on hand and demand deposits.

Investments

Investments include money markets fund and certificates of deposit and are stated at fair value.

Receivables

Receivables consist of all revenues earned at year-end but not yet received. Outstanding balances between funds are reported as "due to/from other funds".

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the governmental-wide financial statements as "internal balances".

Inventories

Inventories consist of expendable supplies held for the City's use and are carried at cost using the first-in, first-out method.

Prepaid

Prepaid amounts consist of payments for which the City will have a future benefit and will be used up at a date beyond the current year-end.

NOTE 1--Summary of Significant Accounting Policies (continued)

Capital Assets and Depreciation

Capital assets purchased or acquired with an original cost of $1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred. The City owns infrastructure assets such as water and sewer systems and roads and sidewalks. Depreciation on all assets is provided on the straight-line method.

Assets are depreciated over the following estimated useful lives:

Equipment and other	3-10 years
Vehicles	5-10 years
Buildings	50 years
Water and sewer mains	20-50 years
Water Towers	50 years
Water Meters	10-20 years
Other equipment	5-10 years
Infrastructure	5-50 years

The City elected not to retroactively report some infrastructure assets, which is allowable under the provisions of GASB 34.

Accounts Payable

Accounts payable consist of items from which the City benefited during the current fiscal year but has not yet paid.

Accrued Sick Leave

Accumulated and unused sick leave at year end is recognized as a liability of the respective funds in which each employee's wages are reported. The liability is calculated based upon various labor terms. Total accrued sick leave at June 30, 2013, was $84,973.

Unearned Revenue

Unearned revenue represents amounts for which the City has received or is due to receive but has not yet earned. The revenues are considered unearned until the proceeds have been fully expensed/expended.

NOTE 1--Summary of Significant Accounting Policies (continued)

Long-term Obligations

In the government-wide financial statements, and in the proprietary fund financial statements, long-term debt is 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. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Inter-fund Activity

Inter-fund activity is reported as payables and transfers. Both are eliminated upon consolidation.

Property Taxes

City property taxes are an enforceable lien on property, when levied on July 1. They are due without penalty on or before July 31. These summer tax bills include the City's own property taxes, and a portion of Saginaw County taxes billed on behalf of the Intermediate School District and Delta College. Real property taxes not collected as of March 1 are returned to Saginaw County for collection. The County settles with the City for 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Property taxes levied in July of each year are recognized as revenue in that year.

The City acts as a collection agent for a portion of Saginaw County, Saginaw ISD, Delta College and the Frankenmuth School District for winter property taxes. Taxes collected on behalf of these entities are turned over immediately following collection, and are accounted for in a designated agency fund. At December 31, 2012, the taxable value of real and personal property located in the City totaled $264,616,178, including industrial and commercial facilities. The City taxable value, exclusive of industrial facilities and commercial facilities tax units, amounted to $263,505,778.

NOTE 1--Summary of Significant Accounting Policies (continued)

Property Taxes (continued)

The levy for the year was based on the following rate:

	Millage Rate Used	Authorized Millage Rate by Either State Law or City Charter
General Operating	8.75	20* General

*Limited by Headlee amendment to 18.7860 mills

Fund Balance

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

- Non-spendable – 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 of Frankenmuth for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Council.
- Assigned – Intent to spend resources on specific purposes expressed by the City of Frankenmuth.
- Unassigned-Amounts that are available for any purpose.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 21, 2013, which is the date the financial statements were available to be issued.

NOTE 1--Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred* outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City had no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has no items that qualify for reporting in this category.

Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 2--Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

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

1. At their March meeting, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution at the April City Council meeting.
4. Formal budgetary integration is employed as a measurement control device during the year for all funds.
5. Budgets for all funds are adopted and have been prepared in accordance with accounting principles generally accepted in the United States of America.
6. The legal level of budgetary control adopted by the City is the activity level.
7. Adoption and amendments of all budgets used by the City are governed by Public Act 621. The appropriations resolutions are based on the projected expenditures budget of the department heads of the City. Any amendment to the original budget must meet the requirements of Public Act 621. The City did amend its budget for the fiscal year. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

NOTE 3--Deposits and Investments

The City is authorized, by the State of Michigan, to deposit its funds in banks, savings and loan associations, or credit unions having a principal office in Michigan.

The City is also authorized to invest in the following:

a. U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury STRIPS,
b. TINTS-Treasury Interest Securities,
c. PRINS or STRIPS-Treasury Principal Securities,
d. Certificates of Deposits, Saving Deposit Receipt and Savings Accounts,
e. Commercial Paper-short term unsecured debt obligation issued by a bank holding company, finance company, utility or industrial company to raise short term cash,
f. Repurchase Agreements,
g. Banker's Acceptance,
h. Investment Pools.

NOTE 3--Deposits and Investments (continued)

Cash and cash equivalents include demand deposits with original maturities of 90 days or less. All cash is held by federally insured financial institutions. The FDIC, SPIC and NCUA insure up to $250,000 in demand deposits; however, separately named accounts of a governmental entity in a single financial institution may not necessarily be treated as separate deposits for the $250,000 limitation. Investments consist of money market funds. These investments are carried at fair market value. A summary of cash and investments follow:

	Insured	Collateralized	Uninsured Uncollateralized	Total	Carrying Value
Governmental Activities					
Cash	$ 492,666	$ -	$ 1,478,692	$ 1,971,358	$ 2,303,999
Investments	176,382	-	500,954	677,336	677,344
Business-type Activities					
Cash	-	-	2,021,876	2,021,876	1,659,545
Investments	-		266,541	266,541	266,542
Total Deposits & Investments	$ 669,048	$ -	$ 4,268,063	$ 4,937,111	$ 4,907,430
Component Unit	$ -	$ -	$ 164,669	$ 164,669	$ 164,669

Some of the operating cash of the City is handled through a common checking account at a bank. Each Fund's share of the cash balance is accounted for by using a separate cash general ledger account within each fund.

The investment policy of the City is to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the City and comply with all state statutes governing the investment of public funds.

NOTE 4--Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Disposals	Balance June 30, 2013
GOVERNMENTAL ACTIVITIES				
Capital assets not subject to depreciation				
Land	$ 1,465,526	$ -	$ -	$ 1,465,526
Construction in progress	-	63,730		63,730
Subtotal	1,465,526	63,730	-	1,529,256
Capital assets subject to depreciation				
Infrastructure	8,891,371	270,130	-	9,161,501
Furniture and Equipment	1,495,077	93,382	43,950	1,544,509
Vehicles	1,376,553	41,457	12,011	1,405,999
Buildings	5,067,849	-	-	5,067,849
Subtotal	16,830,850	404,969	55,961	17,179,858
Accumulated Depreciation				
Infrastructure	3,658,341	384,356	-	4,042,697
Furniture and Equipment	1,046,527	96,183	30,809	1,111,901
Vehicles	992,269	55,183	12,011	1,035,441
Buildings	2,148,118	145,208	-	2,293,326
Subtotal	7,845,255	680,930	42,820	8,483,365
Net capital assets being depreciated	8,985,595	(275,961)	13,141	8,696,493
Net governmental capital assets	$ 10,451,121	$ (212,231)	$ 13,141	$ 10,225,749

BUSINESS-TYPE ACTIVITIES	Balance July 1, 2012	Adjustments Additions	Adjustments Disposals	Balance June 30, 2013
Capital assets not subject to depreciation				
Land	$ 22,963	$ -	$ -	$ 22,963
Subtotal	22,963	-	-	22,963
Capital assets subject to depreciation				
Buildings	18,170,822	19,694	-	18,190,516
Water towers	533,842	-	-	533,842
Distribution systems	6,402,584	7,731	5,330	6,404,985
Collection systems	4,152,338	57,827	-	4,210,165
Machinery & equipment	1,574,332	235,038	8,261	1,801,109
Meters & boxes	390,513	4,909	-	395,422
Furniture & fixtures	72,652	8,262	-	80,914
Subtotal	31,297,083	333,461	13,591	31,616,953
Accumulated Depreciation				
Buildings	13,365,521	611,894	-	13,977,415
Water towers	375,136	10,286	-	385,422
Distribution systems	3,991,883	233,513	-	4,225,396
Collection systems	2,087,163	162,090	-	2,249,253
Machinery & equipment	1,210,213	69,047	-	1,279,260
Meters & boxes	296,425	11,824	-	308,249
Furniture & fixtures	57,829	2,041	-	59,870
Subtotal	21,384,170	1,100,695	-	22,484,865
Net capital assets being depreciated	9,912,913	(767,234)	13,591	9,132,088
Net Business-type capital assets	$ 9,935,876	$ (767,234)	$ 13,591	$ 9,155,051

NOTE 4--Capital Assets (continued)

Depreciation expense was charged as follows:

Governmental activities:	
General government	$ 45,245
Public safety	26,393
Public works	9,730
Recreation and culture	170,941
Economic Development - DDA	289,732
Highway & Streets	41,218
Internal Service	97,671
Total governmental activities	$ 680,930
Business-type activities:	
Waste Water Treatment	$ 828,865
Water	271,830
Total business-type activities	1,100,695

NOTE 5--Inter-fund Receivables, Payables and Transfers

The composition of inter-fund balances as of June 30, 2013, is as follows:

Due To/From Other Funds

Receivable		Payable	
General	$ 31,177	Major Street	$ 31,177
	92,350	Local	92,350
	8,225	Parks & Recreation	8,225
	5,472	DDA	5,472
	393	Building	393
	201,712	Waste Water	201,712
	2,320	Water	2,320
	488	Equipment	488
	1,288	General	1,288
	$ 343,425		$ 343,425
Building	$ 5	Parks & Recreation	$ 5
Drug	$ 2,552	General	$ 2,552
DDA	$ 130	General	130
	$ 130		$ 130
Capital projects	$ 1,208,511	General	$ 1,208,511

Receivable		Payable	
Waste Water	$ 344	General	$ 344
	799	Parks & Recreation	799
	36	DDA	36
	2,133	Water	2,133
	$ 3,312		$ 3,312
Water	$ 8,543	General	$ 8,543
	946	Local Street	946
	73	Major Street	73
	1,212	Parks & Recreation	1,212
	72	Equipment	72
	1,945	DDA	1,945
	6,318	Waste Water	6,318
	$ 19,109		$ 19,109
Equipment	$ 23,588	General	$ 23,588
	9,533	Major Street	9,533
	12,414	Local Street	12,414
	21,808	Parks & Recreation	21,808
	5,223	DDA	5,223
	15,813	Waste Water	15,813
	20,448	Water	20,448
	$ 108,827		$ 108,827

NOTE 5--Inter-fund Receivables, Payables and Transfers (continued)

The majority of the interfund receivables and payables for the City consist of amounts due to the general fund for administrative charges, to water and waste funds for service charges, and to the equipment fund for equipment rental charges. The majority of interfund transfers consisted of payments from the general fund for operations of the special revenue funds and transfers to debt service for the payment of bond principal and interest.

The composition of inter-fund transfers as of June 30, 2013, is as follows:

Transfers In/Out

Transfers In		Transfers Out		Transfers In		Transfers Out	
General	$ 37,000	Debt Service	$ 37,000	Debt Service	$ 101,682	General	$ 101,682
				Debt Service	77,920	Major Street	77,920
Local Street	$ 185,000	General	$ 185,000	Debt Service	17,169	Local Street	17,169
	33,000	Major Street	33,000	Debt Service	711,988	DDA	711,988
	$ 218,000		$ 218,000		$ 908,759		$ 908,759
Parks	$ 258,000	General	$ 258,000	Capital projects	$ 36,773	General	$ 36,773

NOTE 6--Defined Benefit Pension Plan

Plan Description

The City's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board, Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (800) 767-6377. Employees hired after January 1, 2007 will participate in a hybrid plan with an employer match at 4% and a mandatory employee match of 4%.

Funding Policy

The City is required to contribute at an actuarially determined rate; the rate at June 30, 2013 was a flat rate for all employees other than new hires. City employees are required to contribute 4.5% of their annual compensation. The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the City depending on the MERS contribution program adopted by the City.

NOTE 6—Defined Benefit Pension Plan (continued)

Annual Pension Cost

For the year ended June 30, 2013, the City's annual pension cost of $266,318 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2011, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) an assumed rate of investment return, which is used to discount liabilities and project what plan assets will earn, (b) a mortality table projecting the number of employees who will die before retirement and duration of benefit payments after retirement, (c) assumed retirement rates projecting when employees will retire and commence receiving benefits, (d) a set of withdrawal and disability rates to estimate the number of employees who will leave the work force before retirement, (e) assumed rates of salary increase to project employees' compensation in future years. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect market value.

Three-year Trend information

Fiscal Year Ended	Annual Pension Cost	Percentage of APC Contributed
6/30/2011	$ 278,125	100%
6/30/2012	$ 288,112	100%
6/30/2013	$ 266,318	100%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded (Over Funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
12/31/2010	$ 9,523,092	$ 12,086,754	$2,563,662	79%	$ 1,676,286	153%
12/31/2011	$ 9,758,477	$ 12,831,148	$3,072,671	76%	$ 1,583,491	194%
12/31/2012	$ 9,912,884	$ 13,310,250	$3,397,366	75%	$ 1,613,444	211%

NOTE 7--Unemployment Compensation

The City is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the City must reimburse the Employment Commission for all benefits charged against the City. For the year ended June 30, 2013, the City incurred $17 in unemployment expenditures.

NOTE 8--Long-Term Debt

Long-term debt obligations for the year ended June 30, 2013, were as follows:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Current Portion
Governmental Activities					
General Obligation Bonds					
1997 General Fund Streetscape Amount of issue: $1,200,000 Maturing through 10/1/16	$ 445,000	$ -	$ 80,000	$ 365,000	$ 85,000
1999 Major Street Bonds Amount of issue: $332,000 Maturing through 9/1/14	60,000	-	20,000	40,000	20,000
1999 MTF Bonds Amount of issue: $380,000 Maturing through 3/1/13	30,000	-	30,000	-	-
2012 Capital Improvement Bonds Amount of issue: $875,000 Maturing through 10/01/2022	-	875,000	-	875,000	88,000
2005 Downtown Development Refunding Bonds Amount of issue: $3,260,000 Maturing through 05/01/2021	2,235,000	-	310,000	1,925,000	315,000
Land Acquisition 2007 Debt Service Amount of issue: $775,000 Maturing through 01/01/2013	612,672	-	612,672	-	-
Total Governmental Activities General Obligation Bonds	$ 3,382,672	$ 875,000	$ 1,052,672	$ 3,205,000	$ 508,000

Governmental Activities Special Assessment Bonds	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Current Portion
2001 DDA Phase 3 Bonds Amount of issue: $750,000 Maturing through 10/1/25	$ 315,000	$ -	$ 45,000	$ 270,000	$ 45,000
1999 Major Street Bonds Amount of issue: $332,000 Maturing through 9/1/14	60,000	-	20,000	40,000	20,000
2004 Weiss Street Bonds Amount of issue: $1,800,000 Maturing through 4/1/24	1,305,000	-	75,000	1,230,000	80,000
2001 DDA Snowmelt Bonds Amount of issue: $490,000 Maturing through 9/1/16	200,000	-	40,000	160,000	40,000
2010 DDA refunding bonds Amount of issue: $855,000 Maturing through 10/1/2025	785,000	-	70,000	715,000	70,000
Total Governmental Activities Special Assessment Bonds	$ 2,665,000	$ -	$ 250,000	$ 2,415,000	$ 255,000

NOTE 8--Long-Term Debt (continued)

The 2001 DDA Phase 3 bonds are related to debt in both the Governmental activities and the Business-type activities. Of the $270,000 balance, $76,950 is debt held in the Waste Water Treatment Fund.

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Current Portion
Business-type Activities					
General Obligation Bonds					
2001 Waste Treatment Bonds					
Amount of issue: $300,000					
Maturing through 10/1/15	$ 105,000	$ -	$ 25,000	$ 80,000	$ 25,000
1999 Waste Treatment SRF Bonds					
Amount of issue: $6,645,000					
Maturing through 4/1/19	2,665,000	-	355,000	2,310,000	365,000
Total Business-type Activities	$ 2,770,000	$ -	$ 380,000	$ 2,390,000	$ 390,000

Annual debt service requirements to maturity for the above governmental and business-type bonds and contracts are as follows:

	Governmental Activities			Business-type Activities		
June 30,	Principal	Interest	Total	Principal	Interest	Total
2014	$ 763,000	$ 226,364	$ 989,364	$ 390,000	$ 55,351	$ 445,351
2015	783,000	193,087	976,087	395,000	45,887	440,887
2016	768,000	159,637	927,637	410,000	36,188	446,188
2017	748,000	129,515	877,515	390,000	26,888	416,888
2018	458,000	100,785	558,785	400,000	18,112	418,112
2019-2023	1,880,000	249,071	2,129,071	405,000	9,112	414,112
2024-2026	220,000	11,236	231,236	-	-	-
Totals	$ 5,620,000	$ 1,069,695	$ 6,689,695	$ 2,390,000	$ 191,538	$ 2,581,538

For the year ended June 30, 2013, the total interest paid on long-term debt was $386,698.

Total principal paid on long-term debt for the City totaled $1,682,672 for the year ended June 30, 2013.

NOTE 9—Restricted, Non-Spendable, Committed and Assigned Fund Balance

The general fund, parks and recreation fund and the DDA fund have non-spendable fund balances in the amounts of $63,269 $4,363, and $684 respectively for prepaid expenditures. The general fund has $25,731 in non-spendable fund balance for inventories. The major street and local street have restricted fund balances for street repairs in the amounts of $160,783 and $47,065, respectively. The DDA has committed $64,285 in prepaid special assessments for future debt service and $70,000 for capital replacements. Parks and recreations, the DDA fund and the Drug enforcement fund have the following fund balance amounts assigned for that fund purpose: $12,077, $205,354 and $2,552. The general fund has committed fund balance in the amount of $61,950 for a reduction in the 2013-2014 fiscal year fund balance.

NOTE 10--Downtown Development Authority Captured Value

The Downtown Development Authority initial assessed valuation was established when the district was set. Subsequent to that initial value, additions and deletions to that valuation are captured and tax dollars from that captured value are recorded in the Downtown Development Authority Fund. Proposal A changed the formula to exclude school operating millage in the captured formula.

NOTE 11--Self-Insurance Program

The City of Frankenmuth offers a dental and medical plan to all full-time employees. The City established a fund for these claims through Michigan Employee Benefit Services. Employee claims are handled through MEBS. The City is billed for the excess of the claims over the fund.

NOTE 12--Risk Management

The City of Frankenmuth is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2013, the City of Frankenmuth participated in the Michigan Municipal League Liability and Property Pool, a public entity risk pool currently operating as a common risk management program for municipalities in the State of Michigan. The City Council pays an annual premium to the pool for its general insurance coverage. The pool is self-sustaining through member premiums.

During the year ended June 30, 2013, the City also participated in the Michigan Municipal League Worker's Compensation Self-Insurer's Fund (SIF) for its workers' compensation benefits. The SIF is also a common risk management program for municipalities in the State of Michigan and is self-sustaining through premiums. In the event of unusually high claims, both the SIP and the SIF have the authority to bill the members retroactively. The City continues to carry commercial insurance for other risks of loss, including employee health and property insurance.

NOTE 13--Post Employment Health Benefits

Plan Description

1. The City of Frankenmuth Retiree Medical Plan is a single employer plan administered by The City of Frankenmuth.
2. The plan was established by The City of Frankenmuth and can be amended at its discretion.
3. Membership of the plan consisted of the following for the 2013 valuation:

	Non-Union	Union	Total
Retirees and survivors	3	1	4
Active plan members	19	6	25
Total plan members	22	7	29

Funding Policy

1. The City of Frankenmuth has the authority to establish and amend the obligations of The City of Frankenmuth and plan members to contribute to the plan.
2. Actively employed plan members are currently not obligated to make contributions to the plan.
3. Only benefit payments directly to or on behalf of retirees from general operating funds will be counted as plan contributions.

Annual Cost for Other Post-Employment Benefits (OPEB) – 06/30/2013

Annual required contribution (ARC)	$	23,951
Interest on net OPEB obligation		(93)
Less adjustments to ARC		137
Annual OPEB cost		23,995
Amounts contributed:		
Payments of current premiums		25,796
Advance funding		-
Increase (decrease) in net OPEB obligation		(1,801)
OPEB obligation beginning of year		(2,326)
OPEB obligating end of the year	$	(4,127)

Plan Contributions

(1)	(2)	(3)	(4)	(5)
			Ratio	Net OPEB Obligation
Fiscal Year Ending	Annual OPEB Cost	Contribution*	(3)/(2)	at End of Year
6/30/2010	$24,633	$22,702	92%	$1,931
6/30/2011	$23,862	$24,170	101%	$1,591
6/30/2012	$23,149	$26,970	117%	-$2,326
6/30/2013	$23,951	$25,796	108%	-$4,127

NOTE 13--Post Employment Health Benefits (continued)

Actuarial assumptions (required supplementary information)

The information required for reporting purposes from the most recent actuarial valuation (regarding actuarial methods and assumptions used to determine the ARC) is listed below.

Valuation date	June 30, 2013
Actuarial cost method	Projected Unit Credit (level dollar)
Amortization method	Level dollar, closed
Remaining amortization period	27 years (30 initially at June 30, 2010).

Actuarial assumptions:

Discount rate 4.0%

Mortality rate IRS 1.430(h) Annuitant (sex distinct) Mortality Table

	Years of Service	Rate	Age	Rate
Turnover rates	0	18%	30	9%
	1	18	35	7
	2	16	40	5
	3	12	45	4
	4	10	50	4

	Age	Rate	Age	Rate
Retirement	50-53	22%	60	20%
	54	24	61-63	24
	55	18	64	27
	56	14	65-69	30
	57	16	70	100
	58-59	18		

Marital Status	70% will have covered spouse at retirement with females 3 years younger than males; actual spouse coverage used for retirees
Monthly medical stipend	$450.00
Medical inflation rates	N/A; monthly amount capped
Co-pay reimbursement	$100.00 per person per year

NOTE 13--Post Employment Health Benefits (continued)

Actuarial valuation information

		First Preceding Report	Current Year Report
a.	Valuation date	6/30/2010	06/30/2013
b.	Market value of plan assets	$ 0	$ 0
c.	Actuarial accrued liability	265,241	280,395
d.	Unfunded actuarial liability	265,241	280,395
e.	Funded ratio, = (b)÷(c)	0%	0%
f.	Covered payroll	Not Available	Not Available
g.	Unfunded liability payroll ratio, = (d)÷(f)	Not Available	Not Available

Factors Significantly Affecting Trends

1. Mortality table updated to 2013 table.
2. Impact of Affordable Care Act considered.

NOTE 14--Contingencies and Commitments

The City is a third party guarantor of a loan between the Frankenmuth Chamber of Commerce and Frankenmuth Credit Union in the amount of $222,184 for remodeling of the Chamber building which the Chamber leases from the City.

NOTE 15--Joint Venture

In 1960, the City entered into a Joint Venture with the Township of Frankenmuth to form the Frankenmuth City-Township Commission. The Commission manages jointly owned property and equipment. The City contributes to the Frankenmuth City-Township Commission based upon the adopted budget of the Commission. Contributions to the Commission for the year ended June 30, 2013, are as follows: General Fund $69,135 Fire Fund $134,932, Cemetery $2,997 and Debt Service $67,419.

NOTE 16--Advances

During the year ended June 30, 2012 the water fund advanced the waste treatment fund $856,300 to pay off waste treatment bonded debt. The advance is to be paid off October 2016. Interest is set at 2%. The balance of the advance at June 30, 2013 was $696,650.

NOTE 17--Advance Refund of Bond Resulting in Defeasance of Debt

During the fiscal year ended June 30, 2006, the City issued $3,260,000 in general obligation-refunding bonds with interest rates ranging between 2.75% to 4.40%. The City issued the bonds to advance refund $3,150,000 of the outstanding series 1997 Downtown Development Bonds, 2000 Downtown Development Bonds and 2001 Downtown Development Bonds with interest rates ranging from 4.85% to 5.75%. The City used the net proceeds along with other sources to purchase State and Local Government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded series bonds. As a result, the above mentioned series bonds are considered defeased, and the City has removed the liability from its accounts. The outstanding principal of the defeased bonds is $1,935,000 as of June 30, 2013.

The advance refunding reduced the total debt service payments over 20 years by $140,638. This results in an economic gain (the difference between the present values of the debt service payments on the old and new debt) of $101,184.

During the fiscal year ended June 30, 2011, the City issued $855,000 in general obligation-refunding bonds with interest rates ranging between 4.0% to 5.0%. The City issued the bonds to advance refund $1,045,000 of the outstanding series 1997 Special Assessment Bonds, 1999 Street Improvement Bonds and 2000 Punic Improvement Bonds with interest rates ranging from 5.1% to 6.1%. The City used the net proceeds along with other sources to purchase State and Local Government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded series bonds. As a result, the above mentioned series bonds are considered defeased, and the City has removed the liability from its accounts. The outstanding principal of the defeased bonds is $880,000 as of June 30, 2013.

The advance refunding reduced the total debt service payments over 14 years by $133,085. This results in an economic gain (the difference between the present values of the debt service payments on the old and new debt) of $59,096.

NOTE 18--New Accounting Pronouncement

For the year ended June 30, 2013 the City implemented the following new pronouncements:

GASB Statement 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*

Summary:

The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure

GASB Statement 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and 65 Items previously reported as Assets and Liabilities.*

Summary:

These Statements provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statements No. 4, *Elements of Financial Statements,* introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

NOTE 19--Upcoming Accounting Pronouncement

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* was issued by the GASB in June 2012 and will be effective for the City's 2015 fiscal year. The Statement requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

NOTE 20--Subsequent Events

After the year ended June 30, 2013, the City issued bonds to finance the EDC business park project. Limited Tax General Obligation bonds were sold in the amount of $1,750,000 at a net interest of 4.1824%.

REQUIRED SUPPLEMENTAL INFORMATION

City of Frankenmuth
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Amended Budget	Revenue and Expenditures Actual	Over (Under) Budget
Revenues				
Taxes	$ 1,914,000	$ 1,914,000	$ 1,959,186	$ 45,186
State revenue	359,000	359,000	396,918	37,918
Licenses and permits	22,000	10,000	12,253	2,253
Charges for Service	1,113,100	1,119,100	1,142,174	23,074
Fines and forfeits	3,000	15,000	10,810	(4,190)
Other revenues	280,000	776,500	340,596	(435,904)
Total Revenues	3,691,100	4,193,600	3,861,937	(331,663)
Expenditures				
General Government	1,113,900	1,113,900	1,134,611	20,711
Public Safety	1,698,800	2,675,935	1,384,078	(1,291,857)
Highways and streets	114,000	114,000	77,920	(36,080)
Sanitation	276,300	276,300	272,274	(4,026)
Other Expenditures	249,200	303,600	282,143	(21,457)
Total Expenditures	3,452,200	4,483,735	3,151,026	(1,332,709)
Excess (Deficiency) of Revenues over Expenditures	238,900	(290,135)	710,911	1,001,046
Other Financing Sources (Uses)				
Operating Transfers In (Out)	(265,400)	(354,814)	(1,230,807)	(875,993)
Total Other Financing Sources (Uses)	(265,400)	(354,814)	(1,230,807)	(875,993)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(26,500)	(644,949)	(519,896)	125,053
Fund Balances, Beginning	1,677,523	1,677,523	1,677,523	-
Fund Balances, Ending	$ 1,651,023	$ 1,032,574	$ 1,157,627	$ 125,053

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Major Street Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Amended Budget	Revenues and Expenditures Actual
Revenues			
State	$ 212,700	$ 212,700	$ 238,401
Other revenues	29,000	29,000	27,698
Total Revenues	241,700	241,700	266,099
Expenditures			
Public works	229,500	229,500	180,183
Total Expenditures	229,500	229,500	180,183
Excess (Deficiency) of Revenues over Expenditures	12,200	12,200	85,916
Other Financing Sources (Uses)			
Operating transfers (out)	(109,720)	(109,720)	(110,920)
Total Other Financing Sources (Uses)	(109,720)	(109,720)	(110,920)
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(97,520)	(97,520)	(25,004)
Fund Balances, Beginning	185,787	185,787	185,787
Fund Balances, Ending	$ 88,267	$ 88,267	$ 160,783

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Local Street Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Amended Budget	Revenues and Expenditures Actual
Revenues			
State	$ 87,000	$ 87,000	$ 93,504
Other revenues	183,000	183,000	197,234
Total Revenues	270,000	270,000	290,738
Expenditures			
Public works	480,400	480,400	475,615
Total Expenditures	480,400	480,400	475,615
Excess (Deficiency) of Revenues over Expenditures	(210,400)	(210,400)	(184,877)
Other Financing Sources (Uses)			
Operating transfers in	218,000	218,000	218,000
Operating transfers (out)	(17,100)	(17,100)	(17,169)
Total Other Financing Sources (Uses)	200,900	200,900	200,831
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(9,500)	(9,500)	15,954
Fund Balances, Beginning	31,111	31,111	31,111
Fund Balances, Ending	$ 21,611	$ 21,611	$ 47,065

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Parks and Recreation Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Amended Budget	Revenues and Expenditures Actual
Revenues			
Other Governmental Units	$ 13,000	$ 46,000	$ 41,000
Charges for Services	136,000	156,000	154,190
Interest	1,000	500	466
Donations	43,000	20,000	6,774
Utilities reimbursement	9,000	9,000	12,389
Miscellaneous	9,500	8,500	10,353
Nonresident fees	4,500	5,000	5,002
Total Revenues	216,000	245,000	230,174
Expenditures			
Administration	148,200	133,665	141,404
Parks division	265,500	302,500	315,864
Recreation	60,300	63,300	61,597
Total expenditures	474,000	499,465	518,865
Excess of revenues over expenditures	(258,000)	(254,465)	(288,691)
Other financing sources (uses)			
Transfer net	258,000	258,000	258,000
Total other financing sources (uses)	258,000	258,000	258,000
Excess revenues and other financing sources over expenditures and other (uses)	-	3,535	(30,691)
Fund balance, beginning	47,131	47,131	47,131
Fund balance, ending	$ 47,131	$ 50,666	$ 16,440

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
DDA Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Amended Budget	Revenues and Expenditures Actual
Revenues			
Taxes levied	$ 42,000	$ 42,000	$ 41,700
Taxes captured	889,287	889,287	784,030
Total Taxes	931,287	931,287	825,730
Other Revenue			
Special assessments	173,735	118,738	138,270
Interest earnings	3,000	57,000	57,184
Miscellaneous	1,000	1,000	8,438
Total other revenues	177,735	176,738	203,892
Total revenues	1,109,022	1,108,025	1,029,622
Expenditures			
Administration	225,260	225,260	176,734
Maintenance	241,650	241,650	308,804
Total expenditures	466,910	466,910	485,538
Excess of revenues over expenditures	642,112	641,115	544,084
Other financing sources (uses)			
Transfer out	(710,433)	(710,433)	(711,989)
Total other financing sources (uses)	(710,433)	(710,433)	(711,989)
Excess revenues and other financing sources over expenditures and other (uses)	(68,321)	(69,318)	(167,905)
Fund balance, beginning	508,228	508,228	508,228
Fund balance, ending	$ 439,907	$ 438,910	$ 340,323

The accompanying notes are an integral part of these financial statements.

OTHER SUPPLEMENTAL INFORMATION

CITY OF FRANKENMUTH
GENRAL FUND

City of Frankenmuth
General Fund
Comparative Balance Sheets
June 30, 2013 and 2012

Assets	2013	2012
Cash	$ 1,453,897	$ 571,669
Investments	677,344	1,054,336
Receivables		
Other	-	7,092
Accounts	120,219	120,428
Special assessment receivable	6,465	8,430
Due from other funds	343,425	365,878
Due from other governmental units	12,665	15,285
Inventory, supplies	25,731	27,863
Prepaid expenditures	63,269	67,841
Total Assets	$ 2,703,015	$ 2,238,822
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$ 113,632	$ 132,232
Due to other funds	1,244,956	73,576
Accrued expenditures	73,015	70,895
Unearned revenue	113,785	284,596
Total Liabilities	1,545,388	561,299
Fund Balance		
Non-spendable		
Prepaid expenditures	63,269	67,841
Inventories	25,731	27,863
Assigned for budget	61,950	26,500
Unassigned	1,006,677	1,555,319
Total Fund Balance	1,157,627	1,677,523
Total Liabilities and Fund Balance	$ 2,703,015	$ 2,238,822

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes	$ 1,914,000	$ 1,959,186	$ 45,186	$ 1,981,182
State revenue	359,000	396,918	37,918	395,994
Licenses and permits	10,000	12,253	2,253	11,804
Charge for services	1,119,100	1,142,174	23,074	1,132,402
Fine and forfeits	15,000	10,810	(4,190)	13,102
Other revenues	776,500	340,596	(435,904)	678,656
Total revenues	4,193,600	3,861,937	(331,663)	4,213,140
Expenditures				
General government	1,113,900	1,134,611	20,711	1,125,338
Public safety	2,675,935	1,384,078	(1,291,857)	1,382,528
Highway and streets	114,000	77,920	(36,080)	108,136
Sanitation	276,300	272,274	(4,026)	276,128
Other expenditures	303,600	282,143	(21,457)	576,850
Total expenditures	4,483,735	3,151,026	(1,332,709)	3,468,980
Excess of revenues over expenditures	(290,135)	710,911	1,001,046	744,160
Other financing sources (uses)				
(Uses)	(354,814)	(1,230,807)	(875,993)	(795,502)
Total other financing sources (uses)	(354,814)	(1,230,807)	(875,993)	(795,502)
Excess revenues and other financing sources over expenditures and other (uses)	(644,949)	(519,896)	125,053	(51,342)
Fund balance, beginning	1,677,523	1,677,523	-	1,728,865
Fund balance, ending	$ 1,032,574	$ 1,157,627	$ 125,053	$ 1,677,523

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
General Fund-Statement of Revenues
Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes				
Real property taxes	$ 1,640,000	$ 1,687,665	$ 47,665	$ 1,707,882
Personal property taxes	174,000	167,333	(6,667)	168,143
Administration fee	100,000	104,188	4,188	105,157
Total taxes	1,914,000	1,959,186	45,186	1,981,182
State revenues				
PA #48 maintenance fee	15,000	22,716	7,716	24,618
State grant - PA#302	2,000	1,637	(363)	1,609
State liquor licenses	12,000	12,689	689	12,852
State shared revenue	330,000	359,876	29,876	356,915
Total state revenues	359,000	396,918	37,918	395,994
Fees				
Zoning fees	10,000	12,253	2,253	11,804
Charges for services				
Marriage fees	500	-	(500)	563
Customer services	110,000	94,669	(15,331)	128,758
Reserve police services	12,000	12,993	993	11,228
Refuse collection	324,000	325,989	1,989	324,209
Township police services	224,600	224,608	8	215,094
Recovery of benefits	115,000	137,306	22,306	116,671
DPW fringe benefit recovery	156,000	168,487	12,487	173,694
Administration fee	177,000	178,122	1,122	162,185
Total charges for services	1,119,100	1,142,174	23,074	1,132,402
Fines and forfeits				
Penalties on tax collections	12,000	7,134	(4,866)	9,505
Ordinance fines	1,000	1,020	20	1,005
Penalties on refuse collection	2,000	2,656	656	2,592
Total fines and forfeits	15,000	10,810	(4,190)	13,102
Other revenues				
Interest	22,000	2,239	(19,761)	29,282
Sale of fixed assets	1,000	-	(1,000)	-
Donations	548,500	136,876	(411,624)	201,612
Sister City	20,000	29,741	9,741	28,880
Sister City Fountain	54,000	17,349	(36,651)	277,690
Miscellaneous	26,000	38,613	12,613	34,114
Tower site leases	29,000	34,878	5,878	30,670
Franchise fees	74,000	79,480	5,480	74,434
Special assessments	2,000	1,420	(580)	1,974
Total other revenues	776,500	340,596	(435,904)	678,656
Total revenues	$ 4,193,600	$ 3,861,937	$ (331,663)	$ 4,213,140

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
General Fund
Statement of Expenditures Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Expenditures				
General Government				
Election	$ 9,000	$ 9,700	$ 700	$ 7,116
Independent audit	11,000	14,295	3,295	10,730
Assessor	48,400	43,309	(5,091)	25,686
General office staff	514,800	539,101	24,301	545,772
City-Township hall and grounds	76,600	70,741	(5,859)	71,674
City property	80,000	78,566	(1,434)	91,500
City-Township cemetery	3,000	2,997	(3)	2,651
City Hall	70,500	50,533	(19,967)	55,577
Other personal services and supplies	300,600	325,369	24,769	314,632
Total General Government	1,113,900	1,134,611	20,711	1,125,338
Public Safety				
Police department	1,123,035	1,135,343	12,308	1,119,703
Fire protection	198,900	206,351	7,451	201,536
Flood protection	1,354,000	42,384	(1,311,616)	61,289
Total Public Safety	2,675,935	1,384,078	(1,291,857)	1,382,528
Highways and Streets				
Street lighting	114,000	77,920	(36,080)	108,136
Sanitation				
Refuse collection	276,300	272,274	(4,026)	276,128
Other Expenditures				
Engineering and supervision	70,700	88,052	17,352	85,450
City Beautification Committee	124,300	119,079	(5,221)	127,573
Insurance and bonds	16,000	16,525	525	15,482
Michigan Week activities	2,000	4,365	2,365	-
Sister City Committee activities	27,500	24,985	(2,515)	43,082
Sister City Fountain	52,200	17,349	(34,851)	294,369
Economic Development program	5,900	5,547	(353)	6,405
DDA special assessments	4,000	3,987	(13)	3,370
Other community promotion	1,000	2,254	1,254	1,119
Total Other Expenditures	303,600	282,143	(21,457)	576,850
Total Expenditures	4,483,735	3,151,026	(1,332,709)	3,468,980

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
General Fund
Statement of Expenditures Budget and Actual (continued)
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Other Financing Uses (Sources)				
Bond proceeds	(875,000)	-	875,000	-
Operating transfers out (in)		-		
Debt Service	-	(37,000)	(37,000)	-
Major Street Fund	-	-	-	50,000
Local Street Fund	185,000	185,000	-	210,000
Parks and Recreation Fund	258,000	258,000	-	280,000
Capital projects	13,125	36,773	23,648	-
2000 DDA G.O.	101,400	101,682	282	100,694
Debt Service Funds				
Land Acquisition 2007 Debt Service	672,289	678,852	6,563	71,130
Harvey Kern Pavilion G.O.	-	-	-	83,678
Bonding costs		7,500	7,500	-
Total Other Financing Uses (sources)	354,814	1,230,807	875,993	795,502
Total Expenditures and Other Financing Uses	$ 4,838,549	$ 4,381,833	$ (456,716)	$ 4,264,482

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH
SPECIAL REVENUE FUNDS

Major Street

Local Street

Parks and Recreation

Downtown Development Authority

Drug Law Enforcement

City of Frankenmuth
Major Street Fund
Comparative Balance Sheets
June 30, 2013 and 2012

Assets	2013	2012
Cash	$ 154,062	$ 169,653
Due from other governmental units	41,504	41,092
Special assessment receivable	13,598	23,521
Total Assets	$ 209,164	$ 234,266
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$ 350	$ 16
Due to other funds	40,783	34,867
Unearned revenue	7,248	13,596
Total Liabilities	48,381	48,479
Fund balance-Restricted	160,783	185,787
Total Liabilities and Fund Balance	$ 209,164	$ 234,266

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Major Street Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
State revenue				
Local roads program	$ 7,700	$ 8,210	$ 510	$ 8,134
Jobs today	-	1,440	1,440	-
State gas and weight tax	205,000	228,751	23,751	225,116
Total State Revenues	212,700	238,401	25,701	233,250
Other revenues				
Interest	3,000	1,857	(1,143)	4,962
Miscellaneous	16,000	19,492	3,492	11,481
Special Assessments	10,000	6,349	(3,651)	9,924
Total Other Revenues	29,000	27,698	(1,302)	26,367
Total Revenues	241,700	266,099	24,399	259,617
Expenditures				
Highway and Streets				
Routine maintenance	70,000	53,148	(16,852)	38,099
Traffic services, maintenance	20,000	14,920	(5,080)	18,767
Signal charges and channel service	7,500	3,131	(4,369)	3,289
Winter maintenance	40,000	20,441	(19,559)	18,777
Admin. and engineering	20,000	23,696	3,696	23,324
State Trunkline maintenance	20,000	23,576	3,576	16,640
Tree planting and maintenance	30,000	18,621	(11,379)	27,473
Sidewalks	22,000	22,650	650	20,419
Total Expenditures	229,500	180,183	(49,317)	166,788
Excess of Revenues Over Expenditures	12,200	85,916	73,716	92,829
Other Financing Sources (Uses)				
Operating transfers in	-	-	-	50,000
Debt service payment and transfers out	(109,720)	(110,920)	(1,200)	(119,465)
Total Other Financing Sources (Uses)	(109,720)	(110,920)	(1,200)	(69,465)
Excess of Revenues and Other Sources Over Expenditures and Other (Uses)	(97,520)	(25,004)	72,516	23,364
Fund Balance, Beginning	185,787	185,787	-	162,423
Fund Balance, Ending	$ 88,267	$ 160,783	$ 72,516	$ 185,787

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Local Street Fund
Comparative Balance Sheets
June 30, 2013 and 2012

Assets	2013	2012
Cash	$ 11,925	$ 43,986
Due from other governmental units	15,482	15,297
Accounts receivable	124,218	35
Special assessment receivable	3,497	5,241
Total Assets	$ 155,122	$ 64,559
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$ 126	$ 85
Due to other funds	105,710	29,868
Unearned revenue	2,221	3,495
Total Liabilities	108,057	33,448
Fund balance-Restricted	47,065	31,111
Total Liabilities and Fund Balance	$ 155,122	$ 64,559

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Local Street Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
State revenue				
Local roads program	$ 3,000	$ 3,240	$ 240	$ 3,216
State gas and weight tax	84,000	90,264	6,264	89,012
Total State Revenues	87,000	93,504	6,504	92,228
Other revenues				
Interest	1,000	368	(632)	890
Donations	180,000	194,438	14,438	6,451
Miscellaneous	-	1,153	1,153	915
Special Assessments	2,000	1,275	(725)	4,268
Total Other Revenues	183,000	197,234	14,234	12,524
Total Revenues	270,000	290,738	20,738	104,752
Expenditures				
Highway and Streets				
Improvements	240,000	252,784	12,784	61,319
Routine maintenance	109,000	90,115	(18,885)	73,346
Traffic services, maintenance	8,000	4,353	(3,647)	8,025
Winter maintenance	40,000	23,501	(16,499)	16,164
Admin. and engineering	8,400	9,350	950	9,222
Tree planting and maintenance	45,000	60,146	15,146	99,535
Sidewalks	30,000	35,366	5,366	34,706
Total Expenditures	480,400	475,615	(4,785)	302,317
Excess of Revenues Over Expenditures	(210,400)	(184,877)	25,523	(197,565)
Other Financing Sources (Uses)				
Operating transfer in	218,000	218,000	-	243,000
Operating transfer out	(17,100)	(17,169)	(69)	(17,755)
Total Other Financing Sources (Uses)	200,900	200,831	(69)	225,245
Excess of Revenues and Other Sources Over Expenditures and Other (Uses)	(9,500)	15,954	25,454	27,680
Fund Balance, Beginning	31,111	31,111	-	3,431
Fund Balance, Ending	$ 21,611	$ 47,065	$ 25,454	$ 31,111

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Parks and Recreation Fund
Comparative Balance Sheets
June 30, 2013 and 2012

Assets	2013	2012
Cash	$ 87,400	$ 126,149
Accounts receivable	15,012	13,425
Due from other funds	-	765
Due from other governmental units	28,000	-
Prepaid expenditures	4,363	4,770
Total Assets	$ 134,775	$ 145,109
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$ 19,758	$ 12,950
Due to other funds	32,049	27,918
Accrued expenditures	1,514	1,024
Unearned revenue	65,014	56,086
Total Liabilities	118,335	97,978
Fund balance		
Non-spendable		
Prepaid expenditures	4,363	4,770
Assigned	12,077	42,361
Total Fund Balance	16,440	47,131
Total Liabilities and Fund Balance	$ 134,775	$ 145,109

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Parks and Recreation Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Other Governmental Units				
State revenue	$ 33,000	$ 28,000	$ (5,000)	$ -
Frankenmuth Township	13,000	13,000	-	13,000
Total Other Governmental Units	46,000	41,000	(5,000)	13,000
Charges for Services				
Youth basketball	5,000	5,069	69	2,616
Men's volleyball	5,000	966	(4,034)	563
Women's volleyball	-	2,716	2,716	3,035
Men's slow pitch	4,500	4,719	219	4,584
Women's softball	7,000	4,462	(2,538)	7,646
Youth league	9,000	9,229	229	9,420
Co-ed volleyball	-	1,696	1,696	1,394
Miscellaneous	9,500	10,712	1,212	9,726
Ball diamonds rental	10,000	10,289	289	8,654
Scout building	10,500	11,487	987	8,591
Park facilities rental	95,500	92,845	(2,655)	81,706
Total Charge for Services	156,000	154,190	(1,810)	137,935
Other Revenue				
Interest	500	466	(34)	651
Donations	20,000	6,774	(13,226)	27,993
Utilities reimbursement	9,000	12,389	3,389	9,198
Miscellaneous	8,500	10,353	1,853	8,440
Nonresident fees	5,000	5,002	2	5,179
Total Other Revenues	43,000	34,984	(8,016)	51,461
Total Revenues	$ 245,000	$ 230,174	$ (14,826)	$ 202,396

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Parks and Recreation Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (continued)
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Expenditures				
Administration	$ 133,665	$ 141,404	$ 7,739	$ 150,532
Park Division				
Capital improvements	49,000	39,919	(9,081)	82,182
Utilities	22,000	24,624	2,624	23,515
Maintenance				
Memorial Park	64,500	72,554	8,054	58,965
Heritage Park	94,000	114,841	20,841	89,229
Other parks	30,000	24,042	(5,958)	21,643
Scout building	10,000	10,826	826	11,016
Harvey Kern Pavilion	33,000	29,058	(3,942)	31,636
Total Parks Division	302,500	315,864	13,364	318,186
Recreation				
Tennis	300	360	60	186
Ball diamonds	22,000	20,180	(1,820)	26,220
Skating rink	5,000	5,897	897	7,815
Volleyball	3,500	4,235	735	3,640
Youth basketball	4,500	4,405	(95)	2,085
Men's slow pitch	4,000	3,328	(672)	3,519
Women's softball	4,000	3,720	(280)	3,745
Youth league	6,500	5,668	(832)	6,734
Miscellaneous	13,500	13,804	304	11,400
Total Recreation Division	63,300	61,597	(1,703)	65,344
Total Expenditures	499,465	518,865	19,400	534,062
Excess (Deficiency) of Revenues Over Expenditures	(254,465)	(288,691)	(34,226)	(331,666)
Other Financing Sources				
Operating transfers in	258,000	258,000	-	280,000
Total Other Financing Sources	258,000	258,000	-	280,000
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	3,535	(30,691)	(34,226)	(51,666)
Fund Balance, Beginning	47,131	47,131	-	98,797
Fund Balance, Ending	$ 50,666	$ 16,440	$ (34,226)	$ 47,131

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Downtown Development Authority Fund
Comparative Balance Sheets
June 30, 2013 and 2012

Assets	2013	2012
Cash	$ 234,384	$ 353,899
Accounts receivable	2,842	10,459
Due from other governmental units	-	70,244
Due from other funds	130	504
Special assessment receivable	1,090,296	1,228,566
Prepaid expenditures	684	1,599
Total Assets	$ 1,328,336	$ 1,665,271
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$ 4,934	$ 24,082
Due to other funds	12,676	25,448
Unearned revenue	962,648	1,100,917
Accrued expenditures	7,755	6,596
Total Liabilities	988,013	1,157,043
Fund Balance		
Non-spendable		
Prepaid expenditures	684	1,599
Committed		
Prepaid special assessments	64,285	81,252
Capital replacements	70,000	60,000
Assigned	205,354	365,377
Total Fund Balance	340,323	508,228
Total Liabilities and Fund Balance	$ 1,328,336	$ 1,665,271

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Downtown Development Authority Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes levied	$ 42,000	$ 41,700	$ (300)	$ 41,731
Taxes captured	889,287	784,030	(105,257)	931,014
Total Taxes	931,287	825,730	(105,557)	972,745
Other Revenue				
DEQ grant	-	-	-	70,244
Special assessments	118,738	138,270	19,532	127,648
Interest earnings	3,000	2,321	(679)	2,688
Interest from special assessments	54,000	54,863	863	62,106
Miscellaneous	1,000	8,438	7,438	40,718
Total other revenues	176,738	203,892	27,154	303,404
Total revenues	1,108,025	1,029,622	(78,403)	1,276,149
Expenditures				
Administration	225,260	176,734	(48,526)	165,815
Maintenance	241,650	308,804	67,154	424,538
Total expenditures	466,910	485,538	18,628	590,353
Excess of revenues over expenditures	641,115	544,084	(97,031)	685,796
Other financing sources (uses)				
Transfer out	(710,433)	(711,989)	(1,556)	(713,703)
Total other financing sources (uses)	(710,433)	(711,989)	(1,556)	(713,703)
Excess revenues and other financing sources over expenditures and other (uses)	(69,318)	(167,905)	(98,587)	(27,907)
Fund balance, beginning	508,228	508,228	-	536,135
Fund balance, ending	$ 438,910	$ 340,323	$ (98,587)	$ 508,228

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Downtown Development Authority
Operating Statistics
For the Year Ended June 30, 2013

Memo Information:

	Ad Valorem		CFT/IFT	
	Real	Personal	Real/ Personal	Total
Initial assessed value:	$ 29,416,400	$ 10,046,900	$ 2,753,250	$ 42,216,550
Captured taxable value:				
Year ended June 30, 2013	$ 43,582,925	$ 4,035,800	$ (1,479,403)	$ 46,139,322
Year ended June 30, 2012	$ 45,648,930	$ 3,249,100	$ (164,818)	$ 48,733,212
Year ended June 30, 2011	$ 47,897,469	$ 4,747,000	$ (1,546,308)	$ 51,098,161
Year ended June 30, 2010	$ 47,964,369	$ 4,776,800	$ (2,452,566)	$ 50,288,603
Year ended June 30, 2009	$ 42,517,218	$ 5,058,287	$ (2,272,852)	$ 45,302,653
Year ended June 30, 2008	$ 43,725,184	$ 4,010,500	$ (2,361,152)	$ 45,374,532
Year ended June 30, 2007	$ 40,067,165	$ 4,395,000	$ (2,368,489)	$ 42,093,676
Year ended June 30, 2006	$ 37,289,823	$ 2,042,300	$ (2,387,450)	$ 36,944,673
Year ended June 30, 2005	$ 37,338,129	$ 1,771,700	$ (2,341,050)	$ 36,768,779
Year ended June 30, 2004	$ 32,951,377	$ 735,377	$ (1,878,450)	$ 31,808,304
Year ended June 30, 2003	$ 31,261,176	$ 354,755	$ (1,780,900)	$ 29,835,031

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Drug Law Enforcement Fund
Comparative Balance Sheets
June 30, 2013 and 2012

Assets	2013	2012
Due from other funds	$ 2,552	$ 436
Total Assets	$ 2,552	$ 436
Fund Balance		
Fund balance-Assigned	$ 2,552	$ 436
Total Fund Balance	$ 2,552	$ 436

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Drug Law Enforcement Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Drug forfeiture	$ 1,000	$ 2,116	$ 1,116	$ 250
Total revenue	1,000	2,116	1,116	250
Expenditures				
Contracted services	1,000	-	(1,000)	-
Total expenditures	1,000	-	(1,000)	-
Excess of revenues over expenditures	-	2,116	2,116	250
Fund balance, beginning	436	436	-	186
Fund balance, ending	$ 436	$ 2,552	$ 2,116	$ 436

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Component Unit
Construction Codes Group Authority
Balance Sheet
June 30, 2013 and 2012

Assets	2013	2012
Cash	$ 164,669	$ 137,939
Accounts Receivable	218	225
Due from other funds	5	1,094
Prepaid expenditures	3,042	3,168
Total Assets	$ 167,934	$ 142,426
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	$ 353	$ 196
Due to other funds	393	532
Total Liabilities	746	728
Fund balance-Assigned	167,188	141,698
Total Liabilities and Fund Balance	$ 167,934	$ 142,426

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Component Unit
Construction Codes Group Authority
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Building permits and plan reviews	$ 65,000	$ 69,763	$ 4,763	$ 72,087
Plumbing permits and plan reviews	10,000	9,136	(864)	12,100
Electrical permits and plan reviews	12,000	16,867	4,867	16,475
Mechanical permits and plan reviews	12,000	17,042	5,042	21,947
Interest	75	44	(31)	31
Miscellaneous	3,500	4,128	628	3,795
Total Revenues	102,575	116,980	14,405	126,435
Expenditures				
Administration	21,050	21,661	611	18,661
Building Inspection	40,950	41,404	454	34,030
Plumbing/Mechanical Inspections	14,000	14,520	520	14,307
Electrical Inspections	14,000	13,905	(95)	8,050
Total Expenditures	90,000	91,490	1,490	75,048
Excess (Deficiency) of revenues over expenditures	12,575	25,490	12,915	51,387
Fund Balance, Beginning	141,698	141,698	-	90,311
Fund Balance, Ending	$ 154,273	$ 167,188	$ 12,915	$ 141,698

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH
DEBT SERVICE FUNDS

1992 Woodland Acres

1997 S.A. DDA

2000 G.O. Streetscape

1999 W. Tuscola G.O.

1999 W. Tuscola S.A.

1999 MTF

2001 Georgetown G.O.

City of Frankenmuth

Debt Service Funds

Comparative Balance Sheets

June 30, 2013 and 2012

Assets	2013	2012
Special assessment receivable	$ -	$ 3,914
Due from other funds	-	32,784
Total Assets	$ -	$ 36,698
Liabilities and Fund Balances		
Deferred special assessments	-	3,113
Total Liabilities	-	3,113
Fund Balance-Restricted	-	33,585
Total Liabilities and Fund Balances	$ -	$ 36,698

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth

Debt Service Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2013

(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	1992 Woodland Acres Bond	2000 G.O. Streetscape	Refunded and 1997 S.A. DDA	1999 W. Tuscola G.O. Bonds	1999 W. Tuscola S.A. Bonds	1999 MTF	2001 Georgetown G.O.	Totals 2013	Totals 2012
Revenues									
Special assessments	$ 3,112	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,112	$ 800
Interest	303	-	-	-	-	-	-	303	264
Total revenues	3,415	-	-	-	-	-	-	3,415	1,064
Expenditures									
Debt service									
Principal retirement	-	80,000	514,350	20,000	20,000	30,000	12,825	677,175	652,175
Interest and fiscal charges	-	21,382	196,083	2,550	2,550	1,620	4,266	228,451	263,952
Other expenditures	-	300	1,556	350	350	500	78	3,134	2,491
Total expenditures	-	101,682	711,989	22,900	22,900	32,120	17,169	908,760	918,618
Excess (deficiency) of revenues over expenditures	3,415	(101,682)	(711,989)	(22,900)	(22,900)	(32,120)	(17,169)	(905,345)	(917,554)
Other financing sources (uses)									
Transfer in (out)	(37,000)	101,682	711,989	22,900	22,900	32,120	17,169	871,760	918,618
Total other financing sources (uses)	(37,000)	101,682	711,989	22,900	22,900	32,120	17,169	871,760	918,618
Excess revenues and other financing sources over expenditures	(33,585)	-	-	-	-	-	-	(33,585)	1,064
Fund balance, beginning	33,585	-	-	-	-	-	-	33,585	32,521
Fund balance, ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 33,585

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Capital Projects Fund
Combing Balance Sheet
June 30, 2013

	Dam Rock Ramp	EDC Business Park	Total
Assets			
Due from other funds	$ 1,195,093	$ 13,418	$ 1,208,511
Total Assets	$ 1,195,093	$ 13,418	$ 1,208,511
Liabilities and Fund Balance			
Liabilities			
Unearned revenue	$ 347,050	$ -	$ 347,050
Accounts payable	-	13,418	13,418
Total Liabilities	347,050	13,418	360,468
Fund balance	848,043	-	848,043
Total Liabilities and Fund Balances	$ 1,195,093	$ 13,418	$ 1,208,511

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Capital Projects Funds
Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2013

	Dam Rock Ramp	EDC Business Park	Total
Revenue			
Contributions	$ -	$ 36,773	$ 36,773
Total Revenue	-	36,773	36,773
Expenditures			
Capital Project	26,957	36,773	63,730
Total Expenditures	26,957	36,773	63,730
Excess (Deficiency) of Revenues over Expenses	(26,957)	-	(26,957)
Other Financing Sources (uses)			
Bond proceeds	875,000	-	875,000
Total Other Financing Sources (use)	875,000	-	875,000
Excess (Deficiency) of Revenues Over Other Financing Sources (Uses)	848,043	-	848,043
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	$ 848,043	$ -	$ 848,043

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH
WASTE WATER ENTERPRISE FUND

City of Frankenmuth
Waste Water Treatment Enterprise Fund
Statements of Net Position
June 30, 2013 and 2012

Assets	2013	2012
Current Assets		
Cash	$ 28,375	$ 119,277
Accounts receivable	146,209	157,223
Due from other funds	3,312	47,750
Special assessments receivable	47,416	48,790
Inventory		
Supplies	2,245	3,002
Chemicals	15,829	7,426
Prepaid Expenses	10,685	11,574
Total Current Assets	254,071	395,042
Other Assets		
Special assessments receivable net of current portion	173,245	239,008
Property, Plant, & Equipment		
Land	6,090	6,090
Buildings	17,961,695	17,942,001
Machinery and Equipment	1,452,325	1,231,435
Collection Systems	4,210,165	4,152,338
Furniture and fixtures	37,014	30,255
Less accumulated depreciation	(17,045,317)	(16,216,452)
Net Property, Plant and Equipment	6,621,972	7,145,667
Total Assets	$ 7,049,288	$ 7,779,717

Liabilities and Net Position		
Current Liabilities		
Accounts Payable	$ 30,604	$ 10,926
Accrued Payroll	633	261
Due to other funds	223,843	308,416
Unearned Special Assessment Revenue	174,803	239,008
Current portion of advance due to water fund	166,950	159,650
Current Portion of Long-Term Debt	390,000	393,050
Total Current Liabilities	986,833	1,111,311
Long-Term Liabilities		
Bonds Payable (net of current portion and unamortized discount)	2,076,950	2,466,725
Advance due to water fund	529,700	696,650
Total Long-Term Liabilities	2,606,650	3,163,375
Total Liabilities	3,593,483	4,274,686
Net Position		
Net investment in capital assets	4,155,022	4,285,892
Unrestricted	(699,217)	(780,861)
Total Net Position	3,455,805	3,505,031
Total Liabilities and Net Position	$ 7,049,288	$ 7,779,717

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Waste Water Treatment Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2013 and June 30, 2012

	2013	2012
Operating Revenues		
Sewage Disposal Charges		
Industrial	$ 22,425	$ 34,193
Residential	702,815	705,940
Commercial	760,564	737,757
Major commercial	252,450	264,105
Municipality	8,472	7,666
Penalties on late payments	10,871	9,961
Total Operating Revenues	1,757,597	1,759,622
Operating Expenses		
Transmission Maintenance	82,190	93,106
Sewage Purification	1,521,451	1,464,706
Administration	211,011	192,769
Customer Services	217	36
Total Operating Expenses	1,814,869	1,750,617
Operating Income (Loss)	(57,272)	9,005
Non-Operating Revenues (Expense)		
Interest revenue	15,573	17,868
Interest expense and agent fees	(85,858)	(132,089)
Special Assessments	51,926	70,243
Miscellaneous	16,405	9,058
Total Non-Operating Revenues (Expenses)	(1,954)	(34,920)
Income before other revenues	(59,226)	(25,915)
Other Revenue		
Capital Contributions	10,000	10,013
Total Other Revenue	10,000	10,013
Increase (decrease) in net position	$ (49,226)	$ (15,902)

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Waste Water Treatment Enterprise Fund
Statement of Operating Expenses
For the Years Ended June 30, 2013 and June 30, 2012

	2013	2012
Transmission Maintenance		
Wages and Salaries	$ 45,732	$ 45,394
Repairs and Maintenance	3,824	17,357
Equipment Rental	17,136	14,863
Contracted Services	15,498	15,492
Total Transmission Maintenance	82,190	93,106
Sewage Purification		
Wages and Salaries	192,278	189,466
Operating Supplies	7,485	12,212
Chemicals	72,383	46,651
Tools and Supplies	23,024	27,016
Utilities	184,888	150,281
Building and Grounds Maintenance	81,944	78,402
Equipment Maintenance	9,997	14,301
Equipment Rental	12,395	2,507
Contracted Services	108,192	114,948
Depreciation	828,865	828,922
Total Sewage Purification	1,521,451	1,464,706
Administration		
Administration	60,000	54,000
Wages and Salaries	10,267	10,364
Fringe Benefits	81,215	80,379
Office Supplies	4,387	4,030
Safety Equipment	1,619	2,256
Professional Services	5,760	130
Equipment Maintenance and Support	1,810	1,614
Association Dues	247	355
Telephone, Pagers	6,812	4,924
Transportation and Conference	15,132	8,838
Insurance	20,356	19,499
Regulating Fees	-	6,380
Contracted Services	3,406	-
Total Administration	211,011	192,769
Customer Service		
Wages and Salaries	155	30
Equipment Rental	62	6
Total Customer Service	217	36
Total Operating Expenses	$ 1,814,869	$ 1,750,617

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH
WATER ENTERPRISE FUND

City of Frankenmuth
Water Enterprise Fund
Statements of Net Position
June 30, 2013 and 2012

Assets	2013	2012
Current Assets		
Cash	$ 1,631,170	$ 290,764
Investments	266,542	1,023,397
Accounts receivable	142,591	174,854
Special assessments receivable	6,008	6,421
Due from other funds	19,109	20,883
Inventory	65,505	57,931
Prepaid Expenses	5,948	5,780
Current portion advance due from waste treatment fund	166,950	159,650
Total Current Assets	2,303,823	1,739,680
Other Assets		
Special assessments receivable net of current portion	29,819	43,225
Advance due from waste treatment fund	529,700	696,650
Total Other Assets	559,519	739,875
Property, Plant, & Equipment		
Land	16,873	16,873
Buildings	228,821	228,821
Water Towers	533,842	533,842
Machinery and Equipment	348,784	342,897
Meters and Boxes	395,422	390,513
Distribution System	6,404,985	6,402,584
Furniture and Fixtures	43,900	42,397
Less accumulated depreciation	(5,439,548)	(5,167,718)
Net Property, Plant and Equipment	2,533,079	2,790,209
Total Assets	$ 5,396,421	$ 5,269,764
Liabilities and Net Position		
Current Liabilities		
Accounts Payable	$ 72,816	$ 81,630
Accrued Payroll	2,056	1,624
Due to other funds	24,901	66,148
Unearned Special Assessment Revenue	30,006	42,871
Total Current Liabilities	129,779	192,273
Net Position		
Net investment in capital assets	2,533,079	2,790,209
Unrestricted	2,733,563	2,287,282
Total Net Position	5,266,642	5,077,491
Total Liabilities and Net Position	$ 5,396,421	$ 5,269,764

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Water Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2013 and June 30, 2012

	2013	2012
Operating Revenues		
Water Sales, City	$ 1,383,196	$ 1,393,280
Water Sales, Township	234,592	234,926
Penalties on Late Payments	10,942	9,813
Hydrant Rental	4,000	4,000
Other Revenue	29,648	31,065
Total Operating Revenues	1,662,378	1,673,084
Operating Expenses		
Distribution System Maintenance, Township	19,804	25,135
Distribution System Maintenance, City	215,624	135,771
Purification	1,107,997	1,091,375
Administration	114,494	192,928
Customer Services	34,250	45,894
Total Operating Expenses	1,492,169	1,491,103
Operating Income (Loss)	170,209	181,981
Non-Operating Revenues (Expense)		
Interest revenue	7,288	25,435
Interest expense and agent fees	-	(13,601)
Special Assessments	6,675	14,166
Total Non-Operating Revenues (Expenses)	13,963	26,000
Income before other revenues	184,172	207,981
Other Revenues		
Capital Contributions	4,979	3,332
Total Other Revenues	4,979	3,332
Net Income (Loss)	$ 189,151	$ 211,313

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Water Enterprise Fund
Statement of Operating Expenses
For the Years Ended June 30, 2013 and June 30, 2012

	2013	2012
Operating Expenses		
Distribution System		
Maintenance, Township		
Wages and Salaries	$ 14,284	$ 18,618
Other	1,888	3,309
Equipment Rental	3,632	3,208
Total Distribution System Maintenance, Township	19,804	25,135
Distribution System Maintenance, City		
Wages and Salaries	122,986	102,084
Repairs and Maintenance	34,658	16,765
Equipment Rental	21,833	16,091
Contracted Services	36,147	831
Total Distribution System Maintenance, City	215,624	135,771
Purification		
Wages and Salaries	40,071	32,649
Operating Supplies	-	255
Tools and Supplies	-	698
Utilities	2,489	3,248
Water Purchase	789,580	776,011
Building and Grounds Maintenance	2,138	2,548
Equipment Maintenance	921	539
Contracted Services	957	482
Equipment Rental	11	13
Depreciation	271,830	274,932
Total Purification	1,107,997	1,091,375

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Water Enterprise Fund
Statement of Operating Expenses (continued)
For the Years Ended June 30, 2013 and June 30, 2012

	2013	2012
Administration		
Administration, general	$ 40,000	$ 36,000
Fringe Benefits	34,322	37,384
Office Supplies	612	1,047
Postage	3,629	3,368
Safety Equipment	656	665
Computer Services	1,234	1,452
Association Dues	428	608
Telephone, Pagers, Cell	3,990	3,397
Regulatory Fees	1,630	1,456
Transportation and Conference	18,226	19,033
Insurance	8,789	8,761
Contracted Services	978	79,757
Total Administration	114,494	192,928
Customer Service		
Wages and Salaries	27,698	32,095
Supplies	3,869	10,473
Equipment Rental	2,349	3,224
Contracted Services	334	102
Total Customer Service	34,250	45,894
Total Operating Expenses	$ 1,492,169	$ 1,491,103

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Water Enterprise Fund
Operating Statistics
For the Year Ended June 30, 2013
With Comparative Totals For the Year Ended June 30, 2012

	Residential	Commercial Industrial	Municipal	Totals 2013	Totals 2012
Average Number of Meters in Service	2,283	482	15	2,780	2,761
Water Utility					
Gallons Sold	121,149,000	164,089,000	10,333,000	295,571,000	298,394,000
Revenue From Sales	$ 852,019	$ 722,615	$ 43,153	$ 1,617,787	$ 1,628,208

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH
EQUIPMENT INTERNAL SERVICE FUND

City of Frankenmuth
Equipment Internal Service Fund
Statements of Net Position
June 30, 2013 and 2012

Assets	2013	2012
Current Assets		
Cash	$ 362,331	$ 373,003
Due from other funds	108,827	97,817
Other receivables	54	500
Inventory, supplies	3,585	4,245
Prepaid Expenses	9,240	9,214
Total Current Assets	484,037	484,779
Property and Equipment	2,148,549	2,126,181
Less: Accumulated depreciation	(1,564,132)	(1,509,280)
Net Property and Equipment	584,417	616,901
Total Assets	$ 1,068,454	$ 1,101,680
Liabilities and Net Position		
Current Liabilities		
Accounts Payable	$ 9,133	$ 7,679
Due to other funds	560	1,138
Total Current Liabilities	9,693	8,817
Net Position		
Net investment in capital assets	584,417	616,901
Unrestricted	474,344	475,962
Total Net Position	1,058,761	1,092,863
Total Liabilities and Net Position	$ 1,068,454	$ 1,101,680

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Equipment Internal Service Fund
Statement of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2013 and 2012

	2013	2012
Operating Revenues		
Billing to Departments	$ 346,442	$ 348,331
DPW Fringe Recovery	8,772	8,078
Total Operating Revenues	355,214	356,409
Operating Expenses		
Motor Vehicle Maintenance		
Salaries and Wages	75,836	69,723
Benefits	23,059	22,587
Tools and Supplies	19,519	10,253
Gasoline and Oil	59,153	57,518
Repairs and Maintenance	58,806	85,190
Transportation	-	10
Depreciation	97,671	100,969
Total Motor Vehicle Maintenance Expense	334,044	346,250
Administration Expense		
Administration, general	30,000	25,200
Fleet Insurance	13,124	12,227
Total Administration Expense	43,124	37,427
Total Operating Expense	377,168	383,677
Operating Income	(21,954)	(27,268)
Non-Operating Revenues		
Interest	993	938
Gain (loss) on sale of capital assets	(13,141)	2,711
Total Non-Operating Revenue	(12,148)	3,649
Increase (decrease) in Net Position	(34,102)	(23,619)
Net Position, Beginning	1,092,863	1,116,482
Net Position, Ending	$ 1,058,761	$ 1,092,863

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Schedule of Indebtedness
June 30, 2013

Governmental Activities

General Obligation Bonds	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Oct	Semiannual Interest Payment 1-Oct	Semiannual Interest Payment 1-Apr	Total Fiscal Year Requirement
1997 GF Streetscape	8/1/1997	$ 1,200,000					
2013-14			5.25	$ 85,000	$ 9,651	$ 7,420	$ 102,071
2014-15			5.30	90,000	7,420	5,035	102,455
2015-16			5.30	95,000	5,035	2,517	102,552
2016-17			5.30	95,000	2,518	-	97,518
Paid from General Fund Phase I				$ 365,000	$ 24,624	$ 14,972	$ 404,596

1999 G.O. Major Street	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Sep	Semiannual Interest Payment 1-Sep	Semiannual Interest Payment 1-Mar	Total Fiscal Year Requirement
W. Tuscola	8/9/1999	$ 332,000	5.12				
2013-14				$ 20,000	$ 1,020	$ 510	$ 21,530
2014-15				20,000	510	-	20,510
				$ 40,000	$ 1,530	$ 510	$ 42,040

2012 Capital improvement bonds	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Oct	Semiannual Interest Payment 1-Oct	Semiannual Interest Payment 1-Apr	Total Fiscal Year Requirement
	10/1/2012	$ 875,000					
2013-14			3.00	$ 88,000	$ 13,125	$ 11,805	$ 112,930
2014-15			3.00	88,000	11,805	10,485	110,290
2015-16			3.00	88,000	10,485	9,165	107,650
2016-17			3.00	88,000	9,165	7,845	105,010
2017-18			3.25	88,000	7,845	7,069	102,914
2018-19			3.50	88,000	7,069	6,073	101,142
2019-20			3.75	88,000	6,073	4,856	98,929
2020-21			4.00	88,000	4,856	3,420	96,276
2021-22			4.25	88,000	3,420	1,764	93,184
2022-23			4.25	83,000	1,764		84,764
				$ 875,000	$ 75,607	$ 62,482	$ 1,013,089

2005 Downtown Development Refunding	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-May	Semiannual Interest Payment 1-Nov	Semiannual Interest Payment 1-May	Total Fiscal Year Requirement
	8/11/2005	$ 3,260,000	2.75-4.125				
2013-14				$ 315,000	$ 40,594	$ 40,594	$ 396,188
2014-15				325,000	33,506	33,506	392,012
2015-16				335,000	26,194	26,194	387,388
2016-17				340,000	19,913	19,913	379,826
2017-18				170,000	12,263	12,263	194,526
2018-19				170,000	8,863	8,863	187,726
2019-20				170,000	5,463	5,463	180,926
2020-21				100,000	2,063	2,063	104,126
				$ 1,925,000	$ 148,859	$ 148,859	$ 2,222,718

The accompanying notes are an integral part of these financial statements.

Governmental Activities

Special Assessment Bonds

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Oct	Semiannual Interest Payment 1-Oct	Semiannual Interest Payment 1-Apr	Total Fiscal Year Requirement
2001 DDA Phase 3/Georgetown	6/19/2001	750,000	5.07				
2013-14				$ 45,000	$ 6,960	$ 5,835	$ 57,795
2014-15				40,000	5,835	4,835	50,670
2015-16				45,000	4,835	3,710	53,545
2016-17	Debt serviced as follows:			15,000	3,710	3,313	22,023
2017-18	DDA		43%	15,000	3,312	2,915	21,227
2018-19	Local Street		28.5%	15,000	2,915	2,518	20,433
2019-20	Waste Treatment		28.5%	15,000	2,517	2,120	19,637
2020-21				15,000	2,120	1,723	18,843
2021-22				15,000	1,722	1,325	18,047
2022-23				15,000	1,325	928	17,253
2023-24				15,000	927	530	16,457
2024-25				10,000	530	265	10,795
2025-26				10,000	265	-	10,265
				$ 270,000	$ 36,973	$ 30,017	$ 336,990

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Sep	Semiannual Interest Payment 1-Sep	Semiannual Interest Payment 1-Mar	Total Fiscal Year Requirement
1999 S.A. Major Street							
West Tuscola	8/9/1999	332,000	5.13				
2013-14				$ 20,000	$ 1,020	$ 510	$ 21,530
2014-15				20,000	510	-	20,510
				$ 40,000	$ 1,530	$ 510	$ 42,040

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Apr	Semiannual Interest Payment 1-Oct	Semiannual Interest Payment 1-Apr	Total Fiscal Year Requirement
2004 GO Weiss Street	2/11/2004	1,800,000	4.24				
2013-14				$ 80,000	$ 26,930	$ 26,930	$ 133,860
2014-15				85,000	25,410	25,410	135,820
2015-16				90,000	23,731	23,731	137,462
2016-17				100,000	21,909	21,909	143,818
2017-18				110,000	19,809	19,809	149,618
2018-19				115,000	17,471	17,471	149,942
2019-20				120,000	14,970	14,970	149,940
2020-21				125,000	12,300	12,300	149,600
2021-22				130,000	9,487	9,488	148,975
2022-23				135,000	6,498	6,497	147,995
2023-24				140,000	3,325	3,325	146,650
				$ 1,230,000	$ 181,840	$ 181,840	$ 1,593,680

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Schedule of Indebtedness (continued)
June 30, 2013

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Sep	Semiannual Interest Payment 1-Sep	Semiannual Interest Payment 1-Mar	Total Fiscal Year Requirement
2001 S.A. DDA Snowmelt	9/1/2001	$ 490,000	4.29				
2013-14				$ 40,000	$ 3,560	$ 2,700	$ 46,260
2014-15				40,000	2,700	1,820	44,520
2015-16				40,000	1,820	920	42,740
2016-17				40,000	920	-	40,920
				$ 160,000	$ 9,000	$ 5,440	$ 174,440

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Sep	Semiannual Interest Payment 1-Sep	Semiannual Interest Payment 1-Mar	Total Fiscal Year Requirement
2010 DDA Refunding	7/23/2010	$ 850,000	4.0-5.0				
2013-14				$ 70,000	$ 14,300	$ 12,900	$ 97,200
2014-15				75,000	12,900	11,400	99,300
2015-16				75,000	11,400	9,900	96,300
2016-17				70,000	9,900	8,500	88,400
2017-18				75,000	8,500	7,000	90,500
2018-19				70,000	7,000	5,600	82,600
2019-20				70,000	5,600	4,200	79,800
2020-21				75,000	4,200	2,869	82,069
2021-22				70,000	2,869	1,463	74,332
2022-23				20,000	1,463	1,069	22,532
2023-24				25,000	1,069	500	26,569
2024-25				20,000	500	-	20,500
				$ 715,000	$ 79,701	$ 65,401	$ 860,102

The accompanying notes are an integral part of these financial statements.

City of Frankenmuth
Schedule of Indebtedness (continued)
June 30, 2013

Business-type Activities

General Obligation Bonds 2001 Waste Treatment Enterprise Fund	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Oct	Semiannual Interest Payment 1-Oct	Semiannual Interest Payment 1-Apr	Total Fiscal Year Requirement
W. Tuscola/ Georgetown	6/19/2001	$ 300,000	5.07				
2013-14				$ 25,000	$ 2,000	$ 1,375	$ 28,375
2014-15				25,000	1,375	750	27,125
2015-16				30,000	750	-	30,750
				$ 80,000	$ 4,125	$ 2,125	$ 86,250

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Apr	Semiannual Interest Payment 1-Oct	1-Apr	Total Fiscal Year Requirement
1999 G.O. SRF WTP	4/1/1998	$ 6,645,000	2.25				
2013-14				$ 365,000	$ 25,988	$ 25,988	$ 416,976
2014-15				370,000	21,881	21,881	413,762
2015-16				380,000	17,719	17,719	415,438
2016-17				390,000	13,444	13,444	416,888
2017-18				400,000	9,056	9,056	418,112
2018-19				405,000	4,556	4,556	414,112
				$ 2,310,000	$ 92,644	$ 92,644	$ 2,495,288
Totals				$ 8,010,000	$ 656,433	$ 604,800	$ 9,271,233

The accompanying notes are an integral part of these financial statements.