

**CITY OF DEXTER
Washtenaw County, Michigan**

AUDITED FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2018**

CITY OF DEXTER
For the Fiscal Year Ended June 30, 2018

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For the Fiscal Year Ended June 30, 2018

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FINANCIAL SECTION

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Independent Auditor's Report

December 17, 2018

To the Honorable Mayor and City Council
City of Dexter
Dexter, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dexter, Michigan, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dexter, Michigan, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in the footnotes to the basic financial statements, in fiscal year 2018, the City adopted the new accounting guidance of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. As a result of implementing this pronouncement, the City's net OPEB liability has been recognized on the government-wide statements and as discussed in the notes, the 2017 financial statements have been restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

Respectfully,



PSLZ LLP
Certified Public Accountants
Plymouth, Michigan

Management's Discussion and Analysis

As management of the City of Dexter, we offer readers of the City of Dexter's financial statements this narrative overview and analysis of the financial activities of the City of Dexter for the fiscal year ended June 30, 2018. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- The City of Dexter is continuing its commitment towards fully funding its long-term liabilities, and to this end contributed 197% of its required annual contribution to its defined benefit plan, and an additional \$130,600 to its Retiree Health Care Funding Vehicle.
- The assets of the City of Dexter exceeded its liabilities at the close of the most recent fiscal year by \$17,426,578 (*net position*). Of this amount, \$1,946,487 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$671,145.
- At the close of the current fiscal year, the City of Dexter's governmental funds reported combined ending fund balances of \$2,697,129. Forty-one percent of this total amount, \$1,113,071, is *available for spending* at the government's discretion (*unassigned fund balance*).
- The City of Dexter's total debt decreased by \$743,000 during the current fiscal year, as a result of annual principal repayments made.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City 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 City of Dexter's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Dexter's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Dexter is improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 City 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 City of Dexter include general government, public works, police, fire, streets, debt service, and capital improvements. The business-type activities of the City of Dexter are the Water and Sewer Funds.

The government-wide financial statements include not only the City of Dexter itself (known as the *primary government*), but also a legally separate component unit, the Downtown Development Authority (DDA) for which the City of Dexter is financially accountable. Financial information for the *component unit* is 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 City 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 City 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, the Solid Waste 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 City 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 City 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 City 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 City 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 22-48 of this report.

Government-wide Financial Analysis

Assets exceeded liabilities by \$17,426,578 at the close of the most recent fiscal year. Of the City of Dexter's net position, 85 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 City 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.

City of Dexter's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 3,579,468	\$ 3,001,271	\$ 1,230,788	\$ 1,510,160	\$ 4,810,256	\$ 4,511,431
Capital Assets	14,201,947	14,240,897	13,972,890	14,236,909	28,174,837	28,477,806
Total Assets	<u>17,781,415</u>	<u>17,242,168</u>	<u>15,203,678</u>	<u>15,747,069</u>	<u>32,985,093</u>	<u>32,989,237</u>
Deferred Outflows	305,061	639,601	-	-	305,061	639,601
Long-term liabilities	6,372,395	6,471,365	8,493,151	8,993,151	14,865,546	15,464,516
Other liabilities	882,339	571,065	115,691	131,556	998,030	702,621
Total Liabilities	<u>7,254,734</u>	<u>7,042,430</u>	<u>8,608,842</u>	<u>9,124,707</u>	<u>15,863,576</u>	<u>16,167,137</u>
Net Position:						
Net Investment						
in capital assets	9,382,947	9,178,897	5,479,739	5,243,758	14,862,686	14,422,655
Restricted	617,405	837,443	-	-	617,405	837,443
Unrestricted	831,390	822,999	1,115,097	1,378,604	1,946,487	2,201,603
Total Net Position	<u>\$ 10,831,742</u>	<u>\$ 10,839,339</u>	<u>\$ 6,594,836</u>	<u>\$ 6,622,362</u>	<u>\$ 17,426,578</u>	<u>\$ 17,461,701</u>

*GASB Statement No. 75 was implemented by the City in fiscal year 2018. Fiscal year 2017 amounts shown have not been modified to reflect the retroactive application of the change.

An additional portion (4%) of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is \$1,946,487 which may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities increased net position by \$698,671 as compared to an increase in the prior year of \$958,291.

Business-type activities. Business-type activities decreased net position by \$27,526 as compared to a decrease in the prior year of \$118,779.

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Program Revenues:						
Charges for Services	\$ 1,092,127	\$ 1,120,197	\$ 2,123,223	\$ 2,107,972	\$ 3,215,350	\$ 3,228,169
Operating Grants & Contrib.	515,932	477,747	-	-	515,932	477,747
Capital Grants & Contrib.	-	10,000	409,951	207,093	409,951	217,093
General Revenues:						
Property Taxes	3,428,655	3,313,158	-	-	3,428,655	3,313,158
State Shared Revenues	859,861	877,412	-	-	859,861	877,412
Investment Earnings	24,048	15,186	4,949	1,011	28,997	16,197
Franchise Fees	77,796	77,653	-	-	77,796	77,653
Total Revenues	<u>5,998,419</u>	<u>5,891,353</u>	<u>2,538,123</u>	<u>2,316,076</u>	<u>8,536,542</u>	<u>8,207,429</u>
Program Expenses:						
General Government	950,057	986,967	-	-	950,057	986,967
Public Safety	1,305,720	1,234,259	-	-	1,305,720	1,234,259
Community Development	291,020	174,467	-	-	291,020	174,467
Public Works	2,325,563	2,131,323	-	-	2,325,563	2,131,323
Recreation and Cultural	187,283	201,667	-	-	187,283	201,667
Interest on Long-Term Debt	240,105	204,379	-	-	240,105	204,379
Water and Sewer	-	-	2,565,649	2,434,855	2,565,649	2,434,855
Total Expenses	<u>5,299,748</u>	<u>4,933,062</u>	<u>2,565,649</u>	<u>2,434,855</u>	<u>7,865,397</u>	<u>7,367,917</u>
Change in Net Position	<u>\$ 698,671</u>	<u>\$ 958,291</u>	<u>\$ (27,526)</u>	<u>\$ (118,779)</u>	<u>\$ 671,145</u>	<u>\$ 839,512</u>

*GASB Statement No. 75 was implemented by the City in fiscal year 2018. Fiscal year 2017 amounts shown have not been modified to reflect the retroactive application of the change.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City 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 \$2,697,129, 41% of this total amount (\$1,113,071) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted* (\$617,405), *committed* (\$339,933) or *assigned* (\$626,720) to indicate that it is not available for new spending because it has already been committed. Total governmental fund balances increased \$266,923 for the year ended June 30, 2018.

The General Fund is the chief operating fund of the City of Dexter. At the end of the current fiscal year, total fund balance of the general fund was \$1,739,791, of which \$1,113,071 is unassigned.

Proprietary funds. The City 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 position of the Water and Sewer Funds at the end of the current fiscal year amounted to \$1,115,097. Factors concerning the change in net position 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 \$246,300. The budgeted revenues were increased \$160,200 to account for the State reimbursement for personal property taxes which are being phased out and grant revenues were increased by \$42,000. The final amended budgeted expenditures in the General Fund increased by \$99,600 over the original adopted budget. The street lighting budget was increased by \$39,500 for capital improvements and general capital outlay was increased by \$29,000. The City ended the fiscal year with actual expenditures under the final amended budgeted expenditures by \$75,411.

Capital Asset and Debt Administration

Capital assets. The City of Dexter's investment in capital assets for its governmental and business type activities is \$28,174,837 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, machinery and equipment, park facilities, and roads. The City of Dexter's investment in capital assets for the current fiscal year was decreased .3% for governmental activities, and decreased 2% in business-type activities, primarily due to annual depreciation.

Additional information on the City 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 City of Dexter had total debt outstanding of \$13,312,151. Of this amount, \$4,819,000 is governmental, and \$8,493,151 is business-type. The City of Dexter's total debt decreased by \$743,000 during the current fiscal year as a result of a DDA bond refunding and annual principal debt service payments made.

Additional information on the City 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 City Council is supportive of redevelopment in the City to encourage investment that will increase tax revenues. Two new residential developments are currently under construction and two additional residential developments are under review.
- The total City millage rate for 2018-2019 is 14.3062. The City's maximum allowed millage levy for 2018-2019 is 12.2748 for operating and 4.9099 for roads.
- In fiscal year 2017-2018, the City continued to budget \$75,000 from a previous increase in constitutional revenue sharing along with an additional \$25,600 to fund the post-retirement healthcare liability. The number of employees eligible for this benefit in the future has decreased from eleven in 2013-2014 to a current total of eight. Funding this liability continues to be a priority of Council in 2018-2019.
- The City continued to budget in fiscal year 2017-2018 to make additional contributions to the MERS defined benefit plan to help decrease the City's unfunded liability. As of December 2017, the City's defined benefit funded percentage is 88%. Funding this liability continues to be a priority of Council in 2018-2019.
- The City is committed to efficiently managing its debt and has refunded all eligible debt over the past five years to achieve the lowest possible interest rates.
- In 2017-2018, the City received funding from the Local Community Stabilization Fund (personal property tax loss reimbursement) in excess of the amount that was estimated by the State. The City used this one-time revenue in the following ways to reduce future liabilities:
 - \$30,000 was used to make an additional contribution to the OPEB account.
 - \$67,000 was used to make an additional contribution to the defined benefit plan.
 - \$100,000 was used in FY 2018-2019 to pay off outstanding bond debt.

Requests for Information

This financial report is designed to provide a general overview of the City 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

CITY OF DEXTER
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,377,939	\$ 830,524	\$ 4,208,463
Receivables (net of allowance for uncollectibles):			
Accounts	201,529	400,264	601,793
Capital Assets (net of Accumulated Depreciation):	14,201,947	13,972,890	28,174,837
Total Assets	17,781,415	15,203,678	32,985,093
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows related to Pensions	305,061	-	305,061
<u>LIABILITIES</u>			
Accounts Payable	284,162	37,951	322,113
Accrued Liabilities	598,177	77,740	675,917
Noncurrent Liabilities:			
Net Pension Liability	425,123	-	425,123
Net OPEB Liability	1,128,272	-	1,128,272
Due within one year	346,000	505,000	851,000
Due in more than one year	4,473,000	7,988,151	12,461,151
Total Liabilities	7,254,734	8,608,842	15,863,576
<u>NET POSITION</u>			
Net Investment in Capital Assets	9,382,947	5,479,739	14,862,686
Restricted for:			
Debt Service	125,045	-	125,045
Streets	98,416	-	98,416
Solid Waste	135,355	-	135,355
Downtown Development	139,492	-	139,492
Trees	119,097	-	119,097
Unrestricted	831,390	1,115,097	1,946,487
Total Net Position	\$ 10,831,742	\$ 6,594,836	\$ 17,426,578

CITY OF DEXTER
Statement of Activities
For the Year Ended June 30, 2018

<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	\$ 950,057	\$ 310,959	\$ 66,882	\$ -
Public Safety	1,305,720	22,459	3,655	-
Community Development	291,020	11,864	-	-
Public Works	2,325,563	746,545	426,240	-
Recreation and Cultural	187,283	300	19,155	-
Interest on Long-Term Debt	240,105	-	-	-
Total Governmental Activities	<u>5,299,748</u>	<u>1,092,127</u>	<u>515,932</u>	<u>-</u>
Business-type Activities:				
Water	989,051	845,041	-	138,078
Sewer	1,576,598	1,278,182	-	271,873
Total Business-type Activities	<u>2,565,649</u>	<u>2,123,223</u>	<u>-</u>	<u>409,951</u>
Grand Total	<u>\$ 7,865,397</u>	<u>\$ 3,215,350</u>	<u>\$ 515,932</u>	<u>\$ 409,951</u>

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

Change in Net Position
Net Position - Beginning, restated

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (572,216)	\$ -	\$ (572,216)
(1,279,606)	-	(1,279,606)
(279,156)	-	(279,156)
(1,152,778)	-	(1,152,778)
(167,828)	-	(167,828)
(240,105)	-	(240,105)
<u>(3,691,689)</u>	<u>-</u>	<u>(3,691,689)</u>
-	(5,932)	(5,932)
-	(26,543)	(26,543)
-	<u>(32,475)</u>	<u>(32,475)</u>
<u>(3,691,689)</u>	<u>(32,475)</u>	<u>(3,724,164)</u>
3,428,655	-	3,428,655
859,861	-	859,861
77,796	-	77,796
24,048	4,949	28,997
<u>4,390,360</u>	<u>4,949</u>	<u>4,395,309</u>
698,671	(27,526)	671,145
<u>10,133,071</u>	<u>6,622,362</u>	<u>16,755,433</u>
\$ <u>10,831,742</u>	\$ <u>6,594,836</u>	\$ <u>17,426,578</u>

CITY OF DEXTER
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General</u>	<u>Major Street Special Revenue</u>	<u>Local Street Special Revenue</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,845,550	\$ 46,389	\$ 104,028
Receivables (net of allowance for uncollectibles):			
Accounts	<u>59,774</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,905,324</u>	<u>\$ 46,389</u>	<u>\$ 104,028</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ 87,220	\$ 46,372	\$ 104,019
Accrued and Other Liabilities	<u>78,313</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>165,533</u>	<u>46,372</u>	<u>104,019</u>
Fund Balances:			
Restricted for:			
Debt Service	-	-	-
Streets	-	17	9
Solid Waste	-	-	-
Downtown Development	-	-	-
Trees	-	-	-
Committed for Capital Projects	-	-	-
Assigned	626,720	-	-
Unassigned	<u>1,113,071</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,739,791</u>	<u>17</u>	<u>9</u>
Total Liabilities and Fund Balances	<u>\$ 1,905,324</u>	<u>\$ 46,389</u>	<u>\$ 104,028</u>

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

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

Net Deferred Outflows and Deferred Inflows related to Pensions

Net Pension Liabilities are not reported in the funds

Other Post Employment Benefit Liability

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

Net Position of Governmental Activities

Municipal Street Special Revenue	Solid Waste Special Revenue	Downtown Dev. Authority Special Revenue	Other Governmental Funds	Total Governmental Funds
\$ 72,438	\$ 72,626	\$ 662,462	\$ 574,446	\$ 3,377,939
<u>25,952</u>	<u>105,412</u>	<u>-</u>	<u>10,391</u>	<u>201,529</u>
<u>\$ 98,390</u>	<u>\$ 178,038</u>	<u>\$ 662,462</u>	<u>\$ 584,837</u>	<u>\$ 3,579,468</u>
\$ -	\$ 42,683	\$ 3,106	\$ 762	\$ 284,162
<u>-</u>	<u>-</u>	<u>519,864</u>	<u>-</u>	<u>598,177</u>
<u>-</u>	<u>42,683</u>	<u>522,970</u>	<u>762</u>	<u>882,339</u>
-	-	-	125,045	125,045
98,390	-	-	-	98,416
-	135,355	-	-	135,355
-	-	139,492	-	139,492
-	-	-	119,097	119,097
-	-	-	339,933	339,933
-	-	-	-	626,720
-	-	-	-	1,113,071
<u>98,390</u>	<u>135,355</u>	<u>139,492</u>	<u>584,075</u>	<u>2,697,129</u>
<u>\$ 98,390</u>	<u>\$ 178,038</u>	<u>\$ 662,462</u>	<u>\$ 584,837</u>	
				14,201,947
				305,061
				(425,123)
				(1,128,272)
				<u>(4,819,000)</u>
				<u>\$ 10,831,742</u>

CITY OF DEXTER
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018

	<u>General</u>	<u>Major Street Special Revenue</u>	<u>Local Street Special Revenue</u>
<u>Revenues</u>			
Property Taxes	\$ 2,388,975	\$ -	\$ -
Licenses and Permits	11,625	-	-
Intergovernmental:			
Federal, State and Local	654,726	295,730	130,510
Grants	46,882	-	-
Charges for Services	249,947	-	-
Fines and Forfeitures	8,443	-	-
Franchise Fees	77,796	-	-
Interest	15,962	-	-
Other	114,333	7,600	7,258
Total Revenues	<u>3,568,689</u>	<u>303,330</u>	<u>137,768</u>
<u>Expenditures</u>			
Current:			
General Government	744,773	-	-
Public Safety	1,302,195	-	-
Community Development	189,422	-	-
Public Works	348,764	970,155	305,530
Recreation and Cultural	116,280	-	-
Other	274,862	-	-
Debt Service:			
Principal	-	-	-
Interest and Other Charges	-	-	-
Capital Outlay	28,393	-	-
Total Expenditures	<u>3,004,689</u>	<u>970,155</u>	<u>305,530</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>564,000</u>	<u>(666,825)</u>	<u>(167,762)</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds of Refunding Bonds	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-
Transfers In	15,500	666,755	118,586
Transfers Out	(284,322)	-	-
Total Other Financing Sources (Uses)	<u>(268,822)</u>	<u>666,755</u>	<u>118,586</u>
Net Change in Fund Balances	295,178	(70)	(49,176)
Fund Balances - Beginning	<u>1,444,613</u>	<u>87</u>	<u>49,185</u>
Fund Balances - Ending	<u>\$ 1,739,791</u>	<u>\$ 17</u>	<u>\$ 9</u>

Municipal Street Special Revenue	Solid Waste Special Revenue	Downtown Dev. Authority Special Revenue	Other Governmental Funds	Total Governmental Funds
\$ 708,457	\$ -	\$ 331,223	\$ -	\$ 3,428,655
-	-	-	-	11,625
173,775	-	5,270	29,745	1,289,756
-	-	-	-	46,882
-	603,585	-	128,102	981,634
-	-	-	-	8,443
-	-	-	-	77,796
-	-	5,809	2,277	24,048
-	-	389	-	129,580
<u>882,232</u>	<u>603,585</u>	<u>342,691</u>	<u>160,124</u>	<u>5,998,419</u>
-	-	-	-	744,773
-	-	-	-	1,302,195
-	-	101,598	-	291,020
209,751	600,349	-	36,319	2,470,868
-	-	-	-	116,280
-	-	-	-	274,862
-	-	210,000	165,000	375,000
-	-	71,997	36,108	108,105
-	-	20,000	-	48,393
<u>209,751</u>	<u>600,349</u>	<u>403,595</u>	<u>237,427</u>	<u>5,731,496</u>
<u>672,481</u>	<u>3,236</u>	<u>(60,904)</u>	<u>(77,303)</u>	<u>266,923</u>
-	-	1,920,000	-	1,920,000
-	-	(1,920,000)	-	(1,920,000)
-	-	-	371,292	1,172,133
(872,311)	-	-	(15,500)	(1,172,133)
<u>(872,311)</u>	<u>-</u>	<u>-</u>	<u>355,792</u>	<u>-</u>
(199,830)	3,236	(60,904)	278,489	266,923
<u>298,220</u>	<u>132,119</u>	<u>200,396</u>	<u>305,586</u>	<u>2,430,206</u>
<u>\$ 98,390</u>	<u>\$ 135,355</u>	<u>\$ 139,492</u>	<u>\$ 584,075</u>	<u>\$ 2,697,129</u>

CITY 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, 2018

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

Net change in fund balances - total governmental funds	\$	266,923
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expense exceeded depreciation expense in the current period.</p>		
	Capital Outlay	48,393
	Capital Outlay-Departmental	669,647
	Depreciation Expense	(756,990)
Change in Net Pension Liability		87,266
Change in Other Post Employment Benefits		140,432
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net long-term debt and related items.</p>		
	Refunding Bonds Issued	(1,920,000)
	Principal Repayments	<u>2,163,000</u>
Change in net position in governmental activities	\$	<u><u>698,671</u></u>

CITY OF DEXTER
Balance Sheet
Proprietary Funds
June 30, 2018

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 426,398	\$ 404,126	\$ 830,524
Accounts Receivable	150,635	249,629	400,264
Total Current Assets	577,033	653,755	1,230,788
Fixed Assets:			
Land	261,577	219,469	481,046
Water System	11,188,451	-	11,188,451
Sewer System	-	19,130,822	19,130,822
Vehicles	53,907	85,560	139,467
Accumulated Depreciation	(6,006,213)	(10,960,683)	(16,966,896)
Net Fixed Assets	5,497,722	8,475,168	13,972,890
Total Assets	\$ 6,074,755	\$ 9,128,923	\$ 15,203,678
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 6,729	\$ 31,222	\$ 37,951
Accrued Liabilities	40,945	36,795	77,740
General Obligation Bonds Payable	175,000	330,000	505,000
Total Current Liabilities	222,674	398,017	620,691
Long-Term Liabilities:			
General Obligation Bonds Payable (net of current portion)	2,687,861	5,300,290	7,988,151
Total Liabilities	2,910,535	5,698,307	8,608,842
Net Position:			
Net Investment in Capital Assets	2,634,861	2,844,878	5,479,739
Unrestricted	529,359	585,738	1,115,097
Total Net Position	3,164,220	3,430,616	6,594,836
Total Liabilities and Net Position	\$ 6,074,755	\$ 9,128,923	\$ 15,203,678

CITY OF DEXTER
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues:			
Water Billings	\$ 830,725	\$ -	\$ 830,725
Sewer Billings	-	1,256,952	1,256,952
Miscellaneous	14,316	21,230	35,546
Total Operating Revenues	<u>845,041</u>	<u>1,278,182</u>	<u>2,123,223</u>
Operating Expenses:			
Operations & Maintenance	542,912	814,855	1,357,767
Depreciation Expense	<u>363,303</u>	<u>610,518</u>	<u>973,821</u>
Total Operating Expenses	<u>906,215</u>	<u>1,425,373</u>	<u>2,331,588</u>
Operating Income (Loss)	<u>(61,174)</u>	<u>(147,191)</u>	<u>(208,365)</u>
Nonoperating Revenues (Expenses):			
State Grant	-	41,744	41,744
Interest Income	2,139	2,810	4,949
Interest and Fees	<u>(82,836)</u>	<u>(151,225)</u>	<u>(234,061)</u>
Total Nonoperating Revenues (Expenses)	<u>(80,697)</u>	<u>(106,671)</u>	<u>(187,368)</u>
Income (Loss) Before Contributions and Transfers	(141,871)	(253,862)	(395,733)
Capital Contributions	<u>138,078</u>	<u>230,129</u>	<u>368,207</u>
Net Income (Loss)	(3,793)	(23,733)	(27,526)
Net Position - July 1	<u>3,168,013</u>	<u>3,454,349</u>	<u>6,622,362</u>
Net Position - June 30	<u>\$ 3,164,220</u>	<u>\$ 3,430,616</u>	<u>\$ 6,594,836</u>

CITY OF DEXTER
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 853,663	\$ 1,274,032	\$ 2,127,695
Payments to suppliers	(313,085)	(434,126)	(747,211)
Payments to employees	(234,163)	(392,258)	(626,421)
Net Cash Provided (Used) by Operating Activities	<u>306,415</u>	<u>447,648</u>	<u>754,063</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Capital Contributions	138,078	230,129	368,207
State Grant Contributions	-	41,744	41,744
Construction of capital assets	(149,643)	(560,159)	(709,802)
Principal Paid on Debt	(175,000)	(325,000)	(500,000)
Interest Paid on Debt	(82,836)	(151,225)	(234,061)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(269,401)</u>	<u>(764,511)</u>	<u>(1,033,912)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest Earned	2,139	2,810	4,949
Net Cash Provided (Used) by Investing Activities	<u>2,139</u>	<u>2,810</u>	<u>4,949</u>
Net Increase (Decrease) in Cash and Cash Equivalents	39,153	(314,053)	(274,900)
Cash and Cash Equivalents, Beginning	<u>387,245</u>	<u>718,179</u>	<u>1,105,424</u>
Cash and Cash Equivalents, Ending	<u>\$ 426,398</u>	<u>\$ 404,126</u>	<u>\$ 830,524</u>
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$ (61,174)	\$ (147,191)	\$ (208,365)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	363,303	610,518	973,821
(Increase) Decrease in Accounts Receivable	8,622	(4,150)	4,472
Increase (Decrease) in Accounts Payable	(5,765)	(8,808)	(14,573)
Increase (Decrease) in Accrued Liabilities	1,429	(2,721)	(1,292)
Net Cash Provided (Used) by Operating Activities	<u>\$ 306,415</u>	<u>\$ 447,648</u>	<u>\$ 754,063</u>

CITY OF DEXTER
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ <u>272,395</u>
<u>LIABILITIES</u>	
Due to Other	\$ <u>272,395</u>

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Dexter, Michigan, was incorporated in 1824, and on November 20, 2014, filed a city charter and became a home-rule city. The City of Dexter operates under an elected Mayor and six-member City Council, with a full-time City Manager appointed by the Council to carry out the policies that it establishes. Services are provided to approximately 4,900 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 City of Dexter and its component units, entities for which the government is considered to be financially accountable.

Blended Component Unit

Downtown Development Authority

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

Jointly Governed Organizations

Dexter Area Fire Department

The City and the neighboring Townships of Webster and Dexter 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 the City offices.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

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 position and the statement of changes in net position) 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

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

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 City.

Governmental Funds

The City reports the following major governmental funds:

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

The 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 Solid Waste Fund is a special revenue fund that accounts for the solid waste collection expenditures and the related fees collected.

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 City reports on the following fund types:

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

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.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

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 City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City 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.

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 City's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

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

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks. Investments for the City, 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, 2018.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position – Continued

3. Capital Assets

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

4. Compensated Absences

In accordance with contracts negotiated with the various employee groups of the City and the City'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 any unused vacation and sick time paid upon termination of employment. The total liability at June 30, 2018 is \$151,903.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position – Continued

6. Long-term Obligations

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

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

7. Fund Equity

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

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

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

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

Assigned – Intent to spend resources on specific purposes expressed by the City Council.

Unassigned – This is the residual classification for the general fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

1. Prior to June 30, the City Manager submits to the City 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 City 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 City Manager or her designee is authorized to transfer budgeted amounts within the departmental appropriation accounts; however, the City Council must approve any revisions that alter the total expenditures of any department.
5. Budget appropriations lapse at year end.
6. The City Council may authorize supplemental appropriations (budget amendments) during the year. In fiscal year 2018, several budget amendments were made and are reflected in the financial statements.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

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, 2017.

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, 2018.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law (Public Act 20 of 1943, as amended), the City is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

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

Statement of Net Position:	
Cash and Cash Equivalents	\$4,208,463
Statement of Fiduciary Net Position	<u>272,395</u>
Total	<u>\$4,480,858</u>

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the City's deposits may not be recovered. Neither State law nor the City's investment policy requires consideration of custodial credit risk. As of June 30, 2018, the City's book balance of its cash deposits (certificates of deposit, checking and savings accounts) was \$4,480,858. The bank balance was \$4,733,213, of which \$2,898,839 was uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. The City's investments, including the Downtown Development Authority, consisted of the following:

<u>Investments</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Michigan CLASS Investment Pool	\$ 718,219	.19

Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of fiscal year end, the credit quality ratings of investments are as follows:

<u>Investments</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Michigan CLASS Investment Pool	\$718,219	AAA	Standard & Poors

Investments in Entities that Calculate Net Asset Value per Share. As of the fiscal year ended June 30, 2018, the City holds shares or interests in investment pools where the fair value of the investments are measured on a recurring basis using net asset value per share of the investment pools as follows:

<u>Investments</u>	<u>Fair Value</u>
Michigan CLASS Investment Pool	\$718,219

The Michigan CLASS investment pool has no unfunded commitments, no restrictions on redemption frequency, and no redemption notice period.

Concentration of Credit Risk

The City's investment policy places no specific limit on the amount the City may invest in any one issuer.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

Capital asset activity for the year ended June 30, 2018 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	\$ 3,156,288	\$ -	\$ -	\$ 3,156,288
Capital Assets, being depreciated:				
Building and Improvements	3,499,557	-	-	3,499,557
Machinery and Equipment	477,212	52,885	-	530,097
Infrastructure	15,163,520	659,735	-	15,823,255
Vehicles	1,063,173	5,420	(142,000)	926,593
Land Improvements	2,127,682	-	-	2,127,682
	<u>22,331,144</u>	<u>718,040</u>	<u>(142,000)</u>	<u>22,907,184</u>
Less: Accumulated Depreciation:				
Building and Improvements	(1,689,187)	(32,528)	-	(1,721,715)
Machinery and Equipment	(300,063)	(26,006)	-	(326,069)
Infrastructure	(8,358,397)	(597,508)	-	(8,955,905)
Vehicles	(676,375)	(63,630)	142,000	(598,005)
Land Improvements	(222,513)	(37,318)	-	(259,831)
	<u>(11,246,535)</u>	<u>(756,990)</u>	<u>142,000</u>	<u>(11,861,525)</u>
Governmental Activities Capital Assets, net	<u>\$ 14,240,897</u>	<u>\$ (38,950)</u>	<u>\$ -</u>	<u>\$ 14,201,947</u>

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

General Government	\$ 18,763
Public Safety	3,525
Public Works	663,699
Recreation and Cultural	71,003
	<u>\$ 756,990</u>

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

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	\$ 468,109	\$ -	\$ -	\$ 468,109
Capital Assets, being depreciated:				
Water and Sewer System	29,761,875	709,802	-	30,471,677
Less: Accumulated Depreciation:				
Water and Sewer System	<u>(15,993,075)</u>	<u>(973,821)</u>	<u>-</u>	<u>(16,966,896)</u>
Business Activities				
Capital Assets, net	<u>\$ 14,236,909</u>	<u>\$ (264,019)</u>	<u>\$ -</u>	<u>\$ 13,972,890</u>

C. Interfund Operating Transfers

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
2006 GO Debt Fund	General Fund	\$ 94,097
2016 Refunding Debt Fund	General Fund	90,225
Equipment Replacement	General Fund	100,000
Major Street Fund	Municipal Street Fund	666,755
Local Street Fund	Municipal Street Fund	118,586
2014 Road Debt Fund	Municipal Street Fund	86,970
General Fund	Tree Replacement Fund	15,500
		<u>\$ 1,172,133</u>

Transfers to the Major and Local Street Funds from the Municipal Street Fund represent operating subsidies for street projects.

Transfers to Debt Funds reflect operating transfers for annual debt service payments.

Transfer from the Tree Replacement Fund to the General fund represents a contribution for trees purchased in the General Fund.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2018:

Governmental Activities:	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
City of Dexter:					
2006 General Obligation Bonds	\$ 205,000	\$ -	\$ 15,000	\$ 190,000	\$ 20,000
2014 Capital Improvement Bonds	585,000	-	75,000	510,000	80,000
2016 Refunding Bonds	870,000	-	75,000	795,000	80,000
Total	<u>\$ 1,660,000</u>	<u>\$ -</u>	<u>\$ 165,000</u>	<u>\$ 1,495,000</u>	<u>\$ 180,000</u>
Downtown Development Authority:					
2008B Village of Dexter Bonds	\$ 1,850,000	\$ -	\$ 1,850,000	\$ -	\$ -
2011 Refunding Bonds	212,000	-	70,000	142,000	69,000
2015 Refunding Bonds	1,340,000	-	30,000	1,310,000	30,000
2017 Refunding Bonds	-	1,920,000	48,000	1,872,000	67,000
Total	<u>\$ 3,402,000</u>	<u>\$ 1,920,000</u>	<u>\$ 1,998,000</u>	<u>\$ 3,324,000</u>	<u>\$ 166,000</u>
Grand Total	<u>\$ 5,062,000</u>	<u>\$ 1,920,000</u>	<u>\$ 2,163,000</u>	<u>\$ 4,819,000</u>	<u>\$ 346,000</u>

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

2006 City of Dexter Bonds

On November 16, 2006, the City 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 City 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%.

2014 City of Dexter Bonds

In 2014, the City of Dexter issued Capital Improvement Bonds in the amount of \$800,000 to finance road capital improvements. The principal and interest amounts are due over 10 years starting May 1, 2015 through May 1, 2024, with an interest rate of 2.08%.

2016 City of Dexter Refunding Bonds

In May 2016, the City of Dexter issued the 2016 Limited Tax General Obligation Refunding Bonds in the amount of \$945,000. The bonds were issued to refinance the 2006 Limited Tax General Obligation bonds of \$975,000, interest rates ranging from 4.25%-4.40% and debt maturing in May 2027. The refunding bonds have an interest rate of 1.75% and mature in May 2027.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

DDA Debt

2011 City of Dexter Downtown Development Refunding Bonds

In September 2011, the City of Dexter Downtown Development Authority issued the 2011 Downtown Development Limited Tax General Obligation Refunding Bonds in the amount of \$622,000. The bonds were issued to refinance the 2001 Downtown Development Limited Tax General Obligation bonds with principal outstanding of \$590,000, interest rates ranging from 4.50-7.00% and debt maturing in May 2020. The refunding bonds have an interest rate of 2.95% and mature in May 2020.

2015 City of Dexter Downtown Development Refunding Bonds

In August 2015, the City of Dexter Downtown Development Authority issued the 2015 Downtown Development Limited Tax General Obligation Refunding Bonds in the amount of \$1,415,000. The bonds were issued to refinance the 2008A Downtown Development Limited Tax General Obligation bonds with principal outstanding of \$1,315,000, interest rates ranging from 7.375%-7.80% and debt maturing in May 2033. The refunding bonds have an interest rate of 3.55%–4.65% and mature in May 2032.

2017 City of Dexter Downtown Development Refunding Bonds

In October 2017, the City of Dexter Downtown Development Authority issued the 2017 Downtown Development Limited Tax General Obligation Refunding Bonds in the amount of \$1,920,000. The bonds were issued to refinance the 2008B Downtown Development Limited Tax General Obligation bonds with principal outstanding of \$1,850,000, interest rates ranging from 4.50%-5.00% and debt maturing in May 2028. The refunding bonds have an interest rate of 2.7% and mature in May 2028. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and new bonds) of \$227,839.

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
<u>Business-type Activities:</u>					
2012 Water GO Refunding Bonds	\$ 1,400,000	\$ -	\$ 80,000	\$ 1,320,000	\$ 80,000
2012 Sewer GO Refunding Bonds	1,790,000	-	110,000	1,680,000	110,000
2009 State Revolving Fund Bonds	1,260,290	-	75,000	1,185,290	80,000
2012 State Revolving Fund Bonds	2,905,000	-	140,000	2,765,000	140,000
2010 Drinking Water Rev Fund Bonds	914,226	-	55,000	859,226	55,000
2011 Drinking Water Rev Fund Bonds	723,635	-	40,000	683,635	40,000
Totals	<u>\$ 8,993,151</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 8,493,151</u>	<u>\$ 505,000</u>

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

Following is a detailed description of the above debts:

2009 State Revolving Fund Program Loan

In September 2009, the City 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. 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 City 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. 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.

2011 Drinking Water Revolving Fund Program Loan

In September 2011, the City of Dexter commenced financing for the construction of water supply system improvements through the Michigan Department of Environmental Quality Drinking Water Revolving Fund Program for \$1,550,000. The interest rate is 2.50% and the principal and interest amounts are due over 20 years starting in November 2012.

2012 State Revolving Fund Loan

In September 2012, the City of Dexter commenced financing for the construction of sewer system improvements through the Michigan Department of Environmental Quality Revolving Fund Program for \$3,300,000. The interest rate is 2.50% and the principal and interest amounts are due over 20 years starting in April 2013.

2012 Water G.O. Refunding Bonds

In May 2012, the City issued \$1,770,000 of general obligation bonds with interest rates of 1.90 – 3.25% and semi-annual maturities from October 2012 through October 2031. The net proceeds of \$1,937,764, which included \$207,348 of debt service reserves, were used to advance refund \$2,102,000 of 1999 Water Revenue Bonds with interest rates of 4.375% and maturing through 2038.

2012 Sewer G.O. Refunding Bonds

In May 2012, the City issued \$2,225,000 of general obligation bonds with interest rates of 1.90 – 3.25% and semi-annual maturities from October 2012 through October 2031. The net proceeds of \$2,446,000 which included \$235,444 of debt service reserves were used to advance refund \$2,507,000 of Sewer Revenue Bonds Series 2000A and 2000B with interest rates of 5.0% and maturing through 2038.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

The following is a summary of general obligation debt outstanding of the City as of June 30, 2018:

	<u>Number of Issues</u>	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
Governmental Activities:				
General Obligation Bonds	3	.45-4.40%	2027	\$ 1,495,000
DDA Debt	3	2.95-7.90%	2032	3,324,000
				<u>\$ 4,819,000</u>
Business-type Activities:				
General Obligation Bonds	2	1.90-3.25%	2032	\$ 3,000,000
Drinking Water Rev Fund Bonds	2	2.50%	2032	1,542,861
State Revolving Fund Bonds	2	2.50%	2034	3,950,290
				<u>\$ 8,493,151</u>

The annual debt service requirements to maturity for general obligation bonds outstanding as of June 30, 2018 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>
2019	\$ 346,000	\$ 183,002	\$ 505,000	\$ 218,620
2020	364,000	174,162	515,000	207,007
2021	401,000	164,900	535,000	194,229
2022	413,000	152,365	545,000	180,729
2023	431,000	119,209	555,000	166,979
2024-2028	2,024,000	538,072	3,025,000	601,332
2029-2033	840,000	153,570	2,608,151	177,109
2034	-	-	205,000	2,562
	<u>\$ 4,819,000</u>	<u>\$ 1,485,280</u>	<u>\$ 8,493,151</u>	<u>\$ 1,748,567</u>

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS – Continued

E. 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 15 with the final collection date of February 28 before they are added to the county delinquent tax roll. The City bills and collects its own property taxes which are accounted for in the General Fund, Municipal Street Fund, and Streetscape Debt Fund. City property tax revenues are recognized in the current year as revenue in accordance with guidelines of the State of Michigan.

The City 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 2017 tax roll:

Per \$1,000 of State Equalized Value					
Purpose	Authorization	Authorized Rate	Authorized Rate Post "Roll Back"	Rate Levied	Tax Margin
Operating	Charter	12.5000	12.3390	10.8987	1,4403
Streets	Charter	5.0000	4.9356	3.4075	1.5281

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description

The City contributes to the Municipal Employees' Retirement System of Michigan (MERS), which is an agent multiple-employer defined benefit pension plan that covers all full time employees hired before March 1, 2011. MERS was established by the Michigan Legislature in 1945 and is administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained at *mersofmich.com*.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Benefits Provided

The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries, as established by Public Act 427 of 1984, as amended. The Plan covers all full-time employees of the City hired before March 1, 2011, including union and non-union employees. Benefits are calculated as 2.0 percent of the employee's 3 year final average compensation times the employee's years of service with a maximum of 80 percent of final average compensation. Prior to June 2011, employees on the defined benefit plan had a 2.25% multiplier. After June 2011, the multiplier was changed to 2.0%. Normal retirement age is 60. Deferred retirement benefits vest after 10 years of credited service but are not paid until the date retirement would have occurred if the member had remained an employee.

Benefit terms, within the guidelines established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. This plan was closed to new hires in 2011.

Employees Covered by Benefit Terms

At the December 31, 2017 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	10
Inactive plan members entitled to but not yet receiving benefits	2
Active Plan Members	<u>8</u>
Total Employees covered by MERS	<u>20</u>

Contributions

The State of Michigan Constitution, Article 9, Section 24, requires that financial benefits arising on account of employee services rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2018, the average active employee contribution rate was 5 percent of gross wages for all employees. The City's contribution rate was a monthly flat rate of \$9,767. The City made additional monthly contributions of \$3,889 plus a lump sum voluntary contribution of \$67,040, for a total annual contribution of \$230,912.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Net Pension Liability

The net pension liability reported at June 30, 2018 was determined using a measure of the total pension liability and the plan net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension liability during the measurement year were as follows:

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2016	\$ 3,867,832	\$ 3,020,903	\$ 846,929
Service Cost	47,853	-	47,853
Interest	303,419	-	303,419
Contributions-Employer	-	309,745	(309,745)
Contributions-Employee	-	26,181	(26,181)
Net Investment Income	-	412,206	(412,206)
Differences between expected and actual experience	(31,454)	-	(31,454)
Benefit Payments, including refunds	(198,017)	(198,017)	-
Administrative Expenses	-	(6,508)	6,508
Net Changes	<u>121,801</u>	<u>543,607</u>	<u>(421,806)</u>
Balance at December 31, 2017	<u>\$ 3,989,633</u>	<u>\$ 3,564,510</u>	<u>\$ 425,123</u>

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the City reported deferred outflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 2,807
Change in Assumptions	66,127
Differences between expected and actual experience	154,191
Employer contributions to the plan subsequent to the measurement date	81,936
Total	\$ 305,061

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$81,936), which will impact the net pension liability in fiscal year 2019, rather than pension expense.

Years Ending	Amount
June 30	
2019	\$ 91,063
2020	47,032
2021	51,975
2022	33,055

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

IV. OTHER INFORMATION – Continued

A. Defined Benefit Pension Plan - Continued

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table of a 50 percent male and 50 percent female blend with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables.

Discount Rate

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2017, the measurement date, for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	58%	5.0%
Global Fixed Income	20%	2.2%
Real Assets	12%	4.2%
Diversifying strategies	3%	6.6%

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

IV. OTHER INFORMATION – Continued

A. Defined Benefit Pension Plan – Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 8.00 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u> <u>(7.00%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(8.00%)</u>	<u>1% Increase</u> <u>(9.00%)</u>
Net Pension Liability	\$ <u>881,233</u>	\$ <u>425,123</u>	\$ <u>36,770</u>

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued financial report. For the purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the plan’s fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

B. Defined Contribution Pension Plan

The City provides pension benefits to the City Manager and employees hired after July 1, 2011, through a defined contribution plan. Under a defined contribution pension plan, the benefits a participant will receive depend solely on amounts contributed to the participant’s account plus investment earnings. Contributions made by the City for an employee vest immediately.

As established by the City Council, the City contributes 6% of employees’ gross earnings and employees are required to contribute 6% to the defined contribution plan which is administered by the Michigan Municipal Employees’ Retirement System (MERS). The City also contributes to a defined contribution money purchase pension plan for the City Manager, which is administered by the ICMA Retirement Corporation (ICMA). Total current year employer contributions, including both plans were \$30,320.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

IV. OTHER INFORMATION – Continued

C. Post-Retirement Health Care Benefits

Plan Description

The City provides health care benefits to three retirees and three spouses in accordance with their respective labor contracts. The Plan is available to former and current employees hired prior to February 28, 2011. The City includes these retirees and their dependents in its insured health care plan. The City has established a trust with the Michigan Employees' Retirement System (MERS) Retiree Health Funding Vehicle to fund future premiums. At the fund level, expenditures are recognized by the City as the insurance premiums become due.

Benefits Provided

The City provides healthcare, including prescription drug benefits for retirees and their spouses. Benefits are provided by a third-party insurer.

Employees Covered by Benefit Terms

At the June 30, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	-
Active Plan Members	<u>-</u>
Total	<u>6</u>

Contributions

Active service members are not required to make contributions to the plan. The City has no obligation to make contributions in advance, but are being financed on a "pay-as-you-go" basis.

Summary of Significant Accounting Policies

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB (if applicable), and OPEB expenses, have been determined on the same basis as they are reported for the City. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

IV. OTHER INFORMATION – Continued

C. Post Retirement Health Care Benefits – Continued

Changes in Net OPEB Liability

The components of the change in the net OPEB liability are summarized as follows:

<u>Changes in Net OPEB Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Net Position</u>	<u>Net OPEB Liability</u>
Balance at July 1, 2016	\$ <u>2,139,820</u>	\$ <u>871,116</u>	\$ <u>1,268,704</u>
Service Cost	42,167	-	42,167
Interest Cost	68,311	-	68,311
Net Investment Income	-	120,310	(120,310)
Employer Contributions	-	130,600	(130,600)
Net Changes	<u>110,478</u>	<u>250,910</u>	<u>(140,432)</u>
Balance at June 30, 2017	\$ <u>2,250,298</u>	\$ <u>1,122,026</u>	\$ <u>1,128,272</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016. The following actuarial assumptions were applied:

Actuarial Cost Method	Entry-age normal
Inflation	3.75%
Salary Increases	0%-11%
Investment Rate of Return	7.00%
Retirement Age	Employees hired prior to March 1, 2005 and 15 years of service. Employees hired between March 1, 2005 and February 28, 2011 and 20 years of service.
Mortality	RP-2014 Mortality Tables
Health care trend rates	7.5% initially grading to 4.5% in 2027

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

IV. OTHER INFORMATION – Continued

C. Post Retirement Health Care Benefits – Continued

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00% based on the expected return of assets expected to be available to pay plan benefits.

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of arithmetic real rates of return as of the July 1, 2016 measurement date for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	55.5%	6.15%
Global Fixed Income	18.5%	1.26%
Real Assets	13.5%	7.22%
Diversifying strategies	12.5%	5.00%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.0 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	\$ 2,403,167	\$ 1,128,272	\$ 251,342

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare trends rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ (146,160)	\$ 1,128,272	\$ 2,582,148

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

IV. OTHER INFORMATION – Continued

D. Risk Management

The City 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 City pays annual premiums to the pools. The pools are self-sustaining through member premiums, and each carries reinsurance through commercial companies for claims in excess of the pool loss reserve fund.

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

E. Economic Development Corporation

The City of Dexter Economic Development Corporation (EDC) is governed by a nine-member board appointed by the City Council. The EDC was established to promote economic development within the City. The annual operating budget and any modifications require the approval of the City Council. During fiscal year 2017-2018, the Economic Development Corporation, pursuant to Michigan Public Act 338 of 1974, as amended, did not have an opportunity to approve any issuance of revenue bonds to assist in refinancing of projects. The EDC continues to meet annually to maintain its status as a Corporation in order to assist with refinancing projects. The City has no obligation to fund deficits of the EDC nor does it guarantee its debt.

F. Tax Abatements

The City of Dexter granted Industrial Facilities Tax exemptions (P.A. 198 of 1974) to properties within the City. Industrial Facility Exemptions are intended to promote construction of new industrial facilities or to rehabilitate facilities. Under the industrial facility exemption program, the City's millages are reduced by 50 percent on those parcels. As of June 30, 2018, the City's property tax revenue was reduced by \$55,079 under this tax abatement program.

CITY OF DEXTER
Notes to Financial Statements
June 30, 2018

IV. OTHER INFORMATION – Continued

G. Restatement

The financial statements for the year ended June 30, 2017 have been restated to reflect the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. The effect of this new accounting standard increased governmental net position as follows:

Net Position – June 30, 2017, as previously reported	\$ 10,839,339
Adjustment for adoption of GASB No. 75	<u>(706,268)</u>
Net Position – June 30, 2017, as restated	<u>\$ 10,133,071</u>

H. Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 84, *Fiduciary Activities*, which establishes specific criteria for identifying activities that should be reported as fiduciary activities. The City is currently evaluating the impact of this standard on its financial statements. The Statement is effective beginning with the City's fiscal year ending June 30, 2020.

I. Subsequent Event

In August 2018, the City issued \$5,500,000 of limited tax general obligation Capital Improvements bonds for improvements to the wastewater treatment plant with interest rates of 3.00 – 3.50% and semi-annual maturities from May 2019 through May 2038.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DEXTER
Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 68)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:				
Service Cost	\$ 47,853	\$ 48,453	\$ 48,112	\$ 51,312
Interest	303,419	322,152	306,843	278,894
Change in Assumptions	-	-	198,382	-
Difference between expected and actual experience	(31,454)	(399,666)	86,538	-
Benefit payments, including refunds	<u>(198,017)</u>	<u>(211,561)</u>	<u>(224,642)</u>	<u>(195,004)</u>
Net Change in Total Pension Liability	121,801	(240,622)	415,233	135,202
Total Pension Liability, Beginning of year	<u>3,867,832</u>	<u>4,108,454</u>	<u>3,693,221</u>	<u>3,558,019</u>
Total Pension Liability, End of year	<u>\$ 3,989,633</u>	<u>\$ 3,867,832</u>	<u>\$ 4,108,454</u>	<u>\$ 3,693,221</u>
Plan Fiduciary Net Position:				
Contributions - Employer	\$ 309,745	\$ 143,292	\$ 144,000	\$ 175,524
Contributions - Employee	26,181	26,593	27,015	29,864
Net Investment Income	412,206	313,136	(42,532)	169,290
Administrative Expenses	(6,508)	(6,181)	(6,240)	(6,231)
Benefit payments, including refunds	<u>(198,017)</u>	<u>(211,561)</u>	<u>(224,642)</u>	<u>(195,004)</u>
Net Change in Plan Fiduciary Net Position	543,607	265,279	(102,399)	173,443
Plan Fiduciary Net Position, Beginning of year	<u>3,020,903</u>	<u>2,755,624</u>	<u>2,858,023</u>	<u>2,684,580</u>
Plan Fiduciary Net Position, End of year	<u>\$ 3,564,510</u>	<u>\$ 3,020,903</u>	<u>\$ 2,755,624</u>	<u>\$ 2,858,023</u>
City's Net Pension Liability - Ending	<u>\$ 425,123</u>	<u>\$ 846,929</u>	<u>\$ 1,352,830</u>	<u>\$ 835,198</u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	89.3%	78.1%	67.1%	77.4%
Covered Employee Payroll	\$ 524,131	\$ 531,865	\$ 524,662	\$ 559,560
City's Net Pension Liability as a Percent of Covered Employee Payroll	81.1%	159.2%	257.8%	149.3%

CITY OF DEXTER
Required Supplemental Information
Schedule of City Pension Contributions
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 117,198	\$ 84,624	\$ 64,812	\$ 64,812	\$ 56,652	\$ 45,007	\$ 41,144	\$ 61,627	\$ 123,776	\$ 87,403
Contributions in relation to the actuarially determined contribution	230,912	239,621	144,000	183,684	84,744	74,112	60,315	61,627	123,776	87,403
Contribution-Additional (Deficiency)	\$ 113,714	\$ 154,997	\$ 79,188	\$ 118,872	\$ 28,092	\$ 29,105	\$ 19,171	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 524,131	\$ 531,865	\$ 524,662	\$ 559,560	\$ 591,332	\$ 692,056	\$ 704,861	\$ 781,444	\$ 838,362	\$ 941,034
Contributions as a Percentage of Covered Employee Payroll	44.1%	45.1%	27.4%	32.8%	14.3%	10.7%	8.6%	7.9%	14.8%	9.3%

Actuarial valuation information relative to the determination of contributions:

Valuation Date Actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-age normal
Amortization Method	Level percentage of pay, closed
Remaining Amortization Period	5 years
Asset Valuation Method	5 year smoothed market
Inflation	2.50%
Salary Increases	3.75% including inflation
Investment Rate of Return	7.75%
Retirement Age	Experience based tables of rates that are specific to the type of eligibility condition
Mortality	50% Male - 50% Female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables.

CITY OF DEXTER
Required Supplemental Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 68)

	2018
Total OPEB Liability:	
Service Cost	\$ 42,167
Interest	68,311
Net Change in Total Pension Liability	110,478
Total OPEB Liability, Beginning of year	2,139,820
Total OPEB Liability, End of year	\$ 2,250,298
Plan Fiduciary Net Position:	
Contributions - Employer	\$ 130,600
Net Investment Income	120,310
Net Change in Plan Fiduciary Net Position	250,910
Plan Fiduciary Net Position, Beginning of year	871,116
Plan Fiduciary Net Position, End of year	\$ 1,122,026
City's Net OPEB Liability - Ending	\$ 1,128,272
Plan Fiduciary Net Position as a Percent of Total OPEB Liability	49.9%
Covered Employee Payroll	n/a
City's Net OPEB Liability as a Percent of Covered Employee Payroll	n/a

CITY OF DEXTER
Required Supplemental Information
Schedule of City OPEB Contributions
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 118,212	\$ 110,478	\$ 141,973	\$ 140,429	\$ 150,259	\$ 348,084	\$ 348,084	\$ 157,480	\$ 157,480	\$ -
Contributions in relation to the actuarially determined contribution	175,562	172,543	132,376	155,227	125,593	131,197	60,083	36,963	203,489	-
Contribution-Additional (Deficiency)	\$ 57,350	\$ 62,065	\$ (9,597)	\$ 14,798	\$ (24,666)	\$ (216,887)	\$ (288,001)	\$ (120,517)	\$ (46,009)	\$ -
Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Employee Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Actuarial valuation information relative to the determination of contributions:

Valuation Date Actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-age normal
Amortization Method	Level percentage of pay, closed
Remaining Amortization Period	18 years
Asset Valuation Method	5 year smoothed market
Inflation	3.75%
Salary Increases	0%-11%
Investment Rate of Return	7.00%
Retirement Age	Experience based tables of rates that are specific to the type of eligibility condition
Mortality	RP=2014 Mortality Tables

CITY OF DEXTER
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 2,383,700	\$ 2,383,700	\$ 2,388,975	\$ 5,275
Licenses and Permits	8,900	8,900	11,625	2,725
Intergovernmental - State	479,100	639,300	654,726	15,426
Grants	10,000	52,000	46,882	(5,118)
Charges for Services	236,000	245,500	249,947	4,447
Fines and Forfeitures	7,000	7,000	8,443	1,443
Franchise Fees	77,000	77,000	77,796	796
Interest	9,000	15,000	15,962	962
Other	55,500	84,100	114,333	30,233
Total Revenues	<u>3,266,200</u>	<u>3,512,500</u>	<u>3,568,689</u>	<u>56,189</u>
Expenditures:				
General Government:				
City Council	41,700	41,700	39,282	2,418
City Manager	337,800	339,700	337,340	2,360
Finance	13,100	13,100	12,934	166
Attorney	50,000	65,000	63,317	1,683
Clerk	6,400	6,400	6,115	285
Treasurer	119,000	119,000	117,341	1,659
Assessing	44,100	44,100	43,532	568
Elections	18,600	18,600	17,304	1,296
Building and Grounds	77,700	84,700	84,304	396
Tree Program	23,000	25,500	23,304	2,196
Total General Government	<u>731,400</u>	<u>757,800</u>	<u>744,773</u>	<u>13,027</u>
Public Safety:				
Law Enforcement	581,000	581,000	578,747	2,253
Fire Department	715,000	723,700	723,448	252
Total Public Safety	<u>1,296,000</u>	<u>1,304,700</u>	<u>1,302,195</u>	<u>2,505</u>
Planning and Zoning:				
Planning	161,300	151,300	143,472	7,828
Board of Appeals	1,000	1,000	237	763
Total Planning and Zoning	<u>162,300</u>	<u>152,300</u>	<u>143,709</u>	<u>8,591</u>
Public Works:				
Department of Public Works	135,200	156,200	152,278	3,922
Downtown Public Works	80,300	78,800	72,637	6,163
Engineering	11,000	12,000	11,710	290
Street Lights	77,000	116,500	112,139	4,361
Total Public Works	<u>303,500</u>	<u>363,500</u>	<u>348,764</u>	<u>14,736</u>
Economic Development	47,000	47,000	45,713	1,287
Parks and Recreation	122,200	117,200	92,486	24,714
Arts, Culture and Heritage	28,800	28,800	23,794	5,006
Insurance and Bonds	207,000	212,500	212,386	114
Contributions	62,300	62,300	62,123	177
Other	20,000	5,000	353	4,647

(continued)

CITY OF DEXTER
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures: (Continued)				
Capital Outlay:				
Capital Outlay-General	\$ <u> -</u>	\$ <u> 29,000</u>	\$ <u> 28,393</u>	\$ <u> 607</u>
Total Expenditures	<u> 2,980,500</u>	<u> 3,080,100</u>	<u> 3,004,689</u>	<u> 75,411</u>
Excess (Deficiency) of Revenues Over Expenditures	<u> 285,700</u>	<u> 432,400</u>	<u> 564,000</u>	<u> 131,600</u>
Other Financing Sources (Uses):				
Operating Transfers In	8,000	15,500	15,500	-
Operating Transfers Out	<u> (214,500)</u>	<u> (284,700)</u>	<u> (284,322)</u>	<u> 378</u>
Total Other Financing Sources (Uses)	<u> (206,500)</u>	<u> (269,200)</u>	<u> (268,822)</u>	<u> 378</u>
Change in Fund Balance	\$ <u> 79,200</u>	\$ <u> 163,200</u>	295,178	\$ <u> 131,978</u>
Fund Balance - July 1			<u> 1,444,613</u>	
Fund Balance - June 30			\$ <u> 1,739,791</u>	

CITY 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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental-State	\$ 262,700	\$ 290,600	\$ 295,730	\$ 5,130
Other	5,800	5,800	7,600	1,800
Total Revenues	<u>268,500</u>	<u>296,400</u>	<u>303,330</u>	<u>6,930</u>
Expenditures:				
Public Works	<u>843,200</u>	<u>985,800</u>	<u>970,155</u>	<u>15,645</u>
Excess (Deficiency) of Revenues Over Expenditures	(574,700)	(689,400)	(666,825)	22,575
Other Financing Sources:				
Operating Transfers In	<u>574,700</u>	<u>689,400</u>	<u>666,755</u>	<u>(22,645)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(70)	<u>\$ (70)</u>
Fund Balance - July 1			<u>87</u>	
Fund Balance - June 30			<u>\$ 17</u>	

CITY 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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental-State	\$ 124,300	\$ 124,300	\$ 130,510	\$ 6,210
Other	5,600	5,600	7,258	1,658
Total Revenues	<u>129,900</u>	<u>129,900</u>	<u>137,768</u>	<u>7,868</u>
Expenditures:				
Public Works	<u>265,500</u>	<u>328,000</u>	<u>305,530</u>	<u>22,470</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(135,600)</u>	<u>(198,100)</u>	<u>(167,762)</u>	<u>30,338</u>
Other Financing Sources:				
Operating Transfers In	<u>135,600</u>	<u>135,600</u>	<u>118,586</u>	<u>(17,014)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ (62,500)</u>	<u>(49,176)</u>	<u>\$ 13,324</u>
Fund Balance - July 1			<u>49,185</u>	
Fund Balance - June 30			<u>\$ 9</u>	

CITY 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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 706,900	\$ 706,900	\$ 708,457	\$ 1,557
Intergovernmental-State	195,800	287,900	173,775	(114,125)
Interest	500	500	-	(500)
Other	-	-	-	-
Total Revenues	<u>903,200</u>	<u>995,300</u>	<u>882,232</u>	<u>(113,068)</u>
Expenditures:				
Public Works	<u>250,200</u>	<u>342,300</u>	<u>209,751</u>	<u>132,549</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>653,000</u>	<u>653,000</u>	<u>672,481</u>	<u>19,481</u>
Other Financing Sources (Uses):				
Operating Transfers Out	<u>(797,300)</u>	<u>(912,000)</u>	<u>(872,311)</u>	<u>39,689</u>
Total Other Financing Sources(Uses)	<u>(797,300)</u>	<u>(912,000)</u>	<u>(872,311)</u>	<u>39,689</u>
Change in Fund Balance	<u>\$ (144,300)</u>	<u>\$ (259,000)</u>	(199,830)	<u>\$ 59,170</u>
Fund Balance - July 1			<u>298,220</u>	
Fund Balance - June 30			<u>\$ 98,390</u>	

CITY OF DEXTER
Solid Waste Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 594,500	\$ 604,500	\$ 603,585	\$ (915)
Expenditures:				
Solid Waste Collection	<u>594,400</u>	<u>607,400</u>	<u>600,349</u>	<u>7,051</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 100</u>	<u>\$ (2,900)</u>	3,236	<u>\$ 6,136</u>
Fund Balance - July 1			<u>132,119</u>	
Fund Balance - June 30			<u>\$ 135,355</u>	

CITY 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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 308,200	\$ 331,200	\$ 331,223	\$ 23
Intergovernmental-State	7,800	7,800	5,270	(2,530)
Interest	1,000	1,000	5,809	4,809
Other	-	-	389	389
Total Revenues	<u>317,000</u>	<u>340,000</u>	<u>342,691</u>	<u>2,691</u>
Expenditures:				
Community Development	47,000	106,400	101,598	4,802
Debt Service:				
Principal	210,000	210,000	210,000	-
Interest	80,600	72,100	71,997	103
Capital Outlay	20,000	20,000	20,000	-
Total Expenditures	<u>357,600</u>	<u>408,500</u>	<u>403,595</u>	<u>4,905</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(40,600)</u>	<u>(68,500)</u>	<u>(60,904)</u>	<u>7,596</u>
Other Financing Sources (Uses):				
Proceeds of Refunding Bonds	-	-	1,920,000	1,920,000
Payment to Refunded Bond Escrow	-	-	(1,920,000)	(1,920,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	<u>\$ (40,600)</u>	<u>\$ (68,500)</u>	(60,904)	<u>\$ 7,596</u>
Fund Balance - July 1			<u>200,396</u>	
Fund Balance - June 30			<u>\$ 139,492</u>	

OTHER SUPPLEMENTARY INFORMATION

CITY OF DEXTER
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

	Special Revenue		Debt Service	
	Tree Replacement	Streetscape	2006 G.O. Bonds	2014 Road Bonds
<u>ASSETS</u>				
Cash	\$ 119,097	\$ 54,845	\$ 70,200	\$ -
Accounts Receivable	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 119,097</u>	<u>\$ 54,845</u>	<u>\$ 70,200</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Fund Balance:				
Restricted for:				
Debt Service	-	54,845	70,200	-
Trees	119,097	-	-	-
Committed for Equipment	-	-	-	-
Total Fund Balance	<u>119,097</u>	<u>54,845</u>	<u>70,200</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 119,097</u>	<u>\$ 54,845</u>	<u>\$ 70,200</u>	<u>\$ -</u>

<u>2016 Refunding Bonds</u>	<u>Capital Project Equipment Replacement</u>	<u>Total</u>
\$ -	\$ 330,304	\$ 574,446
<u>-</u>	<u>10,391</u>	<u>10,391</u>
<u>\$ -</u>	<u>\$ 340,695</u>	<u>\$ 584,837</u>
<u>\$ -</u>	<u>\$ 762</u>	<u>\$ 762</u>
-	-	125,045
-	-	119,097
<u>-</u>	<u>339,933</u>	<u>339,933</u>
<u>-</u>	<u>339,933</u>	<u>584,075</u>
<u>\$ -</u>	<u>\$ 340,695</u>	<u>\$ 584,837</u>

CITY OF DEXTER
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2018

	Special Revenue	Debt Service		
	Tree Replacement	Streetscape	2006 G.O. Bonds	2014 Road Bonds
Revenues:				
Intergovernmental-State	\$ -	\$ 29,745	\$ -	\$ -
Charges for Services	-	-	-	-
Interest	2,277	-	-	-
Total Revenues	<u>2,277</u>	<u>29,745</u>	<u>-</u>	<u>-</u>
Expenditures:				
Public Works	-	-	-	-
Debt Service:				
Principal	-	-	15,000	75,000
Interest and Fees	-	16	8,897	11,970
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>16</u>	<u>23,897</u>	<u>86,970</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,277</u>	<u>29,729</u>	<u>(23,897)</u>	<u>(86,970)</u>
Other Financing Sources(Uses):				
Operating Transfers In	-	-	94,097	86,970
Operating Transfers Out	(15,500)	-	-	-
Total Other Financing Sources(Uses)	<u>(15,500)</u>	<u>-</u>	<u>94,097</u>	<u>86,970</u>
Change in Fund Balance	(13,223)	29,729	70,200	-
Fund Balance - July 1	<u>132,320</u>	<u>25,116</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 119,097</u>	<u>\$ 54,845</u>	<u>\$ 70,200</u>	<u>\$ -</u>

<u>2016 Refunding Bonds</u>	<u>Equipment Replacement</u>	<u>Total</u>
\$ -	\$ -	\$ 29,745
-	128,102	128,102
-	-	2,277
<u>-</u>	<u>128,102</u>	<u>160,124</u>
-	36,319	36,319
75,000	-	165,000
15,225	-	36,108
-	-	-
<u>90,225</u>	<u>36,319</u>	<u>237,427</u>
<u>(90,225)</u>	<u>91,783</u>	<u>(77,303)</u>
90,225	100,000	371,292
-	-	(15,500)
<u>90,225</u>	<u>100,000</u>	<u>355,792</u>
-	191,783	278,489
-	148,150	305,586
<u>-</u>	<u>339,933</u>	<u>584,075</u>

CITY OF DEXTER
Combining Balance Sheet
Downtown Development Authority
June 30, 2018

	<u>Downtown Development Authority</u>	<u>DDA Debt</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 662,462	\$ -	\$ 662,462
Total Assets	<u>\$ 662,462</u>	<u>\$ -</u>	<u>\$ 662,462</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ 3,106	\$ -	\$ 3,106
Accrued Liabilities	<u>519,864</u>	<u>-</u>	<u>519,864</u>
Total Liabilities	<u>522,970</u>	<u>-</u>	<u>522,970</u>
Fund Balance:			
Restricted for:			
Downtown Development	<u>139,492</u>	<u>-</u>	<u>139,492</u>
Total Fund Balance	<u>139,492</u>	<u>-</u>	<u>139,492</u>
Total Liabilities and Fund Balance	<u>\$ 662,462</u>	<u>\$ -</u>	<u>\$ 662,462</u>

CITY OF DEXTER
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Downtown Development Authority
For the Year Ended June 30, 2018

	Downtown Development Authority	DDA Debt	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Property Taxes	\$ 331,223	\$ -	\$ 331,223
Intergovernmental-State	5,270	-	5,270
Interest	5,809	-	5,809
Other	-	389	389
Total Revenues	<u>342,302</u>	<u>389</u>	<u>342,691</u>
Expenditures:			
Community Development	101,598	-	101,598
Debt Service:			
Principal	-	210,000	210,000
Interest and Fees	-	71,997	71,997
Capital Outlay	20,000	-	20,000
Total Expenditures	<u>121,598</u>	<u>281,997</u>	<u>403,595</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>220,704</u>	<u>(281,608)</u>	<u>(60,904)</u>
Other Financing Sources (Uses):			
Proceeds of Refunding Bonds	-	1,920,000	1,920,000
Payment to Refunded Bond Escrow Agent	-	(1,920,000)	(1,920,000)
Operating Transfers In	-	281,608	281,608
Operating Transfers Out	<u>(281,608)</u>	<u>-</u>	<u>(281,608)</u>
Total Other Financing Sources (Uses)	<u>(281,608)</u>	<u>281,608</u>	<u>-</u>
Change in Fund Balance	(60,904)	-	(60,904)
Fund Balance - July 1	<u>200,396</u>	<u>-</u>	<u>200,396</u>
Fund Balance - June 30	<u>\$ 139,492</u>	<u>\$ -</u>	<u>\$ 139,492</u>

