

VILLAGE OF DEXTER
Washtenaw County, Michigan

AUDITED FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2010

VILLAGE OF DEXTER
For the Fiscal Year Ended June 30, 2010

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For the Fiscal Year Ended June 30, 2010

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Independent Auditor's Report

October 27, 2010

To the President and Village Council
Village of Dexter
Dexter, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Dexter, Michigan, as of and for the year ended June 30, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Dexter's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Dexter as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

President and Village Council
Village of Dexter, Michigan
October 27, 2010

The management's discussion and analysis and the defined benefit pension plan trend information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Dexter's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2010, on our consideration of the Village of Dexter's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully



Post, Smythe, Lutz and Ziel of Plymouth LLP
Certified Public Accountants

Management's Discussion and Analysis

As management of the Village of Dexter, we offer readers of the Village of Dexter's financial statements this narrative overview and analysis of the financial activities of the Village of Dexter for the fiscal year ended June 30, 2010. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- The assets of the Village of Dexter exceeded its liabilities at the close of the most recent fiscal year by \$16,775,742 (*net assets*). Of this amount, \$4,072,077 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$216,446.
- At the close of the current fiscal year, the Village of Dexter's governmental funds reported combined ending fund balances of \$2,912,075. Ninety-four percent of this total amount, \$2,740,201, is *available for spending* at the government's discretion (*unreserved fund balance*).
- The Village of Dexter's total debt increased by \$2,619,000 (21 percent) during the current fiscal year, due to the issuance of State Revolving Fund and Drinking Water Revolving Fund loans for water and sewer system improvements totaling \$3,042,000 less annual principal repayments.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village of Dexter's basic financial statements, which have three components:

- 1) Government-wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to the Financial Statements

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Dexter's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Village of Dexter's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village of Dexter is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village of Dexter that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Dexter include general government, public works, police, fire, streets, debt service, and capital improvements. The business-type activities of the Village of Dexter are the Water and Sewer Funds.

The government-wide financial statements include not only the Village of Dexter itself (known as the *primary government*), but also a legally separate component unit, the Downtown Development Authority (DDA) for which the Village of Dexter is financially accountable. Financial information for the *component unit* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 10-12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Dexter, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Dexter can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Major Street Special Revenue Fund, the Local Street Special Revenue Fund, the Municipal Street Special Revenue Fund, and the Downtown Development Authority Special Revenue fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 13-17 of this report.

Proprietary funds. The Village of Dexter maintains two proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village of Dexter used enterprise funds to account for its Water and Sewer operations.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Funds, which are considered major funds of the Village of Dexter.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Village of Dexter's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-43 of this report.

Government-wide Financial Analysis

Assets exceeded liabilities by \$16,775,742 at the close of the most recent fiscal year. Of the Village of Dexter's net assets, 72 percent reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village of Dexter used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Village of Dexter's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 4,127,739	\$ 5,722,453	\$ 3,070,829	\$ 1,836,385	\$ 7,198,568	\$ 7,558,838
Capital Assets	13,479,291	11,798,560	13,472,222	10,759,569	26,951,513	22,558,129
Total Assets	<u>17,607,030</u>	<u>17,521,013</u>	<u>16,543,051</u>	<u>12,595,954</u>	<u>34,150,081</u>	<u>30,116,967</u>
Long-term liabilities	6,915,000	7,200,000	8,004,000	5,100,000	14,919,000	12,300,000
Other liabilities	1,169,655	1,036,118	1,285,684	221,553	2,455,339	1,257,671
Total Liabilities	<u>8,084,655</u>	<u>8,236,118</u>	<u>9,289,684</u>	<u>5,321,553</u>	<u>17,374,339</u>	<u>13,557,671</u>
Net Assets:						
Invested in capital assets, net of related debt	6,564,291	4,598,560	5,468,222	5,659,569	12,032,513	10,258,129
Restricted	171,874	507,434	499,278	597,458	671,152	1,104,892
Unrestricted	2,786,210	4,178,901	1,285,867	1,017,374	4,072,077	5,196,275
Total Net Assets	<u>\$ 9,522,375</u>	<u>\$ 9,284,895</u>	<u>\$ 7,253,367</u>	<u>\$ 7,274,401</u>	<u>\$ 16,775,742</u>	<u>\$ 16,559,296</u>

At the end of the current fiscal year, the Village of Dexter is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Net assets increased by \$216,446 during the current fiscal year.

Governmental activities. Governmental activities increased net assets by \$237,480. Key elements of this net asset increase are street reconstruction and downtown development projects during the current fiscal year.

Business-type activities. Business-type activities decreased net assets by \$21,034, which is mostly due to water and sewer net operating losses.

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Program Revenues:						
Charges for Services	\$ 1,174,507	\$ 913,745	\$ 1,741,386	\$ 1,457,041	\$ 2,915,893	\$ 2,370,786
Operating Grants & Contrib.	181,459	174,014	-	-	181,459	174,014
Capital Grants & Contrib.	-	345,829	284,036	24,102	284,036	369,931
General Revenues:						
Property Taxes	3,046,831	3,221,022	-	-	3,046,831	3,221,022
State Shared Revenues	157,989	179,034	-	-	157,989	179,034
Investment Earnings	34,690	99,018	10,161	25,109	44,851	124,127
Franchise Fees	54,474	50,748	-	-	54,474	50,748
Total Revenues	<u>4,649,950</u>	<u>4,983,410</u>	<u>2,035,583</u>	<u>1,506,252</u>	<u>6,685,533</u>	<u>6,489,662</u>
Program Expenses						
General Government	672,039	883,199	-	-	672,039	883,199
Public Safety	899,214	867,564	-	-	899,214	867,564
Community Development	204,535	633,531	-	-	204,535	633,531
Public Works	1,915,447	1,787,396	-	-	1,915,447	1,787,396
Recreation and Cultural	345,054	53,666	-	-	345,054	53,666
Interest on Long-Term Debt	376,181	385,625	-	-	376,181	385,625
Water and Sewer	-	-	2,056,617	2,182,689	2,056,617	2,182,689
Total Expenses	<u>4,412,470</u>	<u>4,610,981</u>	<u>2,056,617</u>	<u>2,182,689</u>	<u>6,469,087</u>	<u>6,793,670</u>
Change in Net Assets	<u>\$ 237,480</u>	<u>\$ 372,429</u>	<u>\$ (21,034)</u>	<u>\$ (676,437)</u>	<u>\$ 216,446</u>	<u>\$ (304,008)</u>

Financial Analysis of the Government's Funds

As noted earlier, the Village of Dexter used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village of Dexter's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources.

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$2,912,075, 94% of this total amount (\$2,740,201) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance (\$171,874) is *reserved* to indicate that it is not available for new spending because it has already been committed.

Total governmental fund balances decreased \$1,774,260 for the year ended June 30, 2010 as compared to the prior fiscal year.

The General Fund is the chief operating fund of the Village of Dexter. At the end of the current fiscal year, total fund balance of the general fund was \$1,567,317, of which \$1,529,012 is unreserved.

Proprietary funds. The Village of Dexter's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Funds at the end of the current fiscal year amounted to \$1,285,867. Factors concerning the change in net assets have already been addressed in the discussion of business-type activities.

General Fund Budgetary Highlights

The change between the total original and final amended budgeted revenue amounts was an increase of \$2,800. The final amended budgeted expenditures in the General Fund increased by \$258,600 over the original adopted budget, for minor departmental adjustments and for park capital improvements. The final amended budget for the year ended June 30, 2010 projected a \$271,950 decrease in General Fund fund balance, and the final actual amount of decrease to fund balance was \$4,316.

Capital Asset and Debt Administration

Capital assets. The Village of Dexter's investment in capital assets for its governmental and business type activities is \$26,951,513 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, machinery and equipment, park facilities, and roads. The Village of Dexter's investment in capital assets for the current fiscal year was increased 14% for governmental activities due in part to street reconstruction, the purchase of property and land for downtown development, and increased 25% in business-type activities, primarily due to water and sewer system improvements.

Additional information on the Village of Dexter's capital assets can be found in note III.B on pages 32-33 of this report.

Long-term debt. At the end of the current fiscal year, the Village of Dexter had total debt outstanding of \$14,919,000. Of this amount, \$6,915,000 is governmental, and \$8,004,000 is business-type. The Village of Dexter's total debt increased by \$2,619,000 (21 percent) during the current fiscal year.

Additional information on the Village of Dexter's long-term debt can be found in note III.D on pages 34-37 of this report.

Economic Factors and Next Year's Budgets and Rates

- The Village Council is supportive of redevelopment in the Village to encourage investment that will increase tax revenues.
- The Village received over 2 million dollars in loan forgiveness through the American Reinvestment and Recovery Act for our sewer and water projects funded through the state revolving loan program. Proceeds from the loan are being spent over the 2009-2010 and 2010-2011 fiscal years.
- The millage rate is currently 13.5562, which has been kept constant for the past five years.
- Water and sewer rates were increased 3% in 2009-2010 and 2010-2011.
- In response to the GASB 45 accounting standards, the Village has established a retiree health care trust and has budgeted funds to place into the trust to begin the process of funding our post employment benefit health care liability.
- In fiscal year 2010-2011 the Village will be using a \$450,000 Michigan Natural Resources Trust Fund Grant to begin the development of Mill Creek Park.

Requests for Information

This financial report is designed to provide a general overview of the Village of Dexter's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 8140 Main Street, Dexter Michigan 48130.

BASIC FINANCIAL STATEMENTS

VILLAGE OF DEXTER
Statement of Net Assets
June 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,817,956	\$ 1,063,399	\$ 4,881,355
Receivables (net of allowance for uncollectibles):			
Taxes	6,809	-	6,809
Accounts	114,762	299,207	413,969
Special Assessments	142,203	-	142,203
Due from Other Governmental Units	-	1,208,945	1,208,945
Restricted Assets - Cash and Cash Equivalents	-	499,278	499,278
Other Post Employment Benefit Asset	46,009	-	46,009
Capital Assets (net of Accumulated Depreciation)	13,479,291	13,472,222	26,951,513
Total Assets	17,607,030	16,543,051	34,150,081
<u>LIABILITIES</u>			
Accounts Payable	384,599	1,026,196	1,410,795
Accrued Liabilities	101,267	259,488	360,755
Due to Other Governmental Units	541,586	-	541,586
Deferred Revenue	142,203	-	142,203
Noncurrent Liabilities:			
Due within one year	300,000	147,000	447,000
Due in more than one year	6,615,000	7,857,000	14,472,000
Total Liabilities	8,084,655	9,289,684	17,374,339
<u>NET ASSETS</u>			
Invested in Capital Assets, net of related debt	6,564,291	5,468,222	12,032,513
Restricted for:			
Debt Service	171,874	499,278	671,152
Unrestricted	2,786,210	1,285,867	4,072,077
Total Net Assets	\$ 9,522,375	\$ 7,253,367	\$ 16,775,742

VILLAGE OF DEXTER
Statement of Activities
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 672,039	\$ 244,162	\$ 3,006	\$ -
Public Safety	899,214	15,312	2,671	-
Community Development	204,535	10,882	-	-
Public Works	1,915,447	904,151	175,430	-
Recreation and Cultural	345,054	-	352	-
Interest on Long-Term Debt	376,181	-	-	-
Total Governmental Activities	<u>4,412,470</u>	<u>1,174,507</u>	<u>181,459</u>	<u>-</u>
Business-type Activities:				
Water	743,537	656,962	-	123,141
Sewer	1,313,080	1,084,424	-	160,895
Total Business-type Activities	<u>2,056,617</u>	<u>1,741,386</u>	<u>-</u>	<u>284,036</u>
Grand Total	<u>\$ 6,469,087</u>	<u>\$ 2,915,893</u>	<u>\$ 181,459</u>	<u>\$ 284,036</u>

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

Change in Net Assets
Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue and Changes in Net Assets		
<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
\$ (424,871)	\$ -	\$ (424,871)
(881,231)	-	(881,231)
(193,653)	-	(193,653)
(835,866)	-	(835,866)
(344,702)	-	(344,702)
(376,181)	-	(376,181)
<u>(3,056,504)</u>	<u>-</u>	<u>(3,056,504)</u>
-	36,566	36,566
-	(67,761)	(67,761)
-	<u>(31,195)</u>	<u>(31,195)</u>
<u>(3,056,504)</u>	<u>(31,195)</u>	<u>(3,087,699)</u>
3,046,831	-	3,046,831
157,989	-	157,989
54,474	-	54,474
34,690	10,161	44,851
<u>3,293,984</u>	<u>10,161</u>	<u>3,304,145</u>
237,480	(21,034)	216,446
<u>9,284,895</u>	<u>7,274,401</u>	<u>16,559,296</u>
\$ <u><u>9,522,375</u></u>	\$ <u><u>7,253,367</u></u>	\$ <u><u>16,775,742</u></u>

VILLAGE OF DEXTER
Balance Sheet
Governmental Funds
June 30, 2010

	General	Major Street Special Revenue	Local Street Special Revenue
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,634,341	\$ 215,807	\$ 83,758
Receivables (net of allowance for uncollectibles):			
Taxes	6,809	-	-
Accounts	106,462	-	-
Special Assessments	-	-	-
Due from Other Funds	52,460	-	30,000
Total Assets	\$ 1,800,072	\$ 215,807	\$ 113,758
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ 131,488	\$ 73,175	\$ 109,416
Accrued and Other Liabilities	101,267	-	-
Due to Other Funds	-	-	-
Due to Other Governmental Units	-	-	-
Deferred Revenue	-	-	-
Total Liabilities	232,755	73,175	109,416
Fund Balances:			
Reserved for:			
Debt Service	38,305	-	-
Unreserved for:			
General Fund	1,529,012	-	-
Special Revenue Funds	-	142,632	4,342
Total Fund Balances	1,567,317	142,632	4,342
Total Liabilities and Fund Balances	\$ 1,800,072	\$ 215,807	\$ 113,758

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

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

Other Post Employment Benefit Asset

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

Net Assets of Governmental Activities

Municipal Street Special Revenue	Downtown Dev. Authority Special Revenue	Other Governmental Funds	Total Governmental Funds
\$ 592,579	\$ 873,253	\$ 418,218	\$ 3,817,956
-	-	-	6,809
-	8,300	-	114,762
-	-	142,203	142,203
-	-	-	82,460
<u>592,579</u>	<u>881,553</u>	<u>560,421</u>	<u>4,164,190</u>
\$ -	\$ 69,990	\$ 530	\$ 384,599
-	-	-	101,267
82,460	-	-	82,460
-	541,586	-	541,586
-	-	142,203	142,203
<u>82,460</u>	<u>611,576</u>	<u>142,733</u>	<u>1,252,115</u>
-	-	133,569	171,874
-	-	-	1,529,012
510,119	269,977	284,119	1,211,189
<u>510,119</u>	<u>269,977</u>	<u>417,688</u>	<u>2,912,075</u>
<u>592,579</u>	<u>881,553</u>	<u>560,421</u>	
			13,479,291
			46,009
			<u>(6,915,000)</u>
			<u>\$ 9,522,375</u>

VILLAGE OF DEXTER
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2010

	<u>General</u>	<u>Major Street Special Revenue</u>	<u>Local Street Special Revenue</u>
<u>Revenues</u>			
Property Taxes	\$ 1,872,045	\$ -	\$ -
Licenses and Permits	9,585	-	-
Intergovernmental:			
Federal, State and Local	160,660	114,822	60,608
Charges for Services	849,810	-	-
Fines and Forfeitures	3,549	-	-
Franchise Fees	54,474	-	-
Special Assessments	-	-	-
Interest	20,357	2,666	373
Other	9,782	15,251	110,000
Total Revenues	<u>2,980,262</u>	<u>132,739</u>	<u>170,981</u>
<u>Expenditures</u>			
Current:			
General Government	550,973	-	-
Public Safety	876,577	-	-
Community Development	113,901	-	-
Public Works	866,182	414,514	245,300
Recreation and Cultural	313,799	-	-
Other	118,402	-	-
Debt Service:			
Principal	60,000	-	-
Interest and Other Charges	67,582	-	-
Capital Outlay	-	207,427	382,148
Total Expenditures	<u>2,967,416</u>	<u>621,941</u>	<u>627,448</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>12,846</u>	<u>(489,202)</u>	<u>(456,467)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	26,832	413,994	407,000
Transfers Out	(43,994)	-	-
Total Other Financing Sources (Uses)	<u>(17,162)</u>	<u>413,994</u>	<u>407,000</u>
Net Change in Fund Balances	(4,316)	(75,208)	(49,467)
Fund Balances - Beginning	<u>1,571,633</u>	<u>217,840</u>	<u>53,809</u>
Fund Balances - Ending	<u>\$ 1,567,317</u>	<u>\$ 142,632</u>	<u>\$ 4,342</u>

Municipal Street Special Revenue	Downtown Dev. Authority Special Revenue	Other Governmental Funds	Total Governmental Funds
\$ 568,337	\$ 444,707	\$ 161,742	\$ 3,046,831
-	-	-	9,585
-	-	-	336,090
-	-	118,574	968,384
-	-	-	3,549
-	-	-	54,474
-	-	58,557	58,557
2,146	7,469	1,679	34,690
-	2,757	-	137,790
<u>570,483</u>	<u>454,933</u>	<u>340,552</u>	<u>4,649,950</u>
-	-	-	550,973
-	-	-	876,577
-	90,634	-	204,535
32,582	-	37,141	1,595,719
-	-	-	313,799
-	-	-	118,402
-	45,000	180,000	285,000
-	256,249	52,350	376,181
-	1,181,672	331,777	2,103,024
<u>32,582</u>	<u>1,573,555</u>	<u>601,268</u>	<u>6,424,210</u>
<u>537,901</u>	<u>(1,118,622)</u>	<u>(260,716)</u>	<u>(1,774,260)</u>
-	-	-	847,826
<u>(777,000)</u>	-	<u>(26,832)</u>	<u>(847,826)</u>
<u>(777,000)</u>	-	<u>(26,832)</u>	-
(239,099)	(1,118,622)	(287,548)	(1,774,260)
<u>749,218</u>	<u>1,388,599</u>	<u>705,236</u>	<u>4,686,335</u>
\$ <u>510,119</u>	\$ <u>269,977</u>	\$ <u>417,688</u>	\$ <u>2,912,075</u>

VILLAGE OF DEXTER
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds	\$ (1,774,260)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expense exceeded depreciation expense in the current period.

Capital Outlay	2,103,024
Depreciation Expense	(422,293)

Change in Other Post Employment Benefits	46,009
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net long-term debt and related items.

Principal Repayments	<u>285,000</u>
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Change in net assets in governmental activities	\$ <u><u>237,480</u></u>
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VILLAGE OF DEXTER
Balance Sheet
Proprietary Funds
June 30, 2010

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 451,259	\$ 612,140	\$ 1,063,399
Accounts Receivable	101,390	197,817	299,207
Due from Other Governmental Units	820,401	388,544	1,208,945
Total Current Assets	1,373,050	1,198,501	2,571,551
Restricted Assets:			
Cash	269,708	229,570	499,278
Fixed Assets:			
Land	231,577	127,212	358,789
Water System	8,624,294	-	8,624,294
Sewer System	-	14,556,243	14,556,243
Vehicles	28,786	37,765	66,551
Accumulated Depreciation	(3,399,674)	(6,733,981)	(10,133,655)
Net Fixed Assets	5,484,983	7,987,239	13,472,222
Total Assets	\$ 7,127,741	\$ 9,415,310	\$ 16,543,051
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 615,124	\$ 411,072	\$ 1,026,196
Accrued Liabilities	132,096	123,997	256,093
Deposits	3,395	-	3,395
General Obligation Bonds Payable	50,000	-	50,000
Revenue Bonds Payable	48,000	49,000	97,000
Total Current Liabilities	848,615	584,069	1,432,684
Long-Term Liabilities:			
General Obligation Bonds Payable (Net of Current Portion)	105,000	1,746,000	1,851,000
Revenue Bonds Payable (Net of Current Portion)	3,448,000	2,558,000	6,006,000
Total Long-Term Liabilities	3,553,000	4,304,000	7,857,000
Total Liabilities	4,401,615	4,888,069	9,289,684
Fund Equity:			
Invested in Capital Assets, net of related debt	1,833,983	3,634,239	5,468,222
Restricted for Debt Service	269,708	229,570	499,278
Unrestricted	622,435	663,432	1,285,867
Total Fund Equity	2,726,126	4,527,241	7,253,367
Total Liabilities and Fund Equity	\$ 7,127,741	\$ 9,415,310	\$ 16,543,051

VILLAGE OF DEXTER
Statement of Revenues, Expenses and Changes in Fund Equity
Proprietary Funds
For the Year Ended June 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues:			
Water Billings	\$ 552,905	\$ -	\$ 552,905
Sewer Billings	-	789,053	789,053
Miscellaneous	104,057	295,371	399,428
Total Operating Revenues	<u>656,962</u>	<u>1,084,424</u>	<u>1,741,386</u>
Operating Expenses:			
Operations & Maintenance	375,986	698,384	1,074,370
Depreciation Expense	268,930	494,557	763,487
Total Operating Expenses	<u>644,916</u>	<u>1,192,941</u>	<u>1,837,857</u>
Operating Income (Loss)	<u>12,046</u>	<u>(108,517)</u>	<u>(96,471)</u>
Nonoperating Revenues (Expenses):			
Interest Income	5,277	4,884	10,161
Interest and Fees	<u>(98,621)</u>	<u>(120,139)</u>	<u>(218,760)</u>
Total Nonoperating Revenues (Expenses)	<u>(93,344)</u>	<u>(115,255)</u>	<u>(208,599)</u>
Income (Loss) Before Contributions and Transfers	(81,298)	(223,772)	(305,070)
Capital Contributions	<u>123,141</u>	<u>160,895</u>	<u>284,036</u>
Net Income (Loss)	41,843	(62,877)	(21,034)
Retained Earnings - July 1	<u>2,684,283</u>	<u>4,590,118</u>	<u>7,274,401</u>
Retained Earnings - June 30	<u>\$ 2,726,126</u>	<u>\$ 4,527,241</u>	<u>\$ 7,253,367</u>

VILLAGE OF DEXTER
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ (154,961)	\$ 657,040	\$ 502,079
Payments to suppliers	141,578	(349,894)	(208,316)
Payments to employees	116,207	81,870	198,077
Net Cash Provided (Used) by Operating Activities	102,824	389,016	491,840
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Capital Contributions	123,141	160,895	284,036
Construction of capital assets	(1,595,711)	(1,880,429)	(3,476,140)
Proceeds from Debt Issued	1,296,000	1,746,000	3,042,000
Principal Paid on Debt	(91,000)	(47,000)	(138,000)
Interest Paid on Debt	(98,621)	(120,139)	(218,760)
Net Cash Provided (Used) by Capital and Related Financing Activities	(366,191)	(140,673)	(506,864)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest Earned	5,277	4,884	10,161
Net Increase (Decrease) in Cash and Cash Equivalents	(258,090)	253,227	(4,863)
Cash and Cash Equivalents, Beginning	979,057	588,483	1,567,540
Cash and Cash Equivalents, Ending	\$ 720,967	\$ 841,710	\$ 1,562,677
<u>BALANCE SHEET CLASSIFICATION</u>			
Cash and Cash Equivalents	\$ 451,259	\$ 612,140	\$ 1,063,399
Restricted Assets - Cash	269,708	229,570	499,278
Total	\$ 720,967	\$ 841,710	\$ 1,562,677
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$ 12,046	\$ (108,517)	\$ (96,471)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	268,930	494,557	763,487
(Increase) Decrease in Accounts Receivable	8,478	(38,840)	(30,362)
(Increase) Decrease in Due from Other Govt. Units	(820,401)	(388,544)	(1,208,945)
Increase (Decrease) in Accounts Payable	517,564	348,490	866,054
Increase (Decrease) in Accrued Liabilities	116,207	81,870	198,077
Net Cash Provided (Used) by Operating Activities	\$ 102,824	\$ 389,016	\$ 491,840

VILLAGE OF DEXTER
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ <u>71,340</u>
<u>LIABILITIES</u>	
Due to Other	\$ <u>71,340</u>

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Dexter, Michigan, was incorporated in 1824. The Village operates under an elected Village Council, with a full-time Village Manager appointed by the Council to carry out the policies that it establishes. Services are provided to approximately 2,800 residents in the areas of police, refuse removal, parks and recreation, road construction, lighting, maintenance, and water and sewer.

As required by generally accepted accounting principles, these financial statements present the Village of Dexter and its component units, entities for which the government is considered to be financially accountable.

Blended Component Unit

Downtown Development Authority

The Village of Dexter Downtown Development Authority (DDA) was established to promote economic growth and revitalization of the Village's Downtown district. The DDA Board is appointed by the Village Council and the annual operating budget and any modifications require the approval of the Village Council. The DDA has a June 30 fiscal year end.

Jointly Governed Organizations

Dexter Area Fire Department

The Village and the neighboring Townships of Webster, Dexter and Lima have joined together to form the Dexter Area Fire Department. The purpose of the Department is to provide fire protection and to establish and maintain a fire department that will serve the municipalities involved. The Department is governed by the Fire Administration Board whose membership is composed of individuals from each municipality. The revenues of the Department are provided by a service fee to each municipality, based upon a ratio of runs incurred to that municipality to total runs and the Department's net expenditures for the applicable period. Audited financial statements for the Department may be obtained at Village offices.

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Governmental Funds

The Village reports the following major governmental funds:

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

The Municipal Street Fund, Major Street Fund and Local Street Fund are special revenue funds used to account for property tax levy and state gas and weight revenues for street improvements.

The Downtown Development Authority is a special revenue fund used to account for the captured property tax revenue used for development within the downtown development authority district.

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

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

Debt Service Funds are used to account for the payment of principal and interest on bonds issued to finance improvement projects.

Capital Project Funds are used to account for the construction of specific projects funded by bond proceeds.

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Proprietary Funds

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

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Village Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Village has two enterprise funds which are the Water and Sewer Funds.

Fiduciary Funds

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

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

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

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

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Estimates

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

2. Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of allowance for uncollectible accounts, which are recorded at \$-0- at June 30, 2010.

3. Inventory

Inventories are valued at cost using the first-in/first out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Assets or Equity – Continued

4. Restricted Assets

Assets of the Water and Sewer Funds have been restricted for debt service payments which are to be funded out of bond proceeds and as required by other agreements.

Retained earnings have not been reserved for the restricted assets resulting from the issuance of debt and the receipt of contributed capital.

Restricted assets at June 30, 2010 consist of the following:

	<u>Restricted Assets</u>
Revenue Bond Reserve	\$ 364,912
Revenue Bond Debt Retirement	63,183
Revenue Bond Repair and Improvement	71,183
	\$ 499,278

5. Capital Assets

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

<u>Assets</u>	<u>Years</u>
Land Improvements	25-50
Buildings	20-80
Streets & Infrastructure	20-40
Equipment	5-25
Vehicles	5-15

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Assets or Equity – Continued

6. Compensated Absences

In accordance with contracts negotiated with the various employee groups of the Village and the Village's internal policy, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. This liability is composed of employees who retire and any unused vacation paid upon termination of employment. The total liability at June 30, 2010 is \$138,927.

7. Long-term Obligations

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

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

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

1. Prior to June 30, the Village Manager submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them, for the General and Special Revenue Funds. These are prepared on the activity level basis using the modified accrued method of accounting.
2. Public hearings are conducted by Village Council to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted on a departmental (activity) basis through passage of a resolution.
4. The President or his designee is authorized to transfer budgeted amounts within the departmental appropriation accounts; however, the Village Council must approve any revisions that alter the total expenditures of any department.
5. Budget appropriations lapse at year end.
6. The Village Council may authorize supplemental appropriations (budget amendments) during the year. In 2010 several budget amendments were made and are reflected in the financial statements.

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of June 30, 2010.

2. Excess of Expenditures Over Appropriations in Budgetary Funds

The budget for the General Fund is adopted at the activity level and the budgets for the Special Revenue Funds are adopted at the activity level. Expenditures did not exceed budgeted amounts at the activity level for the fiscal year ended June 30, 2010.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

The following information, as required by the Governmental Accounting Standards Board Statement number 40 is presented, regarding the Village's deposits and investments:

Custodial Credit Risk is the risk that in the event of a bank failure, the Village's deposits may not be recovered. Neither State law nor the Village's investment policy requires consideration of custodial credit risk. As of June 30, 2010, the Village's book balance of its deposits was \$5,451,923; the total book balance was \$5,451,973, due to \$50 in cash on hand. The bank balance was \$5,844,936 which was exposed to custodial credit risk, as follows:

	<u>Bank</u>
	<u>Balance</u>
Insured by F.D.I.C.	\$2,157,132
Uninsured and Uncollateralized	<u>3,687,804</u>
Total	<u>\$5,844,936</u>

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

III. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

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

Cash and Cash Equivalents per:	
Statement of Net Assets	\$4,881,355
Restricted Assets-Statement of Net Assets	499,278
Statement of Fiduciary Net Assets	<u>71,340</u>
Total	<u>\$5,451,973</u>

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

Interest Rate Risk. The Village’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Village’s deposits and investments consisted of the following:

<u>Deposits and Investments</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Savings and Checking Accounts	\$4,236,014	Demand
Certificates of Deposit	1,458,902	242 Days
Pooled Investments (Share Price = \$1)	<u>150,020</u>	Demand
	<u>\$5,844,936</u>	

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

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 2,642,557	\$ -	\$ -	\$ 2,642,557
Capital Assets, being depreciated:				
Building and Improvements	3,184,734	285,038	-	3,469,772
Machinery and Equipment	309,505	15,451	-	324,956
Infrastructure	9,978,042	1,754,459	-	11,732,501
Vehicles	569,635	48,076	(40,000)	577,711
Land Improvements	702,843	-	-	702,843
	<u>14,744,759</u>	<u>2,103,024</u>	<u>(40,000)</u>	<u>16,807,783</u>
Less: Accumulated Depreciation:				
Building and Improvements	(1,255,782)	(38,804)	-	(1,294,586)
Machinery and Equipment	(157,899)	(6,087)	-	(163,986)
Infrastructure	(3,782,405)	(349,812)	-	(4,132,217)
Vehicles	(378,968)	(20,222)	40,000	(359,190)
Land Improvements	(13,702)	(7,368)	-	(21,070)
	<u>(5,588,756)</u>	<u>(422,293)</u>	<u>40,000</u>	<u>(5,971,049)</u>
Governmental Activities Capital Assets, net	<u>\$ 11,798,560</u>	<u>\$ 1,680,731</u>	<u>\$ -</u>	<u>\$ 13,479,291</u>

Depreciated expense was charged to functions of the Village as follows:

General Government	\$ 12,664
Public Safety	22,637
Public Works	355,737
Recreation and Cultural	31,255
	<u>\$ 422,293</u>

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets – Continued

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 358,789	\$ -	\$ -	\$ 358,789
Capital Assets, being depreciated:				
Water and Sewer System	19,770,948	3,476,140	-	23,247,088
Less: Accumulated Depreciation:				
Water and Sewer System	<u>(9,370,168)</u>	<u>(763,487)</u>	<u>-</u>	<u>(10,133,655)</u>
Business Activities				
Capital Assets, net	<u>\$ 10,759,569</u>	<u>\$ 2,712,653</u>	<u>\$ -</u>	<u>\$ 13,472,222</u>

C. Interfund Receivables, Payables and Transfers

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Municipal Street Fund	\$ 52,460
Local Street Fund	Municipal Street Fund	30,000
		<u>\$ 82,460</u>

Interfund balances represent cash transfers made subsequent to year end.

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Major Street Fund	General Fund	\$ 43,994
Major Street Fund	Municipal Street Fund	370,000
Local Street Fund	Municipal Street Fund	407,000
General Fund	Special Project Fund	26,832
		<u>\$ 847,826</u>

Transfers to the Major and Local Street Funds represent operating subsidies for street projects. Special Project Fund transfer represents residual equity transfer.

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 2010:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Governmental Activities:					
Village of Dexter:					
1998 Village of Dexter Bonds	\$ 240,000	\$ -	\$ 60,000	\$ 180,000	\$ 60,000
2002 Refunding Bonds	1,085,000	-	120,000	965,000	130,000
2006 General Obligation Bonds	1,590,000	-	60,000	1,530,000	60,000
Total	<u>\$ 2,915,000</u>	<u>\$ -</u>	<u>\$ 240,000</u>	<u>\$ 2,675,000</u>	<u>\$ 250,000</u>
Downtown Development Authority:					
2001 Village of Dexter Bonds	\$ 685,000	\$ -	\$ 45,000	\$ 640,000	\$ 50,000
2008A Village of Dexter Bonds	1,600,000	-	-	1,600,000	-
2008B Village of Dexter Bonds	2,000,000	-	-	2,000,000	-
Total	<u>\$ 4,285,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 4,240,000</u>	<u>\$ 50,000</u>
Grand Total	<u>\$ 7,200,000</u>	<u>\$ -</u>	<u>\$ 285,000</u>	<u>\$ 6,915,000</u>	<u>\$ 300,000</u>

Following is a detailed description of each of the above debts:

1998 Village of Dexter Bonds

On May 27, 1998, the Village of Dexter issued General Obligation Limited Tax Bonds on behalf of the DDA in the amount of \$550,000 to finance downtown improvement projects. The principal and interest amounts are due over 15 years starting October 1, 1998 through October 1, 2012. The interest rates range from 4.05% to 5.50%.

2002 Village of Dexter Refunding Bonds

In 2002, the Village of Dexter issued General Obligation Unlimited Tax Refunding Bonds in the amount of \$1,610,000 to refund the final twelve years of payments on the 1996 Downtown Development Bonds. Principal and interest are due beginning May 1, 2003 through May 1, 2017. Interest rates range from 2.00% to 4.20%.

2006 Village of Dexter Bonds

On November 16, 2006, the Village of Dexter issued General Obligation Limited Tax Bonds in the amount of \$1,700,000 to finance capital improvements consisting of a public works facility and a public safety and Village office facility. The principal and interest amounts are due over 20 years starting May 1, 2007 through May 1, 2027. The interest rates range from 4.00% to 4.40%.

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

DDA Debt

2001 Village of Dexter Downtown Development Bonds

On December 1, 2001, the Village of Dexter issued General Obligation Limited Tax Bonds on behalf of the DDA in the amount of \$900,000 to finance downtown improvement projects. The principal and interest amounts are due over 19 years starting May 1, 2002 through May 2, 2020. The interest rates range from 4.5% to 7.0%.

2008A Village of Dexter Downtown Development Bonds

On May 15, 2008, the Village of Dexter issued General Obligation Limited Tax Bonds on behalf of the Downtown Development Authority in the amount of \$1,600,000 to finance downtown improvement projects. The principal and interest amounts are due over 25 years starting November 1, 2008 through May 1, 2033. The interest rates range from 7.375% to 7.80%.

2008B Village of Dexter Downtown Development Bonds

On July 9, 2008, the Village of Dexter issued General Obligation Limited Tax Bonds on behalf of the Downtown Development Authority in the amount of \$2,000,000 to finance downtown improvement projects. The principal and interest amounts are due over 20 years starting November 1, 2008 through May 1, 2028. The interest rates range from 3.60% to 5.00%.

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
<u>Business-type Activities:</u>					
1998 Water General Oblig. Bonds	\$ 200,000	\$ -	\$ 45,000	\$ 155,000	\$ 50,000
Rural Development Water Bonds	2,246,000	-	46,000	2,200,000	48,000
Rural Development Sewer Bonds	2,654,000	-	47,000	2,607,000	49,000
State Revolving Fund Loan	-	1,746,000	-	1,746,000	-
Drinking Water Revolv.Fund Loan	-	1,296,000	-	1,296,000	-
Totals	<u>\$ 5,100,000</u>	<u>\$ 3,042,000</u>	<u>\$ 138,000</u>	<u>\$ 8,004,000</u>	<u>\$ 147,000</u>

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

Following is a detailed description of the above debts:

1998 Village of Dexter Bonds

On May 27, 1998, the Village of Dexter issued Special Assessment Bonds (General Obligation Limited Tax) on behalf of the DDA in the amount of \$850,000 to finance downtown water system improvement projects. The principal and interest amounts are due over the next 15 years starting October 1, 1998 through October 1, 2012. The interest rates range from 4.05% to 5.50%.

1999 Water Supply System Revenue Bonds

On December 15, 1999, the Village issued \$3,173,000 of revenue bonds, which are payable to Rural Development. Interest is at 5% and payments are due on October 1. Payments are due for forty years beginning in 2000, and the principal payments range from \$10,000 to \$163,000.

2000 Sewage Disposal System Revenue Bonds

On February 8, 2000, the Village issued \$3,466,000 of revenue bonds, which are payable to Rural Development. Series A bonds (\$1,933,000) bear interest at 5% and Series B bonds (\$1,533,000) bear interest at 4.375%, and payments are due October 1. Payments are due for forty years beginning in 2000, and the principal payments range from \$32,000 to \$186,000.

2009 State Revolving Fund Program Loan

In September 2009, the Village of Dexter issued Limited Tax General Obligation Bonds, Series 2009, through the Michigan Department of Environmental Quality State Revolving Fund Program. The proceeds of the loan provided financing for the construction of an equalization basin at the wastewater treatment plant and installation of sanitary sewer lining. Principal outstanding on the revolving fund loan at June 30, 2010 was \$1,746,000. The interest rate is 2.50% and the principal and interest amounts are due over 20 years starting April 1, 2010 through October 1, 2030.

2010 Drinking Water Revolving Fund Program Loan

In January 2010, the Village of Dexter commenced financing for the construction of the water supply system improvements through the Michigan Department of Environmental Quality Drinking Water Revolving Fund Program. Principal outstanding on the revolving fund loan at June 30, 2010 was \$1,296,000. The interest rate is 2.50% and the principal and interest amounts are due over 20 years starting October 1, 2010 through October 1, 2030.

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

The following is a summary of general obligation debt outstanding (excluding compensated absences) of the Village as of June 30, 2010:

	<u>Number of Issues</u>	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
Governmental Activities:				
General Obligation Bonds	3	4.00-4.85%	2027	\$ 2,675,000
DDA Debt	3	3.60-7.80%	2033	4,240,000
				<u>\$ 6,915,000</u>
Business-type Activities:				
General Obligation Bonds	3	2.50-5.00%	2031	\$ 3,197,000
Revenue Bonds	2	4.375-5.00%	2038	4,807,000
				<u>\$ 8,004,000</u>

The annual debt service requirements to maturity for general obligation bonds outstanding as of June 30, 2010 are as follows:

<u>Year Ended</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 300,000	\$ 401,184	\$ 147,000	\$ 286,775
2012	355,000	353,992	271,000	273,844
2013	360,000	339,038	281,000	264,620
2014	310,000	323,684	236,000	254,893
2015	320,000	310,450	244,000	247,639
2016-2020	1,330,000	1,342,558	1,347,000	1,098,920
2021-2025	1,625,000	1,005,135	1,605,000	898,609
2026-2030	1,640,000	537,740	1,902,000	624,519
2031-2035	675,000	105,300	1,467,000	299,437
2036-2038	-	-	504,000	36,076
	<u>\$ 6,915,000</u>	<u>\$ 4,719,081</u>	<u>\$ 8,004,000</u>	<u>\$ 4,285,332</u>

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

III. DETAILED NOTES ON ALL FUNDS – Continued

E. Reserved Fund Balance

A detailed description of fund balance reservations and designations (for all governmental fund types) at June 30, 2010, is presented below:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>Fund Balance:</u>			
Reserved for:			
Debt Service	\$ 38,305	\$ -	\$ 133,569
Unreserved:			
Undesignated	<u>1,529,012</u>	<u>1,211,189</u>	<u>-</u>
Total Fund Balance	<u><u>\$ 1,567,317</u></u>	<u><u>\$ 1,211,189</u></u>	<u><u>\$ 133,569</u></u>

F. Property Taxes

Property tax assessments are determined (Tax Day) as of each December 31. Taxes are levied on July 1 of the following year. These taxes are due on September 14 with the final collection date of February 28 before they are added to the county delinquent tax roll. The Village bills and collects its own property taxes which are accounted for in the General Fund, Municipal Street Fund, and Streetscape Debt Fund. Village property tax revenues are recognized in the current year as revenue in accordance with guidelines of the State of Michigan.

The Village is permitted by State law to levy taxes up to \$12.50 per \$1,000 of equalized valuation for general governmental services. The following is a summary of the tax rates levied on the 2009 tax roll:

<u>Per \$1,000 of State Equalized Value</u>					
<u>Purpose</u>	<u>Authorization</u>	<u>Authorized Rate</u>	<u>Authorized Rate Post "Roll Back"</u>	<u>Rate Levied</u>	<u>Tax Margin</u>
Operating	Charter	12.5000	9.8807	9.8151	.0656
Streets	Charter	5.0000	3.9520	2.9786	.9734
Debt	Voted	2.0000	2.0000	.7625	1.2375

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

IV. OTHER INFORMATION

A. Employee Retirement Systems and Plans

1. Municipal Employees Retirement System Defined Benefit Plan

a. Plan Description

The Village contributes to the Michigan Municipal Employees' Retirement System (MMERS), which is an agent multiple employer retirement system that covers substantially all full time employees of the Village. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by a certain percentage based on the benefit program in effect as of the date of termination of membership times the final average compensation (FAC). The most recent period for which actuarial data was available was for the actuarial valuation as of December 31, 2009.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of the State of Michigan (MSA 5.333(a); MCLA 46.12(a)). MERS is regulated under Act No. 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Council. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

b. Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Village's collective bargaining units and personnel policy. The Village is required to contribute at an actuarially determined rate; the current rate was a percentage of annual compensation at December 31, 2007 as follows:

General	9.81%
---------	-------

c. Annual Pension Cost

During the year ended June 30, 2010, the Village's contributions totaling \$121,423 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2007. The employer contribution rate has been determined based on the entry age normal cost funding method. Under the entry age normal

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

IV. OTHER INFORMATION – Continued

A. Employee Retirement Systems and Plans – Continued

1. Municipal Employees Retirement System Defined Benefit Plan – Continued

c. Annual Pension Cost – Continued

cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 4.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Three Year Trend Information

<u>Fiscal Year</u>	<u>Valuation Date Dec. 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2008	2005	\$ 110,149	100%	\$ -0-
2009	2006	121,273	100%	-0-
2010	2007	121,423	100%	-0-

2. Defined Contribution Pension Plan

The Village contributes to a defined contribution money purchase pension plan for the Village Manager. The plan is administered by the ICMA Retirement Corporation (ICMA) who sponsors the prototype plan. Amendments are developed by ICMA and submitted to the Village Council for approval.

Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. Contributions made by the Village for an employee vest immediately. During the year, the Village's required and actual contributions amounted to \$7,313.

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

IV. OTHER INFORMATION – Continued

A. Employee Retirement Systems and Plans – Continued

3. Post Retirement Health Care Benefits

Change in Accounting – The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. GASB Statement No. 45 establishes standards for the measurement, recognition and display of other postemployment benefits (OPEB) and related liabilities and note disclosures in other plans in which the Village participates. GASB Statement No. 45 was effective for the Village for the fiscal year beginning July 1, 2009. Current year expenses include the current year “pay-as-you-go” amount and the recognition of the unfunded current year actuarial recommended contribution (ARC) in the governmental activities. This change had no impact on beginning net assets. The changes in financial reporting as a result of this statement are outlined below.

Plan Description – The Village provides health care benefits to two retirees in accordance with their respective labor contracts. The Village includes these retirees and their dependents in its insured health care plan. Expenditures for post employment health care benefits are recognized as the insurance premiums become due. During the year, this amounted to \$23,489, net of participant contributions.

Funding Policy – The Village has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis). The Village has budgeted to fund this obligation on an actuarial basis.

Funding Progress – For the year ended June 30, 2010, the Village has estimated the cost of providing retiree healthcare benefits through an actuarial study that complies with the requirements of GASB 45. The study computes an annual required contribution that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

IV. OTHER INFORMATION – Continued

A. Employee Retirement Systems and Plans – Continued

3. Post Retirement Health Care Benefits – Continued

The computed contribution and actual funding are summarized as follows:

Annual Required Contribution (recommended)	\$ 157,480
Interest on the prior year's net OPEB obligation	-
Less adjustment to the annual required contribution	-
Annual OPEB Cost	<u>157,480</u>
Amounts Contributed:	
Payments of current premiums	(23,489)
Advance funding	<u>(180,000)</u>
Increase(Decrease) in net OPEB obligation	(46,009)
OPEB (asset)liability - Beginning of Year	-
OPEB (asset)liability - End of Year	<u>\$ (46,009)</u>

The funding progress of the plan as of the most recent valuation date is as follows:

Valuation as of January 1, 2008:

Actuarial Value of Assets	\$ -
Actuarial Accrued Liability (AAL)	1,594,792
Unfunded AAL (UAAL)	1,594,792
Funded Ratio	0.00%
Ratio of UAAL to covered payroll	Not available

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

VILLAGE OF DEXTER
Notes to Financial Statements
June 30, 2010

IV. OTHER INFORMATION – Continued

A. Employee Retirement Systems and Plans – Continued

3. Post Retirement Health Care Benefits – Continued

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

In the January 1, 2008 calculation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.50 percent investment rate of return. The unfunded actuarial accrued liabilities were amortized as a level percent of active member payroll over a period of 30 years.

B. Risk Management

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

In the event that a single loss should exceed the amount of protection afforded by the pool loss reserve fund, reinsurance, or other insurance carried by the pools, or in the event that a series of losses should deplete or exhaust the loss reserve fund and reinsurance, the payment of valid losses shall be the obligation of the individual member or members of the respective pool against whom the claim was made. No such event has occurred with the Village of Dexter and the pools to which it belongs in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Dexter
Required Supplementary Information
Defined Benefit Pension Plans Trend Information (Unaudited)
June 30, 2010

Municipal Employees Retirement System
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Underfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
12/31/00	\$ 1,107,517	\$ 1,303,343	\$ 195,826	85%	\$687,506	28%
12/31/01	1,271,105	1,469,988	198,883	86	680,185	29
12/31/02	1,417,789	1,784,208	366,419	79	835,232	44
12/31/03	1,630,529	1,978,833	348,304	82	866,692	40
12/31/04	1,814,081	2,370,866	556,785	77	882,564	63
12/31/05	1,975,646	2,715,100	739,454	73	946,516	78
12/31/06	2,176,383	2,985,549	809,166	73	1,055,372	77
12/31/07	2,046,134	2,785,187	739,053	73	812,681	91
12/31/08	2,203,644	3,286,312	1,082,668	67	941,034	115
12/31/09	2,390,044	3,033,468	643,464	79	838,362	77

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2009, the latest actual valuation, follows:

Actuarial cost method	Entry age normal cost
Amortization method	Level percent
Remaining amortization period	28 years
Asset valuation method	10-year smoothed market
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases Includes inflation at 2.0%	4.50-12.90%
Cost of living adjustments	None

VILLAGE OF DEXTER
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 1,809,500	\$ 1,823,500	\$ 1,872,045	\$ 48,545
Licenses and Permits	4,500	4,500	9,585	5,085
Intergovernmental - State	178,500	178,500	160,660	(17,840)
Charges for Services	796,600	796,600	849,810	53,210
Fines and Forfeitures	4,900	4,900	3,549	(1,351)
Franchise Fees	47,000	47,000	54,474	7,474
Interest	50,000	36,000	20,357	(15,643)
Other	10,000	12,800	9,782	(3,018)
Total Revenues	2,901,000	2,903,800	2,980,262	76,462
Expenditures:				
General Government:				
Village Council	55,600	62,000	53,204	8,796
Village Manager	278,600	278,600	277,490	1,110
Finance	11,700	11,900	11,756	144
Attorney	40,000	38,900	9,066	29,834
Clerk	7,200	8,800	7,626	1,174
Treasurer	103,400	101,900	101,638	262
Building and Grounds	58,900	58,900	57,544	1,356
Tree Program	33,000	33,000	32,649	351
Total General Government	588,400	594,000	550,973	43,027
Public Safety:				
Law Enforcement	541,000	541,000	527,829	13,171
Fire Department	320,000	352,000	348,748	3,252
Total Public Safety	861,000	893,000	876,577	16,423
Planning and Zoning:				
Planning	120,800	120,300	113,675	6,625
Board of Appeals	1,100	1,100	226	874
Total Planning and Zoning	121,900	121,400	113,901	7,499
Public Works:				
Department of Public Works	221,600	227,600	206,913	20,687
Downtown Public Works	78,400	78,400	70,618	7,782
Storm Water	6,000	6,000	5,700	300
Engineering	11,000	16,300	15,975	325
Street Lights	57,000	65,000	64,711	289
Solid Waste	525,000	525,000	502,265	22,735
Total Public Works	899,000	918,300	866,182	52,118
Parks and Recreation	122,800	342,100	313,799	28,301
Insurance and Bonds	92,500	92,500	82,564	9,936
Contributions	23,250	23,250	23,250	-
Contingency	35,000	17,900	12,588	5,312

(continued)

VILLAGE OF DEXTER
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures: (Continued)				
Debt Service:				
Principal	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Interest and Fees	<u>68,300</u>	<u>68,300</u>	<u>67,582</u>	<u>718</u>
Total Debt Service	<u>128,300</u>	<u>128,300</u>	<u>127,582</u>	<u>718</u>
 Total Expenditures	 <u>2,872,150</u>	 <u>3,130,750</u>	 <u>2,967,416</u>	 <u>163,334</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>28,850</u>	 <u>(226,950)</u>	 <u>12,846</u>	 <u>239,796</u>
 Other Financing Sources (Uses):				
Operating Transfers In	-	-	26,832	26,832
Operating Transfers Out	<u>-</u>	<u>(45,000)</u>	<u>(43,994)</u>	<u>1,006</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(45,000)</u>	<u>(17,162)</u>	<u>27,838</u>
 Change in Fund Balance	 <u>\$ 28,850</u>	 <u>\$ (271,950)</u>	 <u>(4,316)</u>	 <u>\$ 267,634</u>
 Fund Balance - July 1			 <u>1,571,633</u>	
Fund Balance - June 30			 <u>\$ 1,567,317</u>	

VILLAGE OF DEXTER
Major Street Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental-State	\$ 114,100	\$ 114,100	\$ 114,822	\$ 722
Interest	2,500	2,500	2,666	166
Other	-	15,000	15,251	251
Total Revenues	<u>116,600</u>	<u>131,600</u>	<u>132,739</u>	<u>1,139</u>
Expenditures:				
Public Works	250,500	448,500	414,514	33,986
Construction	80,000	226,000	207,427	18,573
Total Expenditures	<u>330,500</u>	<u>674,500</u>	<u>621,941</u>	<u>52,559</u>
Excess (Deficiency) of Revenues Over Expenditures	(213,900)	(542,900)	(489,202)	53,698
Other Financing Sources:				
Operating Transfers In	<u>213,900</u>	<u>542,900</u>	<u>413,994</u>	<u>(128,906)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(75,208)	<u>\$ (75,208)</u>
Fund Balance - July 1			<u>217,840</u>	
Fund Balance - June 30			<u>\$ 142,632</u>	

VILLAGE OF DEXTER
Local Street Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental-State	\$ 44,500	\$ 44,500	\$ 60,608	\$ 16,108
Interest	1,000	1,000	373	(627)
Other	-	110,000	110,000	-
Total Revenues	<u>45,500</u>	<u>155,500</u>	<u>170,981</u>	<u>15,481</u>
Expenditures:				
Public Works	225,100	257,100	245,300	11,800
Construction	20,000	394,000	382,148	11,852
Total Expenditures	<u>245,100</u>	<u>651,100</u>	<u>627,448</u>	<u>23,652</u>
Excess (Deficiency) of Revenues Over Expenditures	(199,600)	(495,600)	(456,467)	39,133
Other Financing Sources:				
Operating Transfers In	<u>199,600</u>	<u>495,600</u>	<u>407,000</u>	<u>(88,600)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(49,467)	<u>\$ (49,467)</u>
Fund Balance - July 1			<u>53,809</u>	
Fund Balance - June 30			<u>\$ 4,342</u>	

VILLAGE OF DEXTER
Municipal Street Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 572,000	\$ 572,000	\$ 568,337	\$ (3,663)
Interest	10,000	10,000	2,146	(7,854)
Total Revenues	<u>582,000</u>	<u>582,000</u>	570,483	<u>(11,517)</u>
Expenditures:				
Public Works	<u>35,100</u>	<u>38,600</u>	<u>32,582</u>	<u>6,018</u>
Excess (Deficiency) of Revenues Over Expenditures	546,900	543,400	537,901	(5,499)
Other Financing Uses:				
Operating Transfers Out	<u>(413,500)</u>	<u>(993,500)</u>	<u>(777,000)</u>	<u>216,500</u>
Change in Fund Balance	<u>\$ 133,400</u>	<u>\$ (450,100)</u>	(239,099)	<u>\$ 211,001</u>
Fund Balance - July 1			<u>749,218</u>	
Fund Balance - June 30			\$ <u>510,119</u>	

VILLAGE OF DEXTER
Downtown Development Authority Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 515,000	\$ 515,000	\$ 444,707	\$ (70,293)
Interest	10,000	10,000	7,469	(2,531)
Other	5,000	5,000	2,757	(2,243)
Total Revenues	<u>530,000</u>	<u>530,000</u>	<u>454,933</u>	<u>(75,067)</u>
Expenditures:				
Community Development	77,000	93,300	90,634	2,666
Debt Service:				
Principal	45,000	45,000	45,000	-
Interest	258,000	258,000	256,249	1,751
Capital Outlay	1,396,780	1,496,780	1,181,672	315,108
Total Expenditures	<u>1,776,780</u>	<u>1,893,080</u>	<u>1,573,555</u>	<u>319,525</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,246,780)</u>	<u>\$ (1,363,080)</u>	(1,118,622)	<u>\$ (394,592)</u>
Fund Balance - July 1			<u>1,388,599</u>	
Fund Balance - June 30			<u>\$ 269,977</u>	

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF DEXTER
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

	<u>Equipment Replacement Special Revenue</u>	<u>Streetscape Debt Service</u>	<u>Special Projects Capital Project</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$ 284,649	\$ 133,569	\$ -	\$ 418,218
Special Assessments Receivable	<u>-</u>	<u>142,203</u>	<u>-</u>	<u>142,203</u>
Total Assets	<u>\$ 284,649</u>	<u>\$ 275,772</u>	<u>\$ -</u>	<u>\$ 560,421</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 530	\$ -	\$ -	\$ 530
Deferred Revenue	<u>-</u>	<u>142,203</u>	<u>-</u>	<u>142,203</u>
Total Liabilities	<u>530</u>	<u>142,203</u>	<u>-</u>	<u>142,733</u>
Fund Balance:				
Reserved for Debt Service	-	133,569	-	133,569
Unreserved:				
Undesignated	<u>284,119</u>	<u>-</u>	<u>-</u>	<u>284,119</u>
Total Fund Balance	<u>284,119</u>	<u>133,569</u>	<u>-</u>	<u>417,688</u>
Total Liabilities and Fund Balance	<u>\$ 284,649</u>	<u>\$ 275,772</u>	<u>\$ -</u>	<u>\$ 560,421</u>

VILLAGE OF DEXTER
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2010

	<u>Equipment Replacement Special Revenue</u>	<u>Streetscape Debt Service</u>	<u>Special Projects Capital Project</u>	<u>Total</u>
Revenues:				
Property Taxes	\$ -	\$ 161,742	\$ -	\$ 161,742
Charges for Services	118,574	-	-	118,574
Special Assessments	-	58,557	-	58,557
Interest	521	545	613	1,679
Total Revenues	<u>119,095</u>	<u>220,844</u>	<u>613</u>	<u>340,552</u>
Expenditures:				
Public Works	22,854	1,352	12,935	37,141
Debt Service:				
Principal	-	180,000	-	180,000
Interest and Fees	-	52,350	-	52,350
Capital Outlay	48,076	-	283,701	331,777
Total Expenditures	<u>70,930</u>	<u>233,702</u>	<u>296,636</u>	<u>601,268</u>
Excess (Deficiency) of Revenues Over Expenditures	48,165	(12,858)	(296,023)	(260,716)
Other Financing Uses:				
Operating Transfers Out	-	-	(26,832)	(26,832)
Change in Fund Balance	48,165	(12,858)	(322,855)	(287,548)
Fund Balance - July 1	<u>235,954</u>	<u>146,427</u>	<u>322,855</u>	<u>705,236</u>
Fund Balance - June 30	<u>\$ 284,119</u>	<u>\$ 133,569</u>	<u>\$ -</u>	<u>\$ 417,688</u>

VILLAGE OF DEXTER
Combining Balance Sheet
Downtown Development Authority
June 30, 2010

	<u>Downtown Development Authority</u>	<u>DDA Debt</u>	<u>DDA Project Fund</u>	<u>DDA Bond Construction</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 480,621	\$ 324,203	\$ -	\$ 68,429	\$ 873,253
Accounts Receivable	<u>-</u>	<u>-</u>	<u>8,300</u>	<u>-</u>	<u>8,300</u>
Total Assets	<u>\$ 480,621</u>	<u>\$ 324,203</u>	<u>\$ 8,300</u>	<u>\$ 68,429</u>	<u>\$ 881,553</u>
 <u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts Payable	\$ 1,561	\$ -	\$ -	\$ 68,429	\$ 69,990
Due to Other Governmental Units	<u>461,586</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>541,586</u>
Total Liabilities	<u>463,147</u>	<u>80,000</u>	<u>-</u>	<u>68,429</u>	<u>611,576</u>
Fund Balance:					
Unreserved:					
Undesignated	<u>17,474</u>	<u>244,203</u>	<u>8,300</u>	<u>-</u>	<u>269,977</u>
Total Liabilities and Fund Balance	<u>\$ 480,621</u>	<u>\$ 324,203</u>	<u>\$ 8,300</u>	<u>\$ 68,429</u>	<u>\$ 881,553</u>

VILLAGE OF DEXTER
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Downtown Development Authority
For the Year Ended June 30, 2010

	<u>Downtown Development Authority</u>	<u>DDA Debt</u>	<u>DDA Project Fund</u>	<u>DDA Bond Construction</u>	<u>Total</u>
Revenues:					
Property Taxes	\$ 444,707	\$ -	\$ -	\$ -	\$ 444,707
Interest	4,560	2,341	-	568	7,469
Other	<u>2,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,757</u>
Total Revenues	<u>452,024</u>	<u>2,341</u>	<u>-</u>	<u>568</u>	<u>454,933</u>
Expenditures:					
Community Development	90,634	-	-	-	90,634
Debt Service:					
Principal	-	45,000	-	-	45,000
Interest and Fees	-	256,249	-	-	256,249
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,181,672</u>	<u>1,181,672</u>
Total Expenditures	<u>90,634</u>	<u>301,249</u>	<u>-</u>	<u>1,181,672</u>	<u>1,573,555</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>361,390</u>	<u>(298,908)</u>	<u>-</u>	<u>(1,181,104)</u>	<u>(1,118,622)</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	325,500	3,762	881,531	1,210,793
Operating Transfers Out	<u>(1,018,403)</u>	<u>-</u>	<u>(192,390)</u>	<u>-</u>	<u>(1,210,793)</u>
Total Other Financing Sources (Uses)	<u>(1,018,403)</u>	<u>325,500</u>	<u>(188,628)</u>	<u>881,531</u>	<u>-</u>
Change in Fund Balance	(657,013)	26,592	(188,628)	(299,573)	(1,118,622)
Fund Balance - July 1	<u>674,487</u>	<u>217,611</u>	<u>196,928</u>	<u>299,573</u>	<u>1,388,599</u>
Fund Balance - June 30	<u>\$ 17,474</u>	<u>\$ 244,203</u>	<u>\$ 8,300</u>	<u>\$ -</u>	<u>\$ 269,977</u>

