



**City of Grand Ledge,  
Michigan**

**Financial Statements**

**For the Fiscal Year Ended  
June 30, 2011**

**CITY OF GRAND LEDGE, MICHIGAN**  
**For the Fiscal Year Ended June 30, 2011**

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**For the Fiscal Year Ended June 30, 2011**

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**INDEPENDENT AUDITORS' REPORT**

October 24, 2011

The Honorable Mayor and  
Members of the City Council  
City of Grand Ledge  
Eaton County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **CITY OF GRAND LEDGE, MICHIGAN** as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Grand Ledge's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Grand Ledge Area Emergency Services Authority (GLAESA), which represents 27.9% of the assets and 51.5% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the GLAESA, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the GLAESA were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Grand Ledge, Michigan*, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-10 and historical pension and other postemployment benefits information on pages 58-59 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2011, on our consideration of the *City of Grand Ledge, Michigan's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, in a separately issued single audit report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grand Ledge's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Lehmann Johnson".

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## Management's Discussion and Analysis

As management of the *City of Grand Ledge, Michigan*, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$23,992,356 (*net assets*). Of this amount, \$2,287,087 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,200,321.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,564,607, an increase of \$216,974 in comparison with the prior year, of which \$476,834 is available for unrestricted spending (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$476,834 or 17.9% of total general fund revenues and other financing sources.
- The City's total bonded debt (including capital lease for bonded debt through Eaton County) increased by \$2,148,130 during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City 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 include general government, public safety, highways and streets, and recreation and culture. The business-type activities of the City include water and sewer enterprise operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also legally separate entities for which the City is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 11-13 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City 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*.

The City maintains 12 individual governmental funds. 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, major street, local street and municipal street funds, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 14-22 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment maintenance and employee benefits services. Because these services predominantly benefit governmental rather than business-type functions, they have been largely included within *governmental activities* in the government-wide financial statements.

Proprietary funds 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 systems fund, which is considered to be a major fund of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 23-28 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 statements because the resources of those funds are *not* available to support the City'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 page 29 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 32-57 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor funds are presented immediately following the required supplementary information.

Combining and individual fund financial statements and schedules can be found on pages 60-75 of this report.

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Grand Ledge, assets exceeded liabilities by \$23,992,356 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (88.2 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, systems and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its 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 Grand Ledge's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 1,877,293	\$ 1,589,894	\$ 2,444,497	\$ 2,706,243	\$ 4,321,790	\$ 4,296,137
Capital assets	12,534,540	12,704,475	18,807,564	15,479,686	31,342,104	28,184,161
Total assets	14,411,833	14,294,369	21,252,061	18,185,929	35,663,894	32,480,298
Long-term liabilities outstanding	1,129,916	1,467,817	9,364,491	7,114,129	10,494,407	8,581,946
Other liabilities	399,533	313,995	777,598	792,322	1,177,131	1,106,317
Total liabilities	1,529,449	1,781,812	10,142,089	7,906,451	11,671,538	9,688,263
Net assets:						
Invested in capital assets, net of related debt	11,629,643	11,453,611	9,525,292	8,778,332	21,154,935	20,231,943
Restricted	550,334	428,006	-	-	550,334	428,006
Unrestricted	702,407	630,940	1,584,680	1,501,146	2,287,087	2,132,086
<b>Total net assets</b>	<b>\$ 12,882,384</b>	<b>\$ 12,512,557</b>	<b>\$ 11,109,972</b>	<b>\$ 10,279,478</b>	<b>\$ 23,992,356</b>	<b>\$ 22,792,035</b>

An additional portion of the City's net assets (2.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (9.5 percent or \$2,287,087) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The government's net assets increased by \$1,200,321 during the current fiscal year. This increase is largely attributable to intergovernmental grant revenue in the water and sewer fund.

## City of Grand Ledge's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue:						
Program revenue:						
Charges for services	\$ 461,361	\$ 467,856	\$ 2,734,343	\$ 2,476,347	\$ 3,195,704	\$ 2,944,203
Operating grants and contributions	651,148	575,433	-	-	651,148	575,433
Capital grants and contributions	-	27,505	831,449	1,479,065	831,449	1,506,570
General revenue:						
Property taxes	2,214,786	2,257,284	-	-	2,214,786	2,257,284
Grants and contributions not restricted to specific programs	601,350	620,449	-	-	601,350	620,449
Other	11,387	14,650	16,443	16,379	27,830	31,029
Total revenue	3,940,032	3,963,177	3,582,235	3,971,791	7,522,267	7,934,968
Expenses:						
General government	888,955	1,296,174	-	-	888,955	1,296,174
Public safety	1,475,227	1,503,252	-	-	1,475,227	1,503,252
Highways and streets	888,557	368,047	-	-	888,557	368,047
Recreation and culture	277,525	315,371	-	-	277,525	315,371
Interest on long-term debt	39,941	58,766	-	-	39,941	58,766
Water and sewer	-	-	2,751,741	2,612,028	2,751,741	2,612,028
Total expenses	3,570,205	3,541,610	2,751,741	2,612,028	6,321,946	6,153,638
Change in net assets	369,827	421,567	830,494	1,359,763	1,200,321	1,781,330
Net assets - beginning of year	12,512,557	12,090,990	10,279,478	8,919,715	22,792,035	21,010,705
Net assets - end of year	\$ 12,882,384	\$ 12,512,557	\$ 11,109,972	\$ 10,279,478	\$ 23,992,356	\$ 22,792,035

**Governmental activities.** Governmental activities increased the City's net assets by \$369,827, accounting for 30.1% of the total growth in the net assets of the City. This represents a 3.0% increase in governmental activities net assets and is primarily attributable to intergovernmental grant revenue for street improvements.

**Business-type activities.** Business-type activities increased the City's net assets by \$830,494. This increase is primarily due to intergovernmental grant revenue in the water and sewer fund.

### Financial Analysis of the Government's Funds

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

*Governmental funds.* The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,564,607, an increase of \$216,974 in comparison with the prior year. Of the total fund balance, approximately 30.5% (or \$476,834) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is divided into categories based on the relative strength of the constraints that control how amounts can be spent. *Restricted fund balance* (\$1,087,773) consists of items that can only be spent for specific purposes based on external resource providers or legislation. Funds included in this category are the major, local and municipal street funds, special revenue funds, debt service funds and capital projects fund financed by bond proceeds.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund was \$476,834, all of which was unassigned. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund revenues. Unassigned fund balance represents 17.9 percent of total general fund revenues and other financing sources. Unassigned fund balance increased by \$121,387 during the current fiscal year, which was \$181,676 more than the planned use of fund balance as provided in the final budget.

The major street fund reported a decrease in total fund balance of \$69,039, which was lower than anticipated from the final budget because of conservative budgeting.

The local street fund reported an increase in total fund balance of \$32,066, which was higher than anticipated from the final budget because of conservative budgeting.

The municipal street fund reported an increase in total fund balance of \$55,338, which was also higher than anticipated from the final budget because of conservative budgeting.

***Proprietary funds.*** The City's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Unrestricted net assets of the water and sewer enterprise fund at the end of the year amounted to \$1,587,262. The fund had an increase in net assets for the year of \$827,063. Factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

Differences between the original and final amended budgets for expenditures were relatively minor. Changes between original and final budget balances result from the carryover of certain budget appropriations under the City's budgetary policies and several supplemental appropriations.

For the year, general fund budgetary estimates for revenues were less than and expenditures were greater than actual, resulting in a net increase in fund balance that was \$181,676 more than anticipated in the final amended budget.

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounted to \$31,342,104 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, system, vehicles and equipment, park facilities, roads, highways, and bridges. Net capital assets for governmental activities decreased 1.34%, and for business-type activities increased by 21.5%. Overall, total net capital assets for the City increased 20.2%.

Major capital asset events during the current fiscal year included infrastructure additions of over \$430,000, water and sewer system additions of over \$3,800,000 and the transfer of land and buildings of over \$300,000 to the DDA.

### City of Grand Ledge's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 1,234,676	\$ 1,283,134	\$ 546,763	\$ 546,763	\$ 1,781,439	\$ 1,829,897
Land improvements	1,668,177	1,691,567	-	-	1,668,177	1,691,567
Buildings and systems	1,278,537	1,542,022	18,056,136	14,718,288	19,334,673	16,260,310
Equipment	318,883	381,953	204,665	214,635	523,548	596,588
Infrastructure	8,034,267	7,805,799	-	-	8,034,267	7,805,799
<b>Total</b>	<b>\$ 12,534,540</b>	<b>\$ 12,704,475</b>	<b>\$ 18,807,564</b>	<b>\$ 15,479,686</b>	<b>\$ 31,342,104</b>	<b>\$ 28,184,161</b>

Additional information on the City's capital assets can be found in Note 3-C. on pages 41-43 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$9,918,130. Of this amount, \$7,085,000 is comprised of debt backed by the full faith and credit of the government. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources.

### City of Grand Ledge's Outstanding Debt General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 820,000	\$ 935,000	\$ -	\$ -	\$ 820,000	\$ 935,000
Revenue bonds	-	-	2,833,130	270,000	2,833,130	270,000
Capital lease (Eaton County)	-	-	6,265,000	6,565,000	6,265,000	6,565,000
<b>Total</b>	<b>\$ 820,000</b>	<b>\$ 935,000</b>	<b>\$ 9,098,130</b>	<b>\$ 6,835,000</b>	<b>\$ 9,918,130</b>	<b>\$ 7,770,000</b>

The City's total bonded debt increased by \$2,148,130 (27.6 percent) during the current fiscal year.

The City's underlying credit rating for its general obligation unlimited tax bonds is currently A as rated by Standard & Poors.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The current debt limitation for the City is \$21,772,490, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3-F. on pages 44-49 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the City's budget for the 2011-12 fiscal year:

- No growth in state shared revenue.
- Limited growth in total controlled revenues.
- Inflationary trends in the region are comparable to national indices.

During the current fiscal year, unassigned fund balance in the general fund increased by \$121,387 to \$476,834

### **Requests for Information**

This financial report is designed to provide a general overview of the City'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 the City Finance Director, 200 East Jefferson, Grand Ledge, Michigan 48837-1537.

## BASIC FINANCIAL STATEMENTS

# GOVERNMENT-WIDE FINANCIAL STATEMENTS

**City of Grand Ledge, Michigan**  
**Statement of Net Assets**  
**June 30, 2011**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ 1,544,578	\$ 1,211,074	\$ 2,755,652	\$ 1,530,383
Receivables	267,109	1,101,151	1,368,260	469,665
Internal balances	2,582	(2,582)	-	-
Prepaid items and other assets	63,024	134,854	197,878	58,473
Capital assets not being depreciated	1,234,676	546,763	1,781,439	3,442,072
Capital assets being depreciated, net	11,299,864	18,260,801	29,560,665	3,789,824
<b>Total assets</b>	<b>14,411,833</b>	<b>21,252,061</b>	<b>35,663,894</b>	<b>9,290,417</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	218,614	646,983	865,597	60,198
Accrued interest payable	7,769	74,210	81,979	66,959
Unearned revenue	28,108	-	28,108	489,617
Long-term liabilities:				
Due within one year	163,579	554,866	718,445	860,392
Due in more than one year	966,337	8,809,625	9,775,962	4,963,405
Other noncurrent liability - net other postemployment benefit obligation	145,042	56,405	201,447	161,388
<b>Total liabilities</b>	<b>1,529,449</b>	<b>10,142,089</b>	<b>11,671,538</b>	<b>6,601,959</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	11,629,643	9,525,292	21,154,935	2,798,038
Restricted for:				
Debt service	12,941	-	12,941	295,088
Capital projects	537,393	-	537,393	721,047
Unrestricted (deficit)	702,407	1,584,680	2,287,087	(1,125,715)
<b>Total net assets</b>	<b>\$ 12,882,384</b>	<b>\$ 11,109,972</b>	<b>\$ 23,992,356</b>	<b>\$ 2,688,458</b>

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

**City of Grand Ledge, Michigan**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

<b>Functions / Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>		<b>Capital Grants and Contributions</b>
<b>Primary government</b>					
Governmental activities:					
General government	\$ 888,955	\$ 314,517	\$ 79,543	\$ -	\$ (494,895)
Public safety	1,475,227	45,073	90,033	-	(1,340,121)
Highways and streets	888,557	17,539	469,572	-	(401,446)
Recreation and cultural	277,525	84,232	-	-	(193,293)
Interest on long-term debt	39,941	-	12,000	-	(27,941)
Total governmental activities	<u>3,570,205</u>	<u>461,361</u>	<u>651,148</u>	<u>-</u>	<u>(2,457,696)</u>
Business-type activities:					
Water and sewer	<u>2,751,741</u>	<u>2,734,343</u>	<u>-</u>	<u>831,449</u>	<u>814,051</u>
Total primary government	<u>\$ 6,321,946</u>	<u>\$ 3,195,704</u>	<u>\$ 651,148</u>	<u>\$ 831,449</u>	<u>\$ (1,643,645)</u>
<b>Component units</b>					
Emergency services	\$ 1,650,938	\$ 427,388	\$ -	\$ -	\$ (1,223,550)
Economic development	<u>732,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(732,497)</u>
Total component units	<u>\$ 2,383,435</u>	<u>\$ 427,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,956,047)</u>

continued...

**City of Grand Ledge, Michigan**  
**Statement of Activities (Concluded)**  
**For the Year Ended June 30, 2011**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Changes in net assets</b>				
Net revenue (expense)	\$ (2,457,696)	\$ 814,051	\$ (1,643,645)	\$ (1,956,047)
General revenues:				
Property taxes	2,214,786	-	2,214,786	2,005,386
Grants and contributions not restricted to specific programs	601,350	-	601,350	327,605
Unrestricted investment earnings	11,387	16,443	27,830	5,651
Total general revenues	<u>2,827,523</u>	<u>16,443</u>	<u>2,843,966</u>	<u>2,338,642</u>
Change in net assets	369,827	830,494	1,200,321	382,595
Net assets, beginning of year	<u>12,512,557</u>	<u>10,279,478</u>	<u>22,792,035</u>	<u>2,305,863</u>
<b>Net assets, end of year</b>	<u><u>\$ 12,882,384</u></u>	<u><u>\$ 11,109,972</u></u>	<u><u>\$ 23,992,356</u></u>	<u><u>\$ 2,688,458</u></u>

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

## FUND FINANCIAL STATEMENTS

**City of Grand Ledge, Michigan**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Municipal Street</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b><u>ASSETS</u></b>						
<b>Assets</b>						
Cash and cash equivalents	\$ 386,298	\$ 142,958	\$ 73,261	\$ 138,199	\$ 743,476	\$ 1,484,192
Receivables:						
Taxes	6,357	-	-	1,907	635	8,899
Special assessments	-	-	-	33,012	-	33,012
Accounts	28,898	-	-	-	400	29,298
Interfund receivable	75,864	-	-	-	-	75,864
Due from other governments	125,387	48,526	19,438	-	2,199	195,550
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 622,804</u></b>	<b><u>\$ 191,484</u></b>	<b><u>\$ 92,699</u></b>	<b><u>\$ 173,118</u></b>	<b><u>\$ 746,710</u></b>	<b><u>\$ 1,826,815</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>Liabilities</b>						
Accounts payable	\$ 46,630	\$ 13,533	\$ 17,700	\$ -	\$ 10,553	\$ 88,416
Accrued liabilities	73,773	5,055	7,132	915	23,598	110,473
Interfund payable	-	-	-	-	2,199	2,199
Deferred revenue	25,567	-	-	34,918	635	61,120
Total liabilities	<u>145,970</u>	<u>18,588</u>	<u>24,832</u>	<u>35,833</u>	<u>36,985</u>	<u>262,208</u>
<b>Fund balances</b>						
Restricted for:						
Highways and streets	-	172,896	67,867	137,285	-	378,048
Public safety	-	-	-	-	36,479	36,479
Recreation and culture	-	-	-	-	1,921	1,921
Airport development	-	-	-	-	120,991	120,991
Debt service	-	-	-	-	12,941	12,941
Capital projects	-	-	-	-	537,393	537,393
Unassigned	476,834	-	-	-	-	476,834
Total fund balances	<u>476,834</u>	<u>172,896</u>	<u>67,867</u>	<u>137,285</u>	<u>709,725</u>	<u>1,564,607</u>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 622,804</u></b>	<b><u>\$ 191,484</u></b>	<b><u>\$ 92,699</u></b>	<b><u>\$ 173,118</u></b>	<b><u>\$ 746,710</u></b>	<b><u>\$ 1,826,815</u></b>

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

**City of Grand Ledge, Michigan**  
**Reconciliation of Fund Balances on the Balance Sheet**  
**for Governmental Funds to Net Assets of**  
**Governmental Activities on the Statement of Net Assets**  
**June 30, 2011**

**Fund balances - total governmental funds** \$ 1,564,607

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

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

Add - capital assets	16,450,414
Deduct - accumulated depreciation	(4,162,611)

Internal service funds are used by management to charge the costs of certain equipment usage and employee benefits to individual governmental and enterprise funds. The assets and liabilities of the internal service funds are included in governmental and business-type activities in the statement of net assets.

Add - net assets of governmental activities accounted for in the internal service fund	258,586
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Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets are offset by deferred revenues in the governmental funds and, therefore, not included in fund balance.

Add - deferred special assessments	33,012
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Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - bonds and purchase agreements payable	(912,123)
Add - unamortized discount on bonds	7,226
Add - unamortized bond issuance costs	11,739
Deduct - accrued interest on bonds payable	(7,769)
Deduct - other postemployment benefit obligation	(145,042)
Deduct - compensated absences	(215,655)

**Net assets of governmental activities** \$ 12,882,384

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

**City of Grand Ledge, Michigan**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Municipal Street</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b>Revenue</b>						
Taxes	\$ 1,611,527	\$ -	\$ -	\$ 455,127	\$ 150,807	\$ 2,217,461
Licenses and permits	120,790	-	-	-	-	120,790
Intergovernmental	674,940	338,090	120,472	-	35,246	1,168,748
Charges for services	104,180	-	-	-	127,307	231,487
Fines and forfeitures	19,791	-	-	-	-	19,791
Investment income	5,060	-	549	2,822	2,956	11,387
Other	125,735	9,995	7,544	11,010	6,759	161,043
	<u>2,662,023</u>	<u>348,085</u>	<u>128,565</u>	<u>468,959</u>	<u>323,075</u>	<u>3,930,707</u>
<b>Total revenue</b>						
	2,662,023	348,085	128,565	468,959	323,075	3,930,707
<b>Expenditures</b>						
Current:						
General government	746,587	-	-	-	80,025	826,612
Public safety	1,385,743	-	-	-	36,170	1,421,913
Highway and streets	112,411	417,124	486,159	62,353	-	1,078,047
Recreation and culture	-	-	-	-	227,125	227,125
Debt service:						
Principal	-	-	-	15,825	115,000	130,825
Interest and fiscal charges	-	-	-	5,128	36,083	41,211
	<u>2,244,741</u>	<u>417,124</u>	<u>486,159</u>	<u>83,306</u>	<u>494,403</u>	<u>3,725,733</u>
<b>Total expenditures</b>						
	2,244,741	417,124	486,159	83,306	494,403	3,725,733
Revenue over (under) expenditures	417,282	(69,039)	(357,594)	385,653	(171,328)	204,974
<b>Other financing sources (uses)</b>						
Transfers in	-	-	506,210	-	259,150	765,360
Transfers out	(295,895)	-	(116,550)	(330,315)	(22,600)	(765,360)
Transfers from component units	-	-	-	-	12,000	12,000
	<u>(295,895)</u>	<u>-</u>	<u>389,660</u>	<u>(330,315)</u>	<u>248,550</u>	<u>12,000</u>
<b>Total other financing sources (uses)</b>						
	(295,895)	-	389,660	(330,315)	248,550	12,000
Net changes in fund balances	121,387	(69,039)	32,066	55,338	77,222	216,974
Fund balances, beginning of year, as restated	355,447	241,935	35,801	81,947	632,503	1,347,633
<b>Fund balances, end of year</b>	<u>\$ 476,834</u>	<u>\$ 172,896</u>	<u>\$ 67,867</u>	<u>\$ 137,285</u>	<u>\$ 709,725</u>	<u>\$ 1,564,607</u>

The accompanying notes are an integral part of these financial statements

**City of Grand Ledge, Michigan**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Change in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2011**

**Net change in fund balances - total governmental funds** \$ 216,974

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

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.

Add - capital outlay	516,287
Deduct - depreciation expense	(368,731)
Deduct - loss on sale of capital asset	(58,259)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term liabilities	130,825
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Internal service funds are used by management to charge the costs of certain equipment usage and employee benefits to individual governmental and enterprise funds. The net revenue (expense) attributable to those funds is reported with governmental and business-type activities.

Add - net operating gain from governmental activities in internal service funds	5,821
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Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.

Deduct - decrease in deferred special assessments	(2,675)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - decrease in accrued interest payable on bonds	1,270
Deduct - increase in other postemployment benefit obligation	(64,708)
Deduct - increase in the accrual for compensated absences	(6,977)

**Change in net assets of governmental activities** \$ 369,827

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

**City of Grand Ledge, Michigan**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
				<u>Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 1,579,045	\$ 1,579,045	\$ 1,611,527	\$ 32,482
Licenses and permits	102,000	132,000	120,790	(11,210)
Intergovernmental	653,800	653,800	674,940	21,140
Charges for services	107,423	107,423	104,180	(3,243)
Fines and forfeitures	23,000	23,000	19,791	(3,209)
Investment income	5,130	5,130	5,060	(70)
Other	84,365	144,926	125,735	(19,191)
	<u>2,554,763</u>	<u>2,645,324</u>	<u>2,662,023</u>	<u>16,699</u>
<b>Expenditures</b>				
General government				
Legislative	8,420	9,170	8,776	(394)
City administrator	196,729	197,911	195,028	(2,883)
Elections	22,475	17,300	12,918	(4,382)
Assessing	59,275	59,275	58,117	(1,158)
Attorney	35,000	35,000	13,677	(21,323)
City clerk	97,205	97,777	95,570	(2,207)
Finance	195,555	195,974	188,217	(7,757)
City hall	75,735	75,842	66,095	(9,747)
Recycling	26,700	26,740	24,647	(2,093)
Economic development	310,000	310,000	310,000	-
Cemetery	150,862	241,087	193,436	(47,651)
Other	62,525	58,874	58,381	(493)
Less reimbursements	(478,275)	(478,275)	(478,275)	-
Total general government	<u>762,206</u>	<u>846,675</u>	<u>746,587</u>	<u>(100,088)</u>
Public safety				
Police	1,301,879	1,329,513	1,292,762	(36,751)
Building inspection	41,500	78,900	59,570	(19,330)
Planning commission	1,350	1,350	225	(1,125)
Zoning	25,815	34,280	33,186	(1,094)
Total public safety	<u>1,370,544</u>	<u>1,444,043</u>	<u>1,385,743</u>	<u>(58,300)</u>
Highway and streets				
Street lighting	120,000	120,000	112,411	(7,589)
Total expenditures	<u>2,252,750</u>	<u>2,410,718</u>	<u>2,244,741</u>	<u>(165,977)</u>
Revenues over expenditures	<u>302,013</u>	<u>234,606</u>	<u>417,282</u>	<u>182,676</u>

Continued...

**City of Grand Ledge, Michigan**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Concluded)**  
**General Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
<b>Other financing sources (uses)</b>				<b>Final Budget</b>
Transfers out	(295,895)	(295,895)	(295,895)	-
Proceeds from sale of capital assets	1,000	1,000	-	(1,000)
Total other uses	<u>(294,895)</u>	<u>(294,895)</u>	<u>(295,895)</u>	<u>(1,000)</u>
Net change in fund balance	7,118	(60,289)	121,387	181,676
Fund balance, beginning of year, as restated	<u>355,447</u>	<u>355,447</u>	<u>355,447</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 362,565</u>	<u>\$ 295,158</u>	<u>\$ 476,834</u>	<u>\$ 181,676</u>

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

**City of Grand Ledge, Michigan**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Major Street**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
<b>Revenues</b>				
Intergovernmental	\$ 345,579	\$ 345,579	\$ 338,090	\$ (7,489)
Other	7,950	7,950	9,995	2,045
Total revenues	353,529	353,529	348,085	(5,444)
<b>Expenditures</b>				
Highways and streets	595,753	522,002	417,124	(104,878)
Revenues over (under) expenditures	(242,224)	(168,473)	(69,039)	99,434
<b>Other financing sources</b>				
Transfers in	75,000	-	-	-
Net change in fund balance	(167,224)	(168,473)	(69,039)	99,434
Fund balance, beginning of year	241,935	241,935	241,935	-
<b>Fund balance, end of year</b>	<u>\$ 74,711</u>	<u>\$ 73,462</u>	<u>\$ 172,896</u>	<u>\$ 99,434</u>

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

**City of Grand Ledge, Michigan**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Local Street**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
<b>Revenues</b>				
Intergovernmental	\$ 124,870	\$ 124,870	\$ 120,472	\$ (4,398)
Investment income	500	500	549	49
Other	7,500	7,500	7,544	44
	<u>132,870</u>	<u>132,870</u>	<u>128,565</u>	<u>(4,305)</u>
<b>Total revenues</b>				
	132,870	132,870	128,565	(4,305)
<b>Expenditures</b>				
Highways and streets	457,333	524,762	486,159	(38,603)
	<u>457,333</u>	<u>524,762</u>	<u>486,159</u>	<u>(38,603)</u>
<b>Revenues over (under) expenditures</b>	(324,463)	(391,892)	(357,594)	34,298
<b>Other financing sources (uses)</b>				
Transfers in	440,210	506,210	506,210	-
Transfers out	(116,550)	(116,550)	(116,550)	-
	<u>323,660</u>	<u>389,660</u>	<u>389,660</u>	<u>-</u>
<b>Total other financing sources</b>				
	323,660	389,660	389,660	-
<b>Net change in fund balance</b>	(803)	(2,232)	32,066	34,298
<b>Fund balance, beginning of year</b>	35,801	35,801	35,801	-
	<u>35,801</u>	<u>35,801</u>	<u>35,801</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 34,998</u>	<u>\$ 33,569</u>	<u>\$ 67,867</u>	<u>\$ 34,298</u>

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

**City of Grand Ledge, Michigan**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Municipal Street**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
				<u>Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 448,514	\$ 448,514	\$455,127	\$ 6,613
Investment income	1,500	1,500	2,822	1,322
Other	11,050	11,050	11,010	(40)
	<u>461,064</u>	<u>461,064</u>	<u>468,959</u>	<u>7,895</u>
<b>Expenditures</b>				
Highways and streets	140,857	150,916	62,353	(88,563)
Debt service:				
Principal	15,830	15,830	15,825	(5)
Interest	5,130	5,130	5,128	(2)
	<u>161,817</u>	<u>171,876</u>	<u>83,306</u>	<u>(88,570)</u>
Revenues over expenditures	<u>299,247</u>	<u>289,188</u>	<u>385,653</u>	<u>96,465</u>
<b>Other financing uses</b>				
Transfers out	<u>(339,315)</u>	<u>(330,315)</u>	<u>(330,315)</u>	<u>-</u>
Net change in fund balance	(40,068)	(41,127)	55,338	96,465
Fund balance, beginning of year, as restated	<u>81,947</u>	<u>81,947</u>	<u>81,947</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 41,879</u>	<u>\$ 40,820</u>	<u>\$137,285</u>	<u>\$ 96,465</u>

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

**City of Grand Ledge, Michigan**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Sewer Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,211,074	\$ 60,386
Accounts receivable	642,902	350
Due from other governments	458,249	
Prepaid items	-	51,285
Unamortized bond issuance costs	134,854	-
Total current assets	2,447,079	112,021
Noncurrent assets -		
Capital assets, net	18,807,564	246,737
Total assets	21,254,643	358,758
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	604,712	3,133
Accrued liabilities	42,271	16,592
Interfund payable	-	73,665
Accrued interest payable	74,210	-
Accrued compensated absences, current portion	9,866	1,124
Bonds and leases payable, current portion	545,000	-
Total current liabilities	1,276,059	94,514
Noncurrent liabilities:		
Accrued compensated absences, net of current portion	72,353	8,240
Bonds and leases payable, net of current portion	8,737,272	-
Other postemployment benefit obligation	56,405	-
Total noncurrent liabilities	8,866,030	8,240
Total liabilities	10,142,089	102,754
<b>Net assets</b>		
Invested in capital assets, net of related debt	9,525,292	246,737
Unrestricted	1,587,262	9,267
Total net assets	\$ 11,112,554	\$ 256,004

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

**City of Grand Ledge, Michigan**  
**Reconciliation of Net Assets on the Statement of**  
**Net Assets for the Enterprise Fund to Net Assets of**  
**Business-type Activities on the Statement of Net Assets**  
**June 30, 2011**

**Net assets - enterprise fund** \$ 11,112,554

Amounts reported for *business-type activities* in the statement of net assets are different because:

Internal service funds are used by management to charge the costs of certain services to individual governmental and enterprise funds. The assets and liabilities of the internal service funds are allocated to governmental and business-type activities.

Deduct - cumulative portion of internal service fund net loss  
attributed to business-type activities (2,582)

**Net assets of business-type activities** \$ 11,109,972

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

**City of Grand Ledge, Michigan**  
**Statement of Revenues, Expenses**  
**and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Sewer Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Operating revenues</b>		
Charges for services:		
Water operations	\$ 1,288,338	\$ -
Sewer operations	1,446,005	-
Internal operations	-	1,031,193
Other revenue	-	3,434
Total operating revenues	2,734,343	1,034,627
<b>Operating expenses</b>		
Personnel	869,787	868,413
Repair and maintenance	219,084	71,404
Utilities	210,647	5,198
Other	541,850	37,740
Depreciation	587,907	42,620
Total operating expenses	2,429,275	1,025,375
Operating income	305,068	9,252
<b>Nonoperating revenue (expense)</b>		
Intergovernmental	831,449	-
Investment income	16,443	-
Interest expense	(325,897)	-
Total nonoperating revenue	521,995	-
Change in net assets	827,063	9,252
Net assets, beginning of year	10,285,491	246,752
<b>Net assets, end of year</b>	\$ 11,112,554	\$ 256,004

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

**City of Grand Ledge, Michigan**  
**Reconciliation of the Statement of Revenues, Expenses**  
**and Change in Fund Net Assets of the Enterprise Fund**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2011**

**Change in net assets - enterprise fund** \$ 827,063

Amounts reported for *business-type activities* in the statement of activities are different because:

Internal service funds are used by management to charge the costs of certain services to individual governmental and enterprise funds. The net revenue (expense) of the internal service funds is allocated to governmental and and business-type activities.

Add - operating income from internal service fund related to enterprise fund 3,431

**Change in net assets of business-type activities** \$ 830,494

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

**City of Grand Ledge, Michigan**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer Enterprise Fund</u>	<u>Internal Service Funds</u>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 2,742,539	\$ -
Cash received from interfund services	-	986,158
Cash payments to suppliers for goods and services	(996,845)	(888,110)
Cash payments to employees	(608,657)	(105,426)
Cash payments for interfund services	(246,516)	-
	<u>890,521</u>	<u>(7,378)</u>
<b>Cash flows from capital and related financing activities</b>		
Proceeds from issuance of debt	3,620,579	
Acquisition of capital assets	(3,915,785)	-
Intergovernmental grants	831,449	-
Long-term debt principal payments	(1,357,449)	-
Interest payments on long-term debt	(320,234)	-
	<u>(1,141,440)</u>	<u>-</u>
<b>Cash flows from investing activities</b>		
Interest on investments	3,051	-
	<u>(247,868)</u>	<u>(7,378)</u>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>1,458,942</u>	<u>67,764</u>
<b>End of year</b>	<u>\$ 1,211,074</u>	<u>\$ 60,386</u>

Continued...

**City of Grand Ledge, Michigan**  
**Statement of Cash Flows (Concluded)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Sewer Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>		
Operating income	\$ 305,068	\$ 9,252
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	587,907	42,620
Change in assets and liabilities:		
Accounts receivable	(54,784)	(117)
Due from other governments	62,980	-
Prepaid items	-	(12,871)
Accounts payable	(50,428)	(9,235)
Accrued liabilities	13,990	6,919
Interfund payable	-	(45,035)
Accrued compensated absences	624	1,089
Other postemployment benefit obligation	25,164	-
	<u>\$ 890,521</u>	<u>\$ (7,378)</u>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 890,521</b>	<b>\$ (7,378)</b>

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

**City of Grand Ledge, Michigan**  
**Statement of Fiduciary Net Assets**  
**Agency Funds**  
**June 30, 2011**

	<u><b>Total</b></u>
<b>Assets</b>	
Cash and cash equivalents	\$ 18,455
Receivables	<u>26,134</u>
Total assets	<u><u>\$ 44,589</u></u>
 <b>Liabilities</b>	
Accounts payable	\$ 41,576
Undistributed receipts	<u>3,013</u>
Total liabilities	<u><u>\$ 44,589</u></u>

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

**COMPONENT UNITS  
FINANCIAL STATEMENTS**

**City of Grand Ledge, Michigan**  
**Combining Statement of Net Assets**  
**Component Units**  
**June 30, 2011**

	<b>Downtown Development Authority</b>	<b>Local Development Finance Authority</b>	<b>Grand Ledge Area Emergency Services Authority</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 802,737	\$ 26,855	\$ 700,791	\$ 1,530,383
Receivables	3,750	-	465,915	469,665
Prepaid items and other assets	42,572	-	15,901	58,473
Capital assets not being depreciated	480,331	2,610,375	351,366	3,442,072
Capital assets being depreciated, net	2,730,326	-	1,059,498	3,789,824
<b>Total assets</b>	<b>4,059,716</b>	<b>2,637,230</b>	<b>2,593,471</b>	<b>9,290,417</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	4,878	1,008	54,312	60,198
Accrued interest payable	28,862	24,624	13,473	66,959
Unearned revenue	-	-	489,617	489,617
Long-term liabilities:				
Due within one year	490,942	221,381	148,069	860,392
Due in more than one year	3,491,249	861,927	610,229	4,963,405
Other noncurrent liability - net other postemployment benefit obligation	-	-	161,388	161,388
<b>Total liabilities</b>	<b>4,015,931</b>	<b>1,108,940</b>	<b>1,477,088</b>	<b>6,601,959</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	550,657	1,527,067	720,314	2,798,038
Restricted for debt service	29,424	-	265,664	295,088
Restricted for capital projects	721,047	-	-	721,047
Unrestricted (deficit)	(1,257,343)	1,223	130,405	(1,125,715)
<b>Total net assets</b>	<b>\$ 43,785</b>	<b>\$ 1,528,290</b>	<b>\$ 1,116,383</b>	<b>\$ 2,688,458</b>

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

**City of Grand Ledge, Michigan**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2011**

	<b>Downtown Development Authority</b>	<b>Local Development Finance Authority</b>	<b>Grand Ledge Area Emergency Services Authority</b>	<b>Total</b>
<b>Expenses</b>				
Emergency services	\$ -	\$ -	\$ 1,617,348	\$ 1,617,348
Economic development	480,885	28,405	-	509,290
Interest on long-term debt	173,923	49,284	33,590	256,797
<b>Total expenses</b>	<b>654,808</b>	<b>77,689</b>	<b>1,650,938</b>	<b>2,383,435</b>
<b>Program revenues</b>				
Charges for services	-	-	427,388	427,388
<b>Net program expenses</b>	<b>(654,808)</b>	<b>(77,689)</b>	<b>(1,223,550)</b>	<b>(1,956,047)</b>
<b>General revenues</b>				
Property taxes	996,662	10,704	998,020	2,005,386
Grants and contributions not restricted to specific programs	17,605	310,000	-	327,605
Unrestricted investment earnings	5,584	18	49	5,651
<b>Total general revenues</b>	<b>1,019,851</b>	<b>320,722</b>	<b>998,069</b>	<b>2,338,642</b>
<b>Change in net assets</b>	<b>365,043</b>	<b>243,033</b>	<b>(225,481)</b>	<b>382,595</b>
<b>Net assets (deficit), beginning of year</b>	<b>(321,258)</b>	<b>1,285,257</b>	<b>1,341,864</b>	<b>2,305,863</b>
<b>Net assets, end of year</b>	<b>\$ 43,785</b>	<b>\$ 1,528,290</b>	<b>\$ 1,116,383</b>	<b>\$ 2,688,458</b>

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

## NOTES to the FINANCIAL STATEMENTS

# CITY OF GRAND LEDGE, MICHIGAN

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### Notes to the Financial Statements

June 30, 2011

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# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting entity

The City of Grand Ledge, Michigan is a municipal corporation governed by a seven-member council and administered by an appointed City Administrator. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. The government has no blended component units; the discretely presented component units have June 30 year-ends.

##### Discretely presented component units.

The City of Grand Ledge Downtown Development Authority (DDA) was established under Public Act 197 of 1975 to revitalize and plan for controlled development of the downtown business district. The government's council appoints the members of the DDA's governing board. The DDA is also fiscally dependent upon the City because the government's council approves the DDA's budget and any debt issuances. Financial statements for the DDA may be obtained from the City of Grand Ledge.

The City of Grand Ledge Local Development Finance Authority (LDFA) was established under Public Act 281 of 1986 to preserve and promote the continued growth of the City and the LDFA district. The government's council appoints the members of the LDFA's governing board. The LDFA is also fiscally dependent upon the City because the government's council approves the LDFA's budget and any debt issuances. The activities of the LDFA are accounted for in a single fund; accordingly, separate financial statements are not issued for it.

The Grand Ledge Area Emergency Services Authority (GLAESA) was established on October 1, 2001 under the provisions of Public Act 57 of 1988 to provide fire protection and rescue services within the boundaries of the City of Grand Ledge and the Township of Oneida (the incorporating municipalities). GLAESA is governed by a five-member board consisting of three members appointed by the City and two by the Township. GLAESA relies on funding for its operations from the City and Township. Financial statements for GLAESA may be obtained by writing the Authority at 500 North Clinton Street, Grand Ledge, Michigan 48837.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

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### **B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) 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 is 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, except for agency funds, which do not have a measurement focus. 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* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

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For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement-based grants. 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, intergovernmental revenue, 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 the government receives cash.

The government 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 *major street fund* accounts for the maintenance of all major streets; revenues are derived primarily from Public Act 51 gas and weight tax monies shared by the State of Michigan.

The *local street fund* accounts for the maintenance of all local streets; revenues are derived primarily from Public Act 51 gas and weight tax monies shared by the State of Michigan.

The *municipal street fund* accounts for property tax revenues specifically dedicated by City Ordinance for street projects.

The government reports the following major proprietary fund:

The *water and sewer fund* accounts for the activities of the government's water distribution and treatment system.

Additionally, the government reports the following fund types:

*Special revenue funds.* These funds account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

*Debt service funds.* These funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

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*Capital projects fund.* This fund accounts for the acquisition or construction of major capital projects not being financed by proprietary funds.

*Internal service funds.* These funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. This includes equipment management and employee medical management services.

*Agency funds.* These funds account for assets held for other governments in an agency capacity.

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

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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the wastewater and water enterprise fund and of the government's internal service funds are charges to customers for sales and services. The enterprise fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

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### D. Assets, liabilities and net assets/equity

#### 1. *Deposits and investments*

The government'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 government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, banker's acceptances, and mutual funds composed of otherwise legal investments.

Investments, if any, are reported 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 either *interfund receivables/payables* (i.e., the current portion of interfund loans) or *advances to/from other funds* (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as *due to/from other funds*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

#### 3. *Prepaid items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### 4. *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. The government defines capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

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Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and plants	20-40
Public domain infrastructure	50
System infrastructure	50
Vehicles	5-10
Equipment	3-15

### 5. *Compensated absences*

It is the government's policy to permit eligible employees to accumulate earned but unused vacation and sick pay benefits. Employees are allowed to accumulate an unlimited amount of sick leave, which is paid only upon illness while in the employ of the City or upon retirement. Payment for sick leave upon retirement is capped at \$5,000 to \$7,500. Earned vacation time may be accumulated for up to two years. Employees are only paid for unused vacation at the time of termination. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

### 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

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### 7. *Fund equity*

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City currently has no committed fund balances. The City also has no assigned fund balance as the City Council has not yet given authority for the making of such assignments; assigned fund balances are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned and finally unassigned fund balance.

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. **Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

Prior to the first regular Council meeting in April, the budget officer submits to the Council a proposed budget for the fiscal year beginning the following July 1. A public hearing is then conducted to obtain citizen comments. No later than the first Council meeting in June, the budget is required to be legally enacted through passage of a resolution.

The budget for the general fund is adopted at the department level; all other budgets are adopted on a functional level. Certain supplemental budgetary appropriations were made during the year, which were not considered material.

Encumbrance accounting is employed in governmental funds. Encumbrances (i.e., purchase orders, contracts) outstanding at year-end, if any, are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

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### B. Excess of expenditures over appropriations

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended June 30, 2011, the government had no expenditures in excess of the amounts appropriated at the legal level of budgetary control.

### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and investments

A reconciliation of cash and investments as shown on the statement of net assets and statement of fiduciary net assets to deposits and investments as classified for note disclosure purposes is as follows:

	<u>Primary Government</u>	<u>Component Units</u>
<b>Cash and cash equivalents</b>		
Statement of net assets	\$ 2,755,652	\$ 1,530,383
Statement of fiduciary net assets	<u>18,455</u>	<u>-</u>
	<u><b>\$ 2,774,107</b></u>	<u><b>\$ 1,530,383</b></u>
 <b>Deposits and investments</b>		
Bank deposits	\$ 2,773,402	\$ 1,530,383
Cash on hand	<u>705</u>	<u>-</u>
	<u><b>\$ 2,774,107</b></u>	<u><b>\$ 1,530,383</b></u>

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

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At year-end, the carrying amount of deposits for the City and component units were \$2,773,402 and \$1,530,383, respectively. The combined bank balance was \$3,652,123. Of the bank balance, \$3,152,123 was uninsured and uncollateralized, and therefore exposed to custodial credit risk.

The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the government evaluates each financial institution with which it deposits government funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

At year-end, neither the City nor its component units had any investments. The City's investment policies conform to State guidelines.

### B. Receivables

Receivables in the governmental activities are 73 percent due from other governments and 27 percent other receivables. Business-type activities receivables are 58 percent due from customers and 42 percent due from other governments.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Deferred revenue reported in governmental funds	<u>\$ 33,012</u>	<u>\$ 28,108</u>	<u>\$ 61,120</u>

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

### C. Capital assets

Capital assets activity for the year ended June 30, 2011 was as follows:

#### Primary Government

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 1,283,134	\$ 30,147	\$ (78,605)	\$ 1,234,676
Capital assets, being depreciated:				
Land improvements	2,160,309	39,173	-	2,199,482
Buildings	2,578,969	-	(221,591)	2,357,378
Equipment	1,138,236	10,783	(60,138)	1,088,881
Infrastructure	9,949,624	436,184	-	10,385,808
Total capital assets being depreciated	15,827,138	486,140	(281,729)	16,031,549
Less accumulated depreciation for:				
Land improvements	(468,742)	(62,563)	-	(531,305)
Buildings	(1,036,947)	(67,219)	25,325	(1,078,841)
Equipment	(756,283)	(73,853)	60,138	(769,998)
Infrastructure	(2,143,825)	(207,716)	-	(2,351,541)
Total accumulated depreciation	(4,405,797)	(411,351)	85,463	(4,731,685)
Total capital assets, being depreciated, net	11,421,341	74,789	(196,266)	11,299,864
<b>Governmental activities capital assets, net</b>	<b>\$ 12,704,475</b>	<b>\$ 104,936</b>	<b>\$ (274,871)</b>	<b>\$ 12,534,540</b>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 546,763	\$ -	\$ -	\$ 546,763
Capital assets, being depreciated:				
Buildings and systems	22,123,270	3,894,498	-	26,017,768
Equipment	547,668	21,287	-	568,955
Total capital assets being depreciated	22,670,938	3,915,785	-	26,586,723
Less accumulated depreciation for:				
Buildings and systems	(7,404,982)	(556,650)	-	(7,961,632)
Equipment	(333,033)	(31,257)	-	(364,290)
Total accumulated depreciation	(7,738,015)	(587,907)	-	(8,325,922)
Total capital assets, being depreciated, net	14,932,923	3,327,878	-	18,260,801
<b>Business-type activities capital assets, net</b>	<b>\$ 15,479,686</b>	<b>\$ 3,327,878</b>	<b>\$ -</b>	<b>\$ 18,807,564</b>

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 60,840
Public safety	27,696
Highways and streets, including depreciation of general infrastructure assets	228,459
Recreation and culture	51,736
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	42,620
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 411,351</u></b>
Business-type activities -	
Water and sewer	<b><u>\$ 587,907</u></b>

### Component units

Capital assets activity for the discretely presented component units for the year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Downtown Development Authority</b>				
Capital assets, not being depreciated:				
Land	\$ 235,868	\$ 244,463	\$ -	\$ 480,331
Capital assets, being depreciated:				
Land improvements	1,567,375	1,671,115	-	3,238,490
Buildings	38,678	-	-	38,678
Total capital assets being depreciated	1,606,053	1,671,115	-	3,277,168
Less accumulated depreciation for:				
Land improvements	(413,434)	(129,540)	-	(542,974)
Buildings	(1,934)	(1,934)	-	(3,868)
Total accumulated depreciation	(415,368)	(131,474)	-	(546,842)
Total capital assets, being depreciated, net	1,190,685	1,539,641	-	2,730,326
<b>DDA capital assets, net</b>	<b><u>\$ 1,426,553</u></b>	<b><u>\$ 1,784,104</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,210,657</u></b>
<b>Local Development Finance Authority</b>				
Capital assets, not being depreciated:				
Land	<b><u>\$ 2,610,375</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,610,375</u></b>

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Grand Ledge Area Emergency Services Authority</b>				
Capital assets, not being depreciated:				
Land	\$ 351,366	\$ -	\$ -	\$ 351,366
Capital assets, being depreciated:				
Equipment	2,021,153	12,370	-	2,033,523
Building improvements	7,860	-	-	7,860
Total capital assets being depreciated	2,029,013	12,370	-	2,041,383
Less accumulated depreciation for:				
Equipment	(816,015)	(164,211)	-	(980,226)
Building improvements	(1,135)	(524)	-	(1,659)
Total accumulated depreciation	(817,150)	(164,735)	-	(981,885)
Total capital assets, being depreciated, net	1,211,863	(152,365)	-	1,059,498
<b>GLAESA capital assets, net</b>	<b>\$ 1,563,229</b>	<b>\$ (152,365)</b>	<b>\$ -</b>	<b>\$ 1,410,864</b>

### D. Payables

Payables in the governmental activities are 42 percent vendors and 58 percent payroll and deposits. Business-type activities payables are 93 percent vendors and 7 percent payroll and deposits.

### E. Interfund receivables, payables and transfers

At June 30, 2011, the general fund reported an interfund receivable of \$75,864 due from nonmajor governmental funds (\$2,199) and internal service funds (\$73,665) representing negative cash balances in those funds.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

For the year ended June 30, 2011, interfund transfers consisted of the following:

	<b>Transfer From:</b>				
<b>General Fund</b>	<b>Local Street Fund</b>	<b>Municipal Street Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>	
<b>Transfer To:</b>					
Local street fund	\$ 175,895	\$ -	\$ 330,315	\$ -	\$ 506,210
Nonmajor governmental	120,000	116,550	-	22,600	259,150
<b>Total</b>	<b>\$ 295,895</b>	<b>\$ 116,550</b>	<b>\$ 330,315</b>	<b>\$ 22,600</b>	<b>\$ 765,360</b>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### F. Long-term debt

*General obligation bonds.* The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities as well as the component units. The original amount of general obligation bonds issued in prior years for the governmental activities debt listed below was \$4,439,721.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
<b>Governmental activities</b>		
2001 bridge improvement	4.1 - 6.0%	270,000
2004 capital improvement	2.5 - 3.6%	550,000
		<b>\$ 820,000</b>
<b>Component units</b>		
<b>DDA</b>		
1998 refunding	3.9 - 4.850%	\$ 1,100,000
2001 parking lot	4.0 - 4.875%	760,000
2010 GO bonds	2.25 - 4.0%	1,900,000
<b>LDFA</b>		
2001 transportation	4.83%	105,000
2002 capital improvement	5.0 - 7.0%	365,000
		<b>\$ 4,230,000</b>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended June 30	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2012	\$ 120,000	\$ 31,898	\$ 485,000	\$ 171,543
2013	125,000	27,868	495,000	151,292
2014	130,000	23,502	490,000	130,605
2015	135,000	18,844	495,000	110,056
2016	145,000	13,878	245,000	88,996
2017-2021	135,000	29,082	1,275,000	307,523
2022-2025	30,000	1,544	745,000	70,948
	<b>\$ 820,000</b>	<b>\$ 146,616</b>	<b>\$ 4,230,000</b>	<b>\$ 1,030,963</b>

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

*Revenue bonds.* The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. During the year ended June 30, 2011, the City issued \$3,620,579 of water supply system revenue bonds; the total amount authorized to draw on the bond under the State of Michigan Capitalization Grants for Clean Water State Revolving Fund is \$5,785,000, of which \$681,870 remains available to draw as of June 30, 2011. Current year additions of \$831,449 were forgiven under an American Recovery and Reinvestment Act program that provides for the forgiveness of certain pre-approved debt (total amount authorized for forgiveness was \$2,314,000, which has been fully drawn as of June 30, 2011). Revenue bonds outstanding at year-end are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
<b>Business-type activities</b>		
1992 water	2.0%	\$ 180,000
2010 DWRP bonds	2.5%	<u>2,653,130</u>
		<b><u>\$ 2,833,130</u></b>

Revenue bond debt service requirements to maturity are as follows:

<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>
2012	\$ 230,000	\$ 61,570
2013	235,000	57,206
2014	145,000	51,780
2015	150,000	48,156
2016	155,000	44,406
2017-2021	830,000	162,152
2022-2026	940,000	52,778
2027-2031	<u>830,000</u>	<u>-</u>
	3,515,000	<b><u>\$ 478,048</u></b>
Less amount remaining to draw	<u>(681,870)</u>	
	<b><u>\$ 2,833,130</u></b>	

The above amortization schedule represents future interest payments based on draws to date. There will be an updated payment schedule once all draws have been completed.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

**Capital lease.** During fiscal 2005, the government entered into a capital lease agreement with Eaton County for \$7,975,000 pursuant to the issuance of revenue and refunding bonds on behalf of the City by the County. The government pledges income derived from its water and sewer operations to pay debt service. Upon retirement of the underlying bonded debt, title to the capital assets will pass from the County to the City.

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
<b>Business-type activities</b>		
2005 Eaton County revenue/refunding bond	3.5-5.0%	<u>\$ 6,265,000</u>
<b>Component unit</b>		
<b>GLAESA</b>		
2009 ambulances	4.0%	<u>\$ 129,650</u>

Annual debt service requirements to maturity for capital leases are as follows:

<u>Year Ended June 30</u>	<u>Business-type Activities</u>		<u>Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 315,000	\$ 293,238	\$ 30,527	\$ 5,199
2013	330,000	280,638	31,751	3,975
2014	365,000	267,436	33,024	2,702
2015	380,000	251,012	34,348	1,377
2016	395,000	233,912	-	-
2017-2021	2,270,000	853,562	-	-
2022-2025	2,210,000	252,245	-	-
	<u>\$ 6,265,000</u>	<u>\$ 2,432,043</u>	<u>\$ 129,650</u>	<u>\$ 13,253</u>

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

**Purchase agreements.** The government has entered into various installment purchase agreements for the acquisition of real property and equipment. The original amount of these obligations for the primary government was \$750,345.

<b>Purpose</b>	<b>Interest Rates</b>	<b>Amount</b>
<b>Governmental activities</b>		
2006 purchase contract (Osmer Property)	4.75%	\$ 92,123
<b>Component units</b>		
<b>DDA</b>		
1998 purchase contract (Kingery)	5.0%	\$ 19,000
1998 purchase contract (Larson)	5.0%	34,900
2006 purchase contract (River Street)	4.20%	103,333
2007 purchase contract (River Street)	4.20%	93,587
<b>LDFA</b>		
1998 purchase agreement (Olinger Property)	4.62%	18,600
1999 loan (State of Michigan)	0.0%	133,331
2006 purchase agreement (Willis Property)	4.75%	461,377
<b>GLAESA</b>		
Fire apparatus	4.76%	27,877
Land	4.88%	290,908
Truck apparatus	3.85%	242,115
		\$ 1,425,028

Annual debt service requirements to maturity for purchase agreements are as follows:

<b>Year Ended June 30</b>	<b>Governmental Activities</b>		<b>Component Units</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2012	\$ 16,577	\$ 4,376	\$ 325,898	\$ 57,201
2013	17,364	3,588	307,434	47,399
2014	18,189	2,764	221,500	37,906
2015	19,053	1,900	219,663	29,483
2016	20,940	995	36,153	16,126
2017-2021	-	-	193,620	55,023
2022-2026	-	-	120,760	18,240
	\$ 92,123	\$ 13,623	\$ 1,425,028	\$ 261,378

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

*Changes in Long-Term Debt.* Long-term liability activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Reclass</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Primary Government</b>						
<b>Governmental activities</b>						
General obligation bonds	\$ 935,000	\$ -	\$ 115,000	\$ -	\$ 820,000	\$ 120,000
Purchase agreements	324,560	-	15,825	(216,612)	92,123	16,577
Compensated absences	216,953	218,228	210,162	-	225,019	27,002
Deduct deferred amounts for bond discount	(8,696)	-	(1,470)	-	(7,226)	-
	<u>\$ 1,467,817</u>	<u>\$ 218,228</u>	<u>\$ 339,517</u>	<u>\$ (216,612)</u>	<u>\$ 1,129,916</u>	<u>\$ 163,579</u>
<b>Business-type activities</b>						
Revenue bonds	\$ 270,000	\$ 3,620,579	\$ 1,057,449	\$ -	\$ 2,833,130	\$ 230,000
Capital leases	6,565,000	-	300,000	-	6,265,000	315,000
Compensated absences	81,595	70,822	70,198	-	82,219	9,866
Deduct deferred amounts for bond issuance premium	197,534	-	13,392	-	184,142	-
	<u>\$ 7,114,129</u>	<u>\$ 3,691,401</u>	<u>\$ 1,441,039</u>	<u>\$ -</u>	<u>\$ 9,364,491</u>	<u>\$ 554,866</u>
<b>Component Units</b>						
<b>DDA</b>						
General obligation bonds	\$ 2,210,000	\$ 2,000,000	\$ 450,000	\$ -	\$ 3,760,000	\$ 445,000
Purchase agreements	78,900	-	44,692	216,612	250,820	45,942
Deduct deferred amounts for bond discount	-	(30,000)	(1,371)	-	(28,629)	-
	<u>\$ 2,288,900</u>	<u>\$ 1,970,000</u>	<u>\$ 493,321</u>	<u>\$ 216,612</u>	<u>\$ 3,982,191</u>	<u>\$ 490,942</u>
<b>LDFA</b>						
General obligation bonds	\$ 510,000	\$ -	\$ 40,000	\$ -	\$ 470,000	\$ 40,000
Purchase agreements	789,768	-	176,460	-	613,308	181,381
	<u>\$ 1,299,768</u>	<u>\$ -</u>	<u>\$ 216,460</u>	<u>\$ -</u>	<u>\$ 1,083,308</u>	<u>\$ 221,381</u>
<b>GLAESA</b>						
Capital leases	\$ 159,000	\$ -	\$ 29,350	\$ -	\$ 129,650	\$ 30,527
Purchase agreements	682,680	-	121,780	-	560,900	98,575
Compensated absences	64,954	2,794	-	-	67,748	18,967
	<u>\$ 906,634</u>	<u>\$ 2,794</u>	<u>\$ 151,130</u>	<u>\$ -</u>	<u>\$ 758,298</u>	<u>\$ 148,069</u>

For the governmental activities, compensated absences, net pension benefit obligations (if any) and other post employment benefit obligations are generally liquidated by the general fund.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

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### IV. OTHER INFORMATION

#### A. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2011, the government carried insurance through various commercial carriers to cover all risks of losses. The government has had no settled claims from these risks that exceeded its commercial coverage in any of the past three fiscal years.

#### B. Property taxes

The government's property taxes are levied each July 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through October 1; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Eaton County.

Assessed values as established annually by the government, and subject to acceptance by the County, are equalized by the State at an estimated 50% of current market value. The 2010 taxable value of real and personal property in the City totaled \$211,222,821 (not including properties subject to Industrial Facilities Tax exemption). The government's general operating tax rate for fiscal year 2010-11 was 8.0650 mills, with an additional 2.4193 mills for municipal streets and 0.8062 mills for recreation.

Property taxes for the DDA are derived from a tax increment financing agreement between the DDA and other related taxing districts. Under this arrangement, the DDA receives those property taxes levied on the increment of current taxable valuations (determined as of the preceding December 31, the lien date) over base year assessed valuations on certain property located in the City of Grand Ledge, which are within the DDA district. Property taxes are recognized in the fiscal year in which they are levied.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

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### C. Other postemployment benefits

*Plan description.* The City administers a single-employer defined benefit healthcare plan (the “Plan”) that provides health insurance benefits to certain retirees and, in some cases, their beneficiaries, which are advance-funded on a discretionary basis. In accordance with City policy, eligible retirees and certain spouses receive healthcare benefits at 50 percent coverage of the premiums. As of June 30, 2011, the date of the latest valuation, the Plan covered 40 members (37 active plan members and 3 retirees receiving benefits). Of the active plan members, certain individuals are currently opting-out of health insurance coverage and may continue to do so upon retirement. This variable has not been considered in estimating the liability.

*Funding policy.* The contribution requirements of Plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City. For the year ended June 30, 2011, the City contributed \$15,105 to the Plan. Retirees receiving benefits contributed \$15,105 or approximately 50 percent of the total premiums through their required contribution.

*Annual OPEB cost and net OPEB obligation.* The City’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City’s net OPEB obligation:

Annual required contribution	\$104,766
Interest on net OPEB obligation	3,682
Adjustment to annual required contribution	<u>(3,471)</u>
Net OPEB cost	104,977
Contributions made	<u>(15,105)</u>
Increase in net OPEB obligation	89,872
Net OPEB obligation, beginning of year	<u>111,575</u>
Net OPEB obligation, end of year	<u><u>\$201,447</u></u>

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2011 and the prior year was as follows:

<u>Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percent of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/10	\$ 119,814	7%	\$ 111,575
06/30/11	104,977	14%	201,447

*Funded status and funding progress.* As of June 30, 2011, the actuarial accrued liability for benefits was \$1,035,630, all of which was unfunded. The covered payroll (annual payroll of the active employees covered by the Plan) was \$1,979,209 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 52 percent.

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

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

The following simplifying assumptions were made:

*Retirement age for active employees* - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 56.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

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*Marital status* - Marital status of members at the calculation date was assumed to continue throughout retirement.

*Mortality* - Life expectancies were based on mortality tables from the National Center for Health Statistics; the 2006 United States Life Tables for Males and for Females were used.

*Turnover* - Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of benefits to be paid.

*Healthcare cost trend rate* - The expected rate of increase in healthcare costs was based on projections by the City's management. A rate of 8.0 percent was used.

*Health insurance premiums* - 2011 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

*Inflation rate* - The expected long-term inflation assumption of 4.0 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in the 2006 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.

*Payroll growth rate* - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 3.3 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, was 30 years.

### **D. Defined benefit pension plan**

The City participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the Retirement Board of MERS, for police bargaining unit members only. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members and beneficiaries. The MERS Retirement Board establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917, or by calling (800) 767-6377.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

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The City is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2011 was 11.0% of annual covered payroll. Police bargaining unit employees are required to contribute 9.62% of covered wages. The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the City Council, subject to the collective bargaining agreement and depending on the MERS contribution program adopted by the City. By contract, the City's annual contribution is limited to 11.0% of annual covered payroll; if subsequent actuarial valuations require an increase in the annual contribution the contract stipulates that the employees will be required to make these increased contributions.

For the year ended June 30, 2011, the City's annual pension cost of \$60,439 was equal to the required and actual contribution. The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increase of 4.5% (1% for calendar years 2011-2014) per year compounded annually, attributable to inflation; and (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit.

The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010, the date of the latest actuarial valuation, was 30 years.

### Three Year Trend Information

<u>Years Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2009	\$ 66,440	100%	\$ -
2010	66,447	100%	-
2011	60,439	100%	-

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

### Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	(a) <u>Actuarial Value of Assets</u>	(b) <u>Actuarial Accrued Liability (AAL) Entry Age</u>	(b-a) <u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio Total</u>	(c) <u>Covered Payroll</u>	((b-a)/c) <u>UAAL as a Percentage of Covered Payroll</u>
12/31/10	\$1,477,226	\$2,318,523	\$841,297	64%	\$547,229	154%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### **E. Defined contribution pension plan**

The City of Grand Ledge Group Pension Plan is a defined contribution pension plan established by the City and administered by an insurance company to provide retirement benefits to all participating full-time employees of the City. Plan provisions and contribution requirements are established and may be amended by the City Council. Employees may contribute up to 15% of their gross earnings to the plan. The City is required to contribute 5% of employee gross earnings and to match 100% of the first 5% and 50% of the next 10% of employee contributions. The City's maximum contribution does not exceed 15%. Employee contributions vest immediately, whereas employer contributions vest at a rate of 20% per year.

The payroll for employees covered by the plan for the year ended June 30, 2011 was \$1,325,703, as compared to the City's total payroll of \$2,258,775. For fiscal 2011, the City's contribution was \$137,496 (or 10.37% of covered payroll). Employee contributions were \$102,291 (or 7.72% of covered payroll).

#### **F. Contingent liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

### G. State Construction Code Act Compliance

Public Act 245 of 1999 amended the State Construction Act to require Michigan municipal governments to establish fees that bear a reasonable relationship to the cost of operating their building departments. The City's fee structure is not intended to fully recover its costs, and accordingly, the operations of the City's building department are accounted for in the general fund. For the year ended June 30, 2011, the City reported revenue from building permits of \$51,760 and related expenditures for inspections of \$59,570, resulting in a cumulative shortfall of \$23,382 as summarized below:

Cumulative shortfall at June 30, 2010	\$	(15,572)
Building permit revenue		51,760
Expenditures - professional services		<u>(59,570)</u>
Cumulative shortfall at June 30, 2011	\$	<u><u>(23,382)</u></u>

### H. Net assets invested in capital assets, net of related debt

Following is a summary of net assets invested in capital assets, net of related debt, as presented in the government-wide statement of net assets:

	Governmental activities	Business-type activities
Capital assets, net	\$ 12,534,540	\$ 18,807,564
Deduct capital related bonds and purchase agreements	(912,123)	(9,098,130)
Add unamortized discount on bonds	7,226	-
Deduct unamortized premium on bonds	<u>-</u>	<u>(184,142)</u>
Total invested in capital assets, net of related debt	<u><u>\$ 11,629,643</u></u>	<u><u>\$ 9,525,292</u></u>

### I. Restatements

The City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the current year. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The City's beginning General Fund balance was restated by an increase of \$41,364 due to the elimination of the cemetery special revenue fund which is now combined with the general fund. The City's municipal street fund balance was restated by an increase of \$43,633 due to the elimination of the sidewalk special revenue fund which is now included with the municipal street fund.

# CITY OF GRAND LEDGE, MICHIGAN

## Notes to the Financial Statements

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### **J. Subsequent Events**

In September 2011, the City sold \$1,890,000 of general obligation limited tax downtown development refunding bonds to refund and reissue the outstanding principal balances of the Series 1998 and Series 2001 City of Grand Ledge Downtown Development Authority Bonds and to provide for the costs of issuance.

\* \* \* \* \*

REQUIRED SUPPLEMENTARY  
INFORMATION

**City of Grand Ledge, Michigan**  
**Required Supplementary Information**  
**Postemployment Healthcare Plan - Retiree Health**  
**Schedule of Funding Progress and Employer Contributions**  
**Historical Trend Information - Unaudited**

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**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date June 30,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
2010	\$ -	\$ 1,172,603	\$ 1,172,603	0.0%	\$ 2,063,190	57%
2011	-	1,035,630	1,035,630	0.0%	1,979,209	52%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended June 30,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2010	\$ 119,814	7%
2011	104,766	14%

**City of Grand Ledge, Michigan**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Funding Progress and Employer Contributions**  
**Historical Trend Information - Unaudited**

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date <u>December 31,</u></b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
2008	\$ 1,055,312	\$ 2,032,874	\$ 977,562	52%	\$ 593,161	165%
2009	1,307,566	2,113,313	805,748	62%	625,341	129%
2010	1,477,226	2,318,523	841,297	64%	547,229	154%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended June 30,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2009	\$ 66,440	100%
2010	66,447	100%
2011	60,439	100%

**COMBINING and INDIVIDUAL FUND FINANCIAL  
STATEMENTS and SCHEDULES**

**City of Grand Ledge, Michigan  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011**

	Special Revenue Funds				
	Parks and Recreation	Drug Forfeiture	Police Restricted	Airport Development	YES Center Grant
<b><u>ASSETS</u></b>					
<b>Assets</b>					
Cash and cash equivalents	\$ 26,900	\$ 16,779	\$ 19,832	\$ 129,631	\$ -
Taxes receivable	635	-	-	-	-
Accounts receivable	-	-	-	400	-
Due from other governments	-	-	-	-	2,199
	-	-	-	-	2,199
<b><u>TOTAL ASSETS</u></b>	<b>\$ 27,535</b>	<b>\$ 16,779</b>	<b>\$ 19,832</b>	<b>\$ 130,031</b>	<b>\$ 2,199</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 4,381	\$ 118	\$ 14	\$ 6,040	\$ -
Accrued liabilities	20,598	-	-	3,000	-
Interfund payable	-	-	-	-	2,199
Deferred revenue	635	-	-	-	-
Total liabilities	25,614	118	14	9,040	2,199
<b>Fund balances</b>					
Restricted	1,921	16,661	19,818	120,991	-
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b>\$ 27,535</b>	<b>\$ 16,779</b>	<b>\$ 19,832</b>	<b>\$ 130,031</b>	<b>\$ 2,199</b>

<u>Debt Service Funds</u>		<u>Capital</u>		
2004		<u>Projects Fund</u>		
<u>Island</u>	<u>Capital</u>	<u>Capital</u>		
<u>Bridge</u>	<u>Improvement</u>	<u>Projects</u>	<u>Total</u>	
\$ 942	\$ 11,999	\$ 537,393	\$ 743,476	
-	-	-	635	
-	-	-	400	
-	-	-	2,199	
<u>\$ 942</u>	<u>\$ 11,999</u>	<u>\$ 537,393</u>	<u>\$ 746,710</u>	

\$ -	\$ -	\$ -	\$ 10,553	
-	-	-	23,598	
-	-	-	2,199	
-	-	-	635	
-	-	-	36,985	

<u>942</u>	<u>11,999</u>	<u>537,393</u>	<u>709,725</u>	
<u>\$ 942</u>	<u>\$ 11,999</u>	<u>\$ 537,393</u>	<u>\$ 746,710</u>	

**City of Grand Ledge, Michigan**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2011**

	<b>Special Revenue Funds</b>				
	<b>Parks and Recreation</b>	<b>Drug Forfeiture</b>	<b>Police Restricted</b>	<b>Airport Development</b>	<b>YES Center Grant</b>
<b>Revenues</b>					
Taxes	\$ 150,807	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	2,816	-	32,430
Charges for services	77,507	-	-	49,800	-
Investment income	36	61	71	527	-
Other	6,725	-	-	34	-
Total revenues	<u>235,075</u>	<u>61</u>	<u>2,887</u>	<u>50,361</u>	<u>32,430</u>
<b>Expenditures</b>					
General government	-	-	-	80,025	-
Public safety	-	375	3,365	-	32,430
Recreation and culture	227,125	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>227,125</u>	<u>375</u>	<u>3,365</u>	<u>80,025</u>	<u>32,430</u>
Revenues over (under) expenditures	<u>7,950</u>	<u>(314)</u>	<u>(478)</u>	<u>(29,664)</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	(22,600)	-	-	-	-
Transfers from component units	-	-	-	-	-
Total other financing sources (uses)	<u>(22,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(14,650)	(314)	(478)	(29,664)	-
Fund balances, beginning of year	<u>16,571</u>	<u>16,975</u>	<u>20,296</u>	<u>150,655</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 1,921</u></u>	<u><u>\$ 16,661</u></u>	<u><u>\$ 19,818</u></u>	<u><u>\$ 120,991</u></u>	<u><u>\$ -</u></u>

<u>Debt Service Funds</u>		<u>Capital</u>	
<u>2004</u>		<u>Projects Fund</u>	
<u>Island</u>	<u>Capital</u>	<u>Capital</u>	<u>Total</u>
<u>Bridge</u>	<u>Improvement</u>	<u>Projects</u>	
\$ -	\$ -	\$ -	\$ 150,807
-	-	-	35,246
-	-	-	127,307
73	335	1,853	2,956
-	-	-	6,759
<u>73</u>	<u>335</u>	<u>1,853</u>	<u>323,075</u>
-	-	-	80,025
-	-	-	36,170
-	-	-	227,125
20,000	95,000	-	115,000
14,308	21,775	-	36,083
<u>34,308</u>	<u>116,775</u>	<u>-</u>	<u>494,403</u>
<u>(34,235)</u>	<u>(116,440)</u>	<u>1,853</u>	<u>(171,328)</u>
22,600	116,550	120,000	259,150
-	-	-	(22,600)
12,000	-	-	12,000
<u>34,600</u>	<u>116,550</u>	<u>120,000</u>	<u>248,550</u>
365	110	121,853	77,222
577	11,889	415,540	632,503
<u>\$ 942</u>	<u>\$ 11,999</u>	<u>\$ 537,393</u>	<u>\$ 709,725</u>

**City of Grand Ledge, Michigan**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Parks and Recreation**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
<b>Revenues</b>				
Taxes	\$ 145,940	\$ 145,940	\$ 150,807	\$ 4,867
Intergovernmental	750	750	-	(750)
Charges for services	84,500	84,500	77,507	(6,993)
Investment income	150	150	36	(114)
Other	7,650	9,793	6,725	(3,068)
	<u>238,990</u>	<u>241,133</u>	<u>235,075</u>	<u>(6,058)</u>
<b>Total revenues</b>				
<b>Expenditures</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Recreation and culture	210,566	229,760	227,125	(2,635)
	<u>210,566</u>	<u>229,760</u>	<u>227,125</u>	<u>(2,635)</u>
<b>Total expenditures</b>				
Revenues over (under) expenditures	28,424	11,373	7,950	(3,423)
<b>Other financing sources (uses)</b>				
Transfers out	(22,600)	(22,600)	(22,600)	-
Net change in fund balance	5,824	(11,227)	(14,650)	(3,423)
Fund balance, beginning of year	16,571	16,571	16,571	-
<b>Fund balance, end of year</b>	<u>\$ 22,395</u>	<u>\$ 5,344</u>	<u>\$ 1,921</u>	<u>\$ (3,423)</u>

**City of Grand Ledge, Michigan**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Drug Forfeiture**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
				<u>Final Budget</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	50	50	61	11
Other	-	-	-	-
	<u>50</u>	<u>50</u>	<u>61</u>	<u>11</u>
Total revenues	<u>50</u>	<u>50</u>	<u>61</u>	<u>11</u>
<b>Expenditures</b>				
General government	-	-	-	-
Public safety	1,100	1,100	375	(725)
Recreation and culture	-	-	-	-
	<u>1,100</u>	<u>1,100</u>	<u>375</u>	<u>(725)</u>
Total expenditures	<u>1,100</u>	<u>1,100</u>	<u>375</u>	<u>(725)</u>
Revenues over (under) expenditures	(1,050)	(1,050)	(314)	736
<b>Other financing sources (uses)</b>				
Transfers out	-	-	-	-
Net change in fund balance	(1,050)	(1,050)	(314)	736
Fund balance, beginning of year	<u>16,975</u>	<u>16,975</u>	<u>16,975</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 15,925</u></u>	<u><u>\$15,925</u></u>	<u><u>\$ 16,661</u></u>	<u><u>\$ 736</u></u>

**City of Grand Ledge, Michigan**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Police Restricted**  
**For the Year Ended June 30, 2011**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Actual</b>
	<b>Original</b>	<b>Final</b>		<b>Over (Under) Final Budget</b>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	2,816	2,816	(0)
Charges for services	-	-	-	-
Investment income	100	100	71	(29)
Other	-	-	-	-
Total revenues	<u>100</u>	<u>2,916</u>	<u>2,887</u>	<u>(29)</u>
<b>Expenditures</b>				
General government	-	-	-	-
Public safety	300	4,856	3,365	(1,491)
Recreation and culture	-	-	-	-
Total expenditures	<u>300</u>	<u>4,856</u>	<u>3,365</u>	<u>(1,491)</u>
Revenues over (under) expenditures	(200)	(1,940)	(478)	1,462
<b>Other financing sources (uses)</b>				
Transfers out	-	-	-	-
Net change in fund balance	(200)	(1,940)	(478)	1,462
Fund balance, beginning of year	<u>20,296</u>	<u>20,296</u>	<u>20,296</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 20,096</u></u>	<u><u>\$ 18,356</u></u>	<u><u>\$ 19,818</u></u>	<u><u>\$ 1,462</u></u>

**City of Grand Ledge, Michigan**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Airport Development**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	44,800	44,800	49,800	5,000
Investment income	500	500	527	27
Other	-	-	34	34
	<u>45,300</u>	<u>45,300</u>	<u>50,361</u>	<u>5,061</u>
Total revenues				
	<u>45,300</u>	<u>45,300</u>	<u>50,361</u>	<u>5,061</u>
<b>Expenditures</b>				
General government	40,510	76,710	80,025	3,315
Public safety	-	-	-	-
Recreation and culture	-	-	-	-
	<u>40,510</u>	<u>76,710</u>	<u>80,025</u>	<u>3,315</u>
Total expenditures				
	<u>40,510</u>	<u>76,710</u>	<u>80,025</u>	<u>3,315</u>
Revenues over (under) expenditures	4,790	(31,410)	(29,664)	1,746
<b>Other financing sources (uses)</b>				
Transfers out	-	-	-	-
Net change in fund balance	4,790	(31,410)	(29,664)	1,746
Fund balance, beginning of year	<u>150,655</u>	<u>150,655</u>	<u>150,655</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 155,445</u></u>	<u><u>\$ 119,245</u></u>	<u><u>\$ 120,991</u></u>	<u><u>\$ 1,746</u></u>

**City of Grand Ledge, Michigan**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**YES Center Grant**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	32,430	32,430	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	32,430	32,430	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>				
General government	-	-	-	-
Public safety	-	32,430	32,430	-
Recreation and culture	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	32,430	32,430	-
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	-	-	-	-
<b>Other financing sources (uses)</b>				
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Grand Ledge, Michigan**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2011**

	<b>Equipment Operating</b>	<b>Employee Benefit</b>	<b>Total</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 60,386	\$ 60,386
Accounts receivable	350	-	350
Prepaid items	-	51,285	51,285
Total current assets	350	111,671	112,021
Capital assets, net	246,737	-	246,737
Total assets	247,087	111,671	358,758
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	2,608	525	3,133
Accrued liabilities	4,935	11,657	16,592
Interfund payable	73,665	-	73,665
Accrued compensated absences, current portion	1,124	-	1,124
Total current liabilities	82,332	12,182	94,514
Noncurrent liabilities -			
Accrued compensated absences, net of current portion	8,240	-	8,240
Total liabilities	90,572	12,182	102,754
<b>Net assets</b>			
Invested in capital assets	246,737	-	246,737
Unrestricted (deficit)	(90,222)	99,489	9,267
Total net assets	\$ 156,515	\$ 99,489	\$ 256,004

**City of Grand Ledge, Michigan  
Combining Statement of Revenues,  
Expenses and Changes in Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2011**

	<u>Equipment Operating</u>	<u>Employee Benefit</u>	<u>Total</u>
<b>Operating revenue</b>			
Charges for services	\$ 260,454	\$ 770,739	\$ 1,031,193
Other revenue	3,434	-	3,434
	<u>263,888</u>	<u>770,739</u>	<u>1,034,627</u>
Total operating revenue			
<b>Operating expenses</b>			
Personnel	110,002	758,411	868,413
Repair and maintenance	71,404	-	71,404
Utilities	5,198	-	5,198
Other	37,682	58	37,740
Depreciation	42,620	-	42,620
	<u>266,906</u>	<u>758,469</u>	<u>1,025,375</u>
Total operating expenses			
Net operating income (loss)	(3,018)	12,270	9,252
Net assets, beginning of year	<u>159,533</u>	<u>87,219</u>	<u>246,752</u>
<b>Net assets, end of year</b>	<u>\$ 156,515</u>	<u>\$ 99,489</u>	<u>\$ 256,004</u>

**City of Grand Ledge, Michigan**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2011**

	<u>Equipment Operating</u>	<u>Employee Benefit</u>	<u>Total</u>
<b>Cash flows from operating activities</b>			
Receipts from interfund services	\$ 215,419	\$ 770,739	\$ 986,158
Payments to suppliers/claimants	(109,993)	(778,117)	(888,110)
Payments to employees	<u>(105,426)</u>	<u>-</u>	<u>(105,426)</u>
Net cash used by operating activities	-	(7,378)	(7,378)
Cash and cash equivalents, beginning of year	<u>-</u>	<u>67,764</u>	<u>67,764</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ -</u>	<u>\$ 60,386</u>	<u>\$ 60,386</u>
 <b>Reconciliation of operating income (loss) to net cash used by operating activities</b>			
Operating income (loss)	\$ (3,018)	\$ 12,270	\$ 9,252
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	42,620	-	42,620
Change in assets and liabilities:			
Accounts receivable	(117)	-	(117)
Prepaid items	-	(12,871)	(12,871)
Accounts payable	974	(10,209)	(9,235)
Accrued liabilities	3,487	3,432	6,919
Interfund payable	(45,035)	-	(45,035)
Accrued compensated absences	<u>1,089</u>	<u>-</u>	<u>1,089</u>
<b>Net cash used by operating activities</b>	<u>\$ -</u>	<u>\$ (7,378)</u>	<u>\$ (7,378)</u>

**City of Grand Ledge, Michigan**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2011**

	<b>Trust &amp; Agency</b>	<b>Payroll Clearing</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
<b>Assets</b>			
Cash and cash equivalents	\$ 8,992	\$ 9,463	\$ 18,455
Receivables	26,134	-	26,134
<b><u>TOTAL ASSETS</u></b>	<b>\$ 35,126</b>	<b>\$ 9,463</b>	<b>\$ 44,589</b>
<b><u>LIABILITIES</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 32,113	\$ 9,463	\$ 41,576
Undistributed receipts	3,013	-	3,013
<b><u>TOTAL LIABILITIES</u></b>	<b>\$ 35,126</b>	<b>\$ 9,463</b>	<b>\$ 44,589</b>

**City of Grand Ledge, Michigan**  
**Statement of Net Assets**  
**Local Development Finance Authority**  
**June 30, 2011**

**Assets**

Current assets -	
Cash and cash equivalents	\$ 26,855
Noncurrent assets -	
Capital assets not being depreciated	<u>2,610,375</u>
<b>Total assets</b>	<u>2,637,230</u>

**Liabilities**

Current liabilities:	
Accounts payable and accrued expenses	1,008
Accrued interest payable	24,624
Long-term liabilities:	
Due within one year	221,381
Due in more than one year	<u>861,927</u>
<b>Total liabilities</b>	<u>1,108,940</u>

**Net assets**

Invested in capital assets, net of related debt	1,527,067
Unrestricted	<u>1,223</u>
<b>Total net assets</b>	<u><u>\$ 1,528,290</u></u>

**City of Grand Ledge, Michigan**  
**Statement of Activities**  
**Local Development Finance Authority**  
**For the Year Ended June 30, 2011**

<b>Operating revenues</b>	
Property taxes	\$ 10,704
<b>Operating expenses</b>	
Economic development	<u>28,405</u>
Operating loss	<u>(17,683)</u>
<b>Nonoperating revenue (expense)</b>	
Intergovernmental revenue from primary government	310,000
Interest expense	<u>(49,284)</u>
Total nonoperating revenue	<u>260,716</u>
Change in net assets	243,033
Net assets, beginning of year	<u>1,285,257</u>
<b>Net assets, end of year</b>	<u><u>\$ 1,528,290</u></u>

**City of Grand Ledge, Michigan**  
**Statement of Cash Flows**  
**Local Development Finance Authority**  
**For the Year Ended June 30, 2011**

<b>Cash flows from operating activities</b>	
Cash received from property taxes and other revenues	\$ 10,722
Cash payments to suppliers for goods and services	<u>(27,469)</u>
Net cash used by operating activities	<u>(16,747)</u>
<b>Cash flows from noncapital financing activities</b>	
Intergovernmental revenues from primary government	<u>310,000</u>
<b>Cash flows from capital and related financing activities</b>	
Long-term debt principal payments	(216,460)
Interest payments on long-term debt	<u>(54,283)</u>
Net cash used by capital and related financing activities	<u>(270,743)</u>
Net change in cash and cash equivalents	22,510
<b>Cash and cash equivalents:</b>	
Beginning of year	<u>4,345</u>
<b>End of year</b>	<u><u>\$ 26,855</u></u>
<b>Reconciliation of operating loss to net cash used by operating activities</b>	
Operating loss	\$ (17,683)
Adjustments to reconcile operating loss to net cash used by operating activities -	
Change in assets and liabilities -	
Accounts payable and accrued liabilities	<u>936</u>
<b>Net cash used by operating activities</b>	<u><u>\$ (16,747)</u></u>