

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

**YES NO Check each applicable box below.** (See instructions for further detail.)

1.   All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2.   There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3.   The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4.   The local unit has adopted a budget for all required funds.
5.   A public hearing on the budget was held in accordance with State statute.
6.   The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7.   The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8.   The local unit only holds deposits/investments that comply with statutory requirements.
9.   The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10.   There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11.   The local unit is free of repeated comments from previous years.
12.   The audit opinion is UNQUALIFIED.
13.   The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14.   The board or council approves all invoices prior to payment as required by charter or statute.
15.   To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>		Printed Name		License Number

# **CITY OF YALE**

St. Clair County, Michigan

## **FINANCIAL STATEMENTS**

June 30, 2007

# CITY OF YALE

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BERTHIAUME  
& COMPANY

Certified Public Accountants



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## INDEPENDENT AUDITORS' REPORT

To the Members of City Council  
City of Yale, 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 Yale as of and for the year ended June 30, 2007, 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 Yale's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Yale, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2007 on our consideration of the City of Yale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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.

The management's discussion and analysis and budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

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

*Bertchume & Co.*

September 13, 2007  
Saginaw, Michigan

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Yale (the "City"), 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, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

### Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$7,132,196 (net assets). Of this amount, \$1,667,147 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and others.

During the fiscal year, the City's total net assets increased by \$217,743. Governmental activities accounted for \$89,623 of this increase, while business-type activities accounted for \$128,120.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$911,538, an increase of \$115,241 in comparison with prior year. Approximately 16 percent of this total or \$150,136 is reserved for various purposes, leaving an unreserved, undesignated fund balance of \$761,402.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$592,057, or approximately 49 percent of the General Fund's annual expenditures (including transfers).

### 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 required supplemental information and other supplemental information in addition to the basic financial statements themselves.

### Government-wide Financial Statements

The government-wide 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 (for example, earned but unused vacation leave).

The government-wide financial statements can be found on pages 12 through 13 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 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 or 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 the 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 on 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 10 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 Fund and City Street Fund, which are considered to be major funds. Data from the other 8 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 budget for each of its governmental funds. Budgetary comparison statements have been provided for the General Fund and City Street Fund, the City's major funds, to demonstrate compliance with those budgets.

**Proprietary Funds** – The City maintains two different types of proprietary funds. Enterprise Funds are used to report the same functions as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for sewage collection and water distribution. 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 equipment, economic development and public improvements.

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 Sewer and Water Funds, which are considered to be major funds of the City. The Internal Service Funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual 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 18 through 22 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Fiduciary Funds** – Fiduciary funds are used to account for the 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.

**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.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City.

The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplemental information.

### Government-wide Financial Analysis

#### **Statement of Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For all activities, assets exceeded liabilities by \$7,132,196 at the close of the most recent fiscal year. Most of this amount (68 percent) reflects the investment in capital assets (e.g., land, buildings, vehicles, equipment, 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 its citizens; thus, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (4 percent) represents resources that are subject to external restrictions on how they are to be used. The remaining balance of unrestricted net assets (\$1,667,147) may be used to meet the government's ongoing obligations to citizens and creditors.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**City of Yale's Net Assets**

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Assets:</b>						
Current and other assets	\$ 1,513,324	\$ 1,593,310	\$ 560,630	\$ 571,733	\$ 2,073,954	\$ 2,165,043
Capital assets	<u>2,298,814</u>	<u>2,020,850</u>	<u>5,905,659</u>	<u>5,945,863</u>	<u>8,204,473</u>	<u>7,966,713</u>
Total assets	<u>3,812,138</u>	<u>3,614,160</u>	<u>6,466,289</u>	<u>6,517,596</u>	<u>10,278,427</u>	<u>10,131,756</u>
<b>Liabilities:</b>						
Current liabilities	54,739	250,373	36,059	40,085	90,798	290,458
Long-term liabilities	<u>451,300</u>	<u>147,311</u>	<u>2,604,133</u>	<u>2,779,534</u>	<u>3,055,433</u>	<u>2,926,845</u>
Total liabilities	<u>506,039</u>	<u>397,684</u>	<u>2,640,192</u>	<u>2,819,619</u>	<u>3,146,231</u>	<u>3,217,303</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	1,853,813	2,021,508	3,304,659	3,168,863	5,158,472	5,190,371
Restricted	219,882	305,313	86,695	75,756	306,577	381,069
Unrestricted	<u>1,232,404</u>	<u>889,655</u>	<u>434,743</u>	<u>453,358</u>	<u>1,667,147</u>	<u>1,343,013</u>
Total net assets	<u>\$ 3,306,099</u>	<u>\$ 3,216,476</u>	<u>\$ 3,826,097</u>	<u>\$ 3,697,977</u>	<u>\$ 7,132,196</u>	<u>\$ 6,914,453</u>

**Statement of Activities**

During the current fiscal year, the government's total net assets increased by \$217,743. Governmental activities accounted for \$89,623 of this increase, while business-type activities accounted for \$128,120.

# CITY OF YALE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### City of Yale's Changes in Net Assets

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 211,871	\$ 213,338	\$ 638,054	\$ 609,699	\$ 849,925	\$ 823,037
Operating grants	285,054	156,508	-	-	285,054	156,508
Capital grants	9,750	762,893	-	-	9,750	762,893
General revenues						
Property taxes	505,596	478,190	-	-	505,596	478,190
State revenue sharing	205,577	211,887	-	-	205,577	211,887
Investment earnings	80,786	38,504	19,435	12,551	100,221	51,055
Miscellaneous	8,666	5,573	-	-	8,666	5,573
Total revenues	<u>1,307,300</u>	<u>1,866,893</u>	<u>657,489</u>	<u>622,250</u>	<u>1,964,789</u>	<u>2,489,143</u>
<b>Program Expenses:</b>						
General government	281,996	220,015	-	-	281,996	220,015
Public safety	397,211	336,431	-	-	397,211	336,431
Public works	467,951	328,630	-	-	467,951	328,630
Recreation and culture	63,495	48,955	-	-	63,495	48,955
Interest on long-term debt	19,153	8,491	-	-	19,153	8,491
Sewer	-	-	227,856	219,207	227,856	219,207
Water	-	-	301,513	305,789	301,513	305,789
Total program expenses	<u>1,229,806</u>	<u>942,522</u>	<u>529,369</u>	<u>524,996</u>	<u>1,759,175</u>	<u>1,467,518</u>
Increase in net assets before other items	<u>77,494</u>	<u>924,371</u>	<u>128,120</u>	<u>97,254</u>	<u>205,614</u>	<u>1,021,625</u>
<b>Other items:</b>						
Contributions to principal	3,904	7,150	-	-	3,904	7,150
Sale of capital assets - gains	8,225	20,017	-	-	8,225	20,017
Transfers	-	-	-	-	-	-
Total other items	<u>12,129</u>	<u>27,167</u>	<u>-</u>	<u>-</u>	<u>12,129</u>	<u>27,167</u>
<b>Change in net assets</b>	<b>89,623</b>	<b>951,538</b>	<b>128,120</b>	<b>97,254</b>	<b>217,743</b>	<b>1,048,792</b>
Net assets, beginning	<u>3,216,476</u>	<u>2,264,938</u>	<u>3,697,977</u>	<u>3,600,723</u>	<u>6,914,453</u>	<u>5,865,661</u>
Net assets, ending	<u>\$ 3,306,099</u>	<u>\$ 3,216,476</u>	<u>\$ 3,826,097</u>	<u>\$ 3,697,977</u>	<u>\$ 7,132,196</u>	<u>\$ 6,914,453</u>

# CITY OF YALE

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### City Funds Financial Analysis

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

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes as well as show accountability for certain activities. The City's major governmental fund is the General Fund. Additionally, the City reports the Sewer and Water funds as major proprietary funds.

The General Fund accounts for functions relating to the general government activities of the City, which are financed by property tax levies, distribution of State revenues, and fees charged for various municipal activities and services. This fund had an increased fund balance of \$25,447.

The Sewer Fund covers the operations of the City's sewage treatment plant and the maintenance and construction of the sewer distribution system.

The Water Fund finances the operations of the water treatment plant and the entire transmission and distribution system.

### **General Fund Budgetary Highlights**

Over the course of the year, the City Council and City management monitor and amend the budget to account for unanticipated events during the year.

### **Capital Assets and Debt Administration**

**Capital Assets** – The City's investment in capital assets for governmental and business-type activities as of June 30, 2007 amounts to \$8,204,473 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, vehicles, furniture and equipment, sewer and water systems, streets, and sidewalks. Governmental activities included additions of \$399,298 for land acquisitions and various equipment and vehicle purchases. Business-type activities included additions of \$115,482 for additions to the sewer and water systems.

**Debt** – At the end of the current fiscal year, the City had total debt outstanding of \$3,046,000. This includes \$320,000 of new debt for purchase of property in the governmental activities. Of this amount, \$1,430,000 comprises debt backed by the full faith and credit of the government. The remaining of the City's debt (\$1,616,000) is backed solely by specified revenue sources.

### **Economic Factors**

The City of Yale's economic future is currently dependent upon many factors that are beyond the control of the City Council and City management. The major sources of revenue for the City are property taxes, State-shared revenues, and charges for services. These sources have certain limitations outside of the City's control – taxable value of property in the City has remained flat, resulting in small increases in property taxes; the State of Michigan has experienced budget deficits and has reduced revenue-sharing payments to local governments to help in reducing their deficit; and the economy has restricted the City in what it can charge its customers.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

We are continuing to plan for the long term, and will continue to balance the budgets through controls over spending, while striving to provide the City's residents with the same level of service to which they have been accustomed. However, should State-shared revenues be reduced further, reductions in services are inevitable.

### **Contacting the City's Financial Management:**

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. If you have questions about this report or need additional financial information, contact John Osborn, City Manager, 111 West Mechanic Street, Yale, MI 48097.

***BASIC FINANCIAL STATEMENTS***

**STATEMENT OF NET ASSETS**

June 30, 2007

	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
<b>Assets:</b>				
Cash, cash equivalents and investments	\$ 732,625	\$ 362,069	\$ 1,094,694	\$ 145,268
Receivables	607,822	111,384	719,206	511
Prepaid expenses	37,219	482	37,701	-
Restricted cash and cash equivalents	-	86,695	86,695	-
Capital assets:				
Nondepreciable capital assets	564,863	-	564,863	-
Depreciable capital assets, net	1,733,951	5,905,659	7,639,610	-
Land held for development	135,658	-	135,658	-
Total assets	<u>3,812,138</u>	<u>6,466,289</u>	<u>10,278,427</u>	<u>145,779</u>
<b>Liabilities:</b>				
Accounts payable and accrued expenses	54,739	36,059	90,798	832
Long-term liabilities:				
Due within one year	27,829	178,000	205,829	26,929
Due in more than one year	<u>423,471</u>	<u>2,426,133</u>	<u>2,849,604</u>	<u>-</u>
Total liabilities	<u>506,039</u>	<u>2,640,192</u>	<u>3,146,231</u>	<u>27,761</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	1,853,813	3,304,659	5,158,472	-
Restricted for:				
Debt service	-	86,695	86,695	-
Streets	106,965	-	106,965	-
Nonexpendable cemetery principal	109,195	-	109,195	-
State construction code activities	3,722	-	3,722	-
Unrestricted	<u>1,232,404</u>	<u>434,743</u>	<u>1,667,147</u>	<u>118,018</u>
Total net assets	<u>\$ 3,306,099</u>	<u>\$ 3,826,097</u>	<u>\$ 7,132,196</u>	<u>\$ 118,018</u>

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

# CITY OF YALE

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2007

<b>Functions/Programs</b>	<b>Program Revenues</b>				<b>Net (Expense) Revenue</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>PRIMARY GOVERNMENT:</b>					
<i>Governmental activities:</i>					
General government	\$ 281,996	\$ 35,018	\$ -	\$ -	\$ (246,978)
Public safety	397,211	11,407	12,207	-	(373,597)
Public works	467,951	161,921	264,392	9,750	(31,888)
Community and economic development	-	1,050	-	-	1,050
Recreation and culture	63,495	2,475	8,455	-	(52,565)
Interest on long-term debt	19,153	-	-	-	(19,153)
Total governmental activities	<u>1,229,806</u>	<u>211,871</u>	<u>285,054</u>	<u>9,750</u>	<u>(723,131)</u>
<i>Business-type activities:</i>					
Sewer	227,856	327,667	-	-	99,811
Water	301,513	310,387	-	-	8,874
Total business-type activities	<u>529,369</u>	<u>638,054</u>	<u>-</u>	<u>-</u>	<u>108,685</u>
Total primary government	<u>\$ 1,759,175</u>	<u>\$ 849,925</u>	<u>\$ 285,054</u>	<u>\$ 9,750</u>	<u>\$ (614,446)</u>
<b>COMPONENT UNITS:</b>					
Downtown development authority	\$ 29,567	\$ -	\$ -	\$ -	\$ (29,567)
Local development finance authority	150	-	-	-	(150)
Total component units	<u>\$ 29,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29,717)</u>

continued

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

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	
<i>Changes in net assets:</i>				
Net (Expense) Revenue	\$ (723,131)	\$ 108,685	\$ (614,446)	\$ (29,717)
General revenues:				
Taxes:				
Property taxes, levied for general purpose	441,154	-	441,154	-
Property taxes, levied for police protection	64,442	-	64,442	-
Property taxes, captured by component units	-	-	-	96,508
Grants and contributions not restricted to specific programs	205,577	-	205,577	-
Unrestricted investment earnings	80,786	19,435	100,221	2,054
Miscellaneous	8,666	-	8,666	-
Contributions to principal of permanent funds	3,904	-	3,904	-
Special item - Proceeds from sale of capital assets	8,225	-	8,225	-
Total general revenues, contributions, and special item	<u>812,754</u>	<u>19,435</u>	<u>832,189</u>	<u>98,562</u>
Change in net assets	89,623	128,120	217,743	68,845
Net assets, beginning of year	<u>3,216,476</u>	<u>3,697,977</u>	<u>6,914,453</u>	<u>49,173</u>
Net assets, end of year	<u>\$ 3,306,099</u>	<u>\$ 3,826,097</u>	<u>\$ 7,132,196</u>	<u>\$ 118,018</u>

# CITY OF YALE

## GOVERNMENTAL FUNDS

### BALANCE SHEET

June 30, 2007

	<i>General Fund</i>	<i>City Street Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
<b>Assets:</b>				
Cash, cash equivalents and investments	\$ 44,384	\$ 14,815	\$ 246,861	\$ 306,060
Taxes receivable	500,575	-	-	500,575
Accounts receivable	19,280	-	-	19,280
Accrued interest receivable	25	-	793	818
Due from other governmental units	65,608	-	20,560	86,168
Due from other funds	-	-	6,164	6,164
Prepaid expenditures	36,812	-	407	37,219
Total assets	<u>\$ 666,684</u>	<u>\$ 14,815</u>	<u>\$ 274,785</u>	<u>\$ 956,284</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 27,500	\$ -	\$ 3,465	\$ 30,965
Accrued expenses	6,593	-	1,024	7,617
Due to other funds	-	-	6,164	6,164
Total liabilities	<u>34,093</u>	<u>-</u>	<u>10,653</u>	<u>44,746</u>
<b>Fund balances:</b>				
Reserved for:				
Prepaid expenditures	36,812	-	407	37,219
Nonexpendable cemetery principal	-	-	109,195	109,195
State construction code activities	3,722	-	-	3,722
Unreserved:				
General fund	592,057	-	-	592,057
Special revenue funds	-	14,815	154,530	169,345
Total fund balances	<u>632,591</u>	<u>14,815</u>	<u>264,132</u>	<u>911,538</u>
Total liabilities and fund balances	<u>\$ 666,684</u>	<u>\$ 14,815</u>	<u>\$ 274,785</u>	<u>\$ 956,284</u>

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

**RECONCILIATION OF FUND BALANCES OF THE  
GOVERNMENTAL FUNDS TO NET ASSETS OF  
GOVERNMENTAL ACTIVITIES**

June 30, 2007

**Total fund balances for governmental funds** \$ 911,538

Total net assets reported for governmental activities in the statement of  
of net assets is different because:

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

Governmental capital assets	2,160,879	
Less accumulated depreciation	<u>(386,750)</u>	1,774,129

Interest payable in the governmental activities is not payable from  
current resources and therefore is not reported in the governmental  
funds. (12,859)

Long-term liabilities are not due and payable in the current year and  
therefore are not reported in the governmental funds:

Purchase agreement	(320,000)	
Compensated absences payable	<u>(6,300)</u>	(326,300)

The assets and liabilities of internal service funds are included in governmental  
activities in the statement of net assets. 959,591

**Net assets of governmental activities** \$ 3,306,099

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

# CITY OF YALE

## GOVERNMENTAL FUNDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2007

	<i>General Fund</i>	<i>City Street Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
<b>Revenues:</b>				
Property taxes	\$ 505,596	\$ -	\$ -	\$ 505,596
Licenses and permits	6,970	-	-	6,970
State grants	206,752	5,749	126,253	338,754
Contributions from other units	-	9,750	8,155	17,905
Charges for services	85,969	-	21,493	107,462
Fines and forfeits	4,512	-	-	4,512
Investment income and rents	50,613	132	18,753	69,498
Other revenue	8,569	155,377	27,768	191,714
Total revenues	<u>868,981</u>	<u>171,008</u>	<u>202,422</u>	<u>1,242,411</u>
<b>Expenditures:</b>				
Current				
General government	221,046	-	41,242	262,288
Public safety	402,332	-	1,260	403,592
Public works	183,033	2,267	94,063	279,363
Recreation and culture	46,084	-	9,640	55,724
Other	12,397	-	-	12,397
Capital outlay	331,489	-	135,164	466,653
Total expenditures	<u>1,196,381</u>	<u>2,267</u>	<u>281,369</u>	<u>1,480,017</u>
Excess (deficiency) of revenues over expenditures	<u>(327,400)</u>	<u>168,741</u>	<u>(78,947)</u>	<u>(237,606)</u>
<b>Other financing sources (uses):</b>				
Proceeds from borrowing	320,000	-	-	320,000
Transfers from other funds	32,847	-	9,056	41,903
Transfers to other funds	-	-	(9,056)	(9,056)
Total other financing sources (uses)	<u>352,847</u>	<u>-</u>	<u>-</u>	<u>352,847</u>
Net change in fund balances	25,447	168,741	(78,947)	115,241
Fund balances (deficit), beginning of year	<u>607,144</u>	<u>(153,926)</u>	<u>343,079</u>	<u>796,297</u>
Fund balances, end of year	<u>\$ 632,591</u>	<u>\$ 14,815</u>	<u>\$ 264,132</u>	<u>\$ 911,538</u>

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

# CITY OF YALE

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## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2007

**Net change in fund balances - total governmental funds** \$ 115,241

Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Capital outlay	338,634	
Less depreciation expense	(34,998)	
Less loss on disposal of capital asset	<u>(29,173)</u>	274,463

Proceeds from borrowings are other financing sources in the funds, but borrowings increase long-term liabilities in the statement of net assets. (320,000)

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 governmental funds.

Change in compensated absences payable	6,011	
Change in accrued interest payable	<u>(12,859)</u>	(6,848)

The net revenue (expense) of the internal service funds is reported with governmental activities. 26,767

**Change in net assets of governmental activities** \$ 89,623

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

# CITY OF YALE

## PROPRIETARY FUNDS STATEMENT OF NET ASSETS

June 30, 2007

	<i>Business-type Activities</i>			<i>Governmental</i>
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>	<i>Internal Service Funds</i>
<b>Assets:</b>				
<b>Current assets:</b>				
Cash, cash equivalents and investments	\$ 277,392	\$ 84,677	\$ 362,069	\$ 426,565
Accounts receivable	57,630	53,137	110,767	-
Accrued interest receivable	347	270	617	981
Prepaid expenses	241	241	482	-
Total current assets	<u>335,610</u>	<u>138,325</u>	<u>473,935</u>	<u>427,546</u>
<b>Noncurrent assets:</b>				
Restricted cash, cash equivalents and investments	-	86,695	86,695	-
<b>Capital assets:</b>				
Depreciable capital assets, net	2,929,529	2,976,130	5,905,659	524,685
Land held for development	-	-	-	135,658
Total noncurrent assets	<u>2,929,529</u>	<u>3,062,825</u>	<u>5,992,354</u>	<u>660,343</u>
Total assets	<u>3,265,139</u>	<u>3,201,150</u>	<u>6,466,289</u>	<u>1,087,889</u>
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	5,557	4,485	10,042	1,620
Accrued expenses	584	813	1,397	194
Accrued interest payable	4,925	19,695	24,620	1,484
Current portion of long-term debt	<u>130,000</u>	<u>48,000</u>	<u>178,000</u>	<u>12,500</u>
Total current liabilities	<u>141,066</u>	<u>72,993</u>	<u>214,059</u>	<u>15,798</u>
<b>Noncurrent liabilities:</b>				
Compensated absences payable	1,522	1,611	3,133	-
Long-term debt	<u>855,000</u>	<u>1,568,000</u>	<u>2,423,000</u>	<u>112,500</u>
Total noncurrent liabilities	<u>856,522</u>	<u>1,569,611</u>	<u>2,426,133</u>	<u>112,500</u>
Total liabilities	<u>997,588</u>	<u>1,642,604</u>	<u>2,640,192</u>	<u>128,298</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	1,944,529	1,360,130	3,304,659	399,685
<b>Restricted for:</b>				
Debt service	-	86,695	86,695	-
Unrestricted	<u>323,022</u>	<u>111,721</u>	<u>434,743</u>	<u>559,906</u>
Total net assets	<u>\$ 2,267,551</u>	<u>\$ 1,558,546</u>	<u>\$ 3,826,097</u>	<u>\$ 959,591</u>

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

# CITY OF YALE

## PROPRIETARY FUNDS

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year Ended June 30, 2007

	<u>Business-type Activities</u>			<u>Governmental</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	<u>Internal</u>
	<u>Fund</u>	<u>Fund</u>		<u>Service</u>
				<u>Funds</u>
<b>Operating revenues:</b>				
Charges for services	\$ 316,401	\$ 302,036	\$ 618,437	\$ 12,300
Penalties	6,291	6,851	13,142	-
Equipment rental	-	-	-	118,124
Other	4,975	1,500	6,475	-
Total operating revenues	<u>327,667</u>	<u>310,387</u>	<u>638,054</u>	<u>130,424</u>
<b>Operating expenses:</b>				
Personnel	43,583	53,917	97,500	15,782
Fringe benefits	11,215	19,643	30,858	5,719
Supplies	7,210	15,893	23,103	10,554
Contracted services	12,725	4,943	17,668	625
Telephone	575	-	575	-
Mileage	228	551	779	-
Dues and membership fees	538	1,314	1,852	-
Education and training	589	205	794	-
Printing and publishing	-	1,023	1,023	-
Insurance	670	886	1,556	-
Utilities	8,929	11,673	20,602	-
Repair and maintenance	10,641	13,085	23,726	15,992
Equipment rental	20,833	29,289	50,122	-
Other services and supplies	3,204	630	3,834	170
Loss from sale of capital assets	-	-	-	9,956
Depreciation	86,566	69,120	155,686	47,207
Total operating expenses	<u>207,506</u>	<u>222,172</u>	<u>429,678</u>	<u>106,005</u>
Operating income (loss)	<u>120,161</u>	<u>88,215</u>	<u>208,376</u>	<u>24,419</u>
<b>Non-operating revenues (expenses):</b>				
Interest income	8,969	10,466	19,435	18,489
Rental income	-	-	-	14,775
Proceeds from sale of capital assets	-	-	-	8,225
Interest expense	(20,350)	(79,341)	(99,691)	(6,294)
Total non-operating revenues (expenses)	<u>(11,381)</u>	<u>(68,875)</u>	<u>(80,256)</u>	<u>35,195</u>
Net income (loss) before transfers	108,780	19,340	128,120	59,614

continued

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

# CITY OF YALE

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*PROPRIETARY FUNDS*  
**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS, CONTINUED**

Year Ended June 30, 2007

	<u><i>Business-type Activities</i></u>			<u><i>Governmental Activities</i></u>
	<u><i>Sewer Fund</i></u>	<u><i>Water Fund</i></u>	<u><i>Total</i></u>	<u><i>Internal Service Funds</i></u>
<b>Transfers to other funds</b>	-	-	-	(32,847)
Net income (loss)	108,780	19,340	128,120	26,767
Net assets, beginning of year	<u>2,158,771</u>	<u>1,539,206</u>	<u>3,697,977</u>	<u>932,824</u>
Net assets, end of year	<u>\$ 2,267,551</u>	<u>\$ 1,558,546</u>	<u>\$ 3,826,097</u>	<u>\$ 959,591</u>

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

# CITY OF YALE

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS

Year Ended June 30, 2007

	<i>Business-type Activities</i>			<i>Governmental</i>
	<i>Sewer</i>	<i>Water</i>	<i>Total</i>	<i>Internal</i>
	<i>Fund</i>	<i>Fund</i>	<i>Total</i>	<i>Service</i>
				<i>Funds</i>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 328,244	\$ 310,382	\$ 638,626	\$ 12,300
Cash received from interfund services	-	-	-	118,124
Other cash receipts (payments)	2,806	2,546	5,352	5,649
Cash payments to employees	(43,134)	(53,731)	(96,865)	(15,922)
Cash payments to suppliers for goods/services	(86,665)	(104,790)	(191,455)	(36,427)
Net cash provided by operating activities	201,251	154,407	355,658	83,724
<b>Cash flows from non-capital financing activities:</b>				
Transfers to other funds	-	-	-	(32,847)
Net cash used by non-capital financing activities	-	-	-	(32,847)
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(540)	(114,942)	(115,482)	(60,665)
Proceeds from sale of capital assets	-	-	-	8,225
Principal payments	(130,000)	(46,000)	(176,000)	(10,000)
Interest paid	(20,350)	(79,341)	(99,691)	(6,294)
Net cash used by capital and related financing activities	(150,890)	(240,283)	(391,173)	(68,734)
<b>Cash flows from investing activities:</b>				
Interest received	8,969	10,466	19,435	18,489
Rental income	-	-	-	14,775
Net cash provided by investing activities	8,969	10,466	19,435	33,264
Net increase (decrease) in cash, cash equivalents and investments	59,330	(75,410)	(16,080)	15,407
Cash, cash equivalents and investments, beginning of year	218,062	246,782	464,844	411,158
Cash, cash equivalents and investments, end of year	\$ 277,392	\$ 171,372	\$ 448,764	\$ 426,565

continued

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

# CITY OF YALE

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS, CONTINUED

Year Ended June 30, 2007

	<i>Business-type Activities</i>			<i>Governmental</i>
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>	<i>Internal Service Funds</i>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 120,161	\$ 88,215	\$ 208,376	\$ 24,419
Adjustments:				
Depreciation	86,566	69,120	155,686	47,207
Loss on sale of capital assets	-	-	-	9,956
Change in assets and liabilities:				
Accounts receivable	577	(5)	572	-
Accrued interest receivable	2,806	2,546	5,352	5,649
Prepaid expenses	12	12	24	-
Accounts payable	(4,750)	1,899	(2,851)	(3,248)
Accrued expenses	(81)	117	36	(140)
Due to other funds	(3,920)	(7,005)	(10,925)	-
Accrued interest payable	(650)	(561)	(1,211)	(119)
Compensated absences payable	530	69	599	-
Net cash provided by operating activities	<u>\$ 201,251</u>	<u>\$ 154,407</u>	<u>\$ 355,658</u>	<u>\$ 83,724</u>

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

*FIDUCIARY FUND*  
**STATEMENT OF NET ASSETS**  
June 30, 2007

	<u><i>Agency Funds</i></u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 501,325
Total assets	<u>501,325</u>
<b>Liabilities:</b>	
Accounts payable and accrued expenses	<u>501,325</u>
Total liabilities	<u>501,325</u>
<b>Net Assets:</b>	
Unrestricted	<u>-</u>
Total net assets	<u>\$ -</u>

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

***NOTES TO FINANCIAL STATEMENTS***

# CITY OF YALE

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The City of Yale, Michigan, established in 1905, is a public corporation created under the Constitution and statutes of the State of Michigan. Located in St. Clair County, the City of Yale covers an area of approximately one square mile and is one of seven cities in St. Clair County, Michigan, each of which is a separate governmental entity. The City operates under an elected City Council which consists of a Mayor, Clerk, Treasurer, and six Council members and provides services in many areas including law enforcement, fire protection, ambulance services, water, sewer, solid waste disposal, streets, and parks and recreation to approximately 2,100 residents.

The accounting policies of the City of Yale conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### **Reporting Entity:**

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City and its component units. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component units discussed below are included in the City's reporting entity because of their operational or financial relationship with the City.

**Discretely Presented Component Units** - The component units' columns in the government-wide financial statements include the financial data of the City's two component units. These units are reported in a separate column to emphasize that they are legally separate from the City. The component units are described as follows:

***Downtown Development Authority*** - The members of the governing board of the Downtown Development Authority are appointed by the City Council. The issuance of bonded debt and levying of taxes by the Downtown Development Authority must be approved by the City Council. The City also has the ability to significantly influence operations of the Downtown Development Authority.

***Local Development Finance Authority*** - The members of the governing board of the Local Development Finance Authority (LDFA) are appointed by the City Council. The issuance of bonded debt and levying of taxes by the LDFA must be approved by the City Council. The City also has the ability to significantly influence operations of the LDFA.

Separate financial statements for the component units are not prepared.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2007

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

#### *Government-wide Financial Statements*

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

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. These statements distinguish between activities that are governmental and those that are business-type activities. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The City’s net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the City’s functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The City does not allocate indirect costs. In creating the government-wide financial statements the City has eliminated interfund transactions.

The government-wide focus is on the sustainability of the City as an entity and the change in the City’s net assets resulting from current year activities.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2007

### *Fund Financial Statements*

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.

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. 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. 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 are recorded only when payment is due.

Property taxes, franchise fees, 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 proprietary funds are charges to customers for sales and services. Operating expenses for enterprise 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. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting as are the proprietary funds.

The City reports the following major governmental funds:

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

***City Street Fund*** – The City Street Fund is used to account for the maintenance and construction of the City's street system.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2007

The City reports the following major enterprise funds:

**Sewer Fund** – The Sewer Fund is used to account for the revenues and expenses for the operation of a sewer system.

**Water Fund** – The Water Fund is used to account for the revenues and expenses for the operation of a water system.

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

### **Assets, Liabilities and Equity:**

**Deposits and Investments** – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments, if any, are stated at fair value. For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

**Receivables and Payables** – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

**Inventories and Prepaid Items** – Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets** – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The City defines capital assets as assets with an initial individual cost in excess of \$2,500. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if any were acquired after July 1, 2003. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Vehicles	5-10 years
Furniture and other equipment	4-30 years
Distribution systems - water and sewer	5-50 years
Infrastructure - streets	30 years

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2007

**Compensated Absences** – It is the City’s policy to permit employees to accumulate earned but unused sick or vacation days depending on type of employee. Under the police union contract, employees with 5 or more years of service at separation will be paid 50% of the first 500 hours of accumulated sick days and 25% of the remainder, up to 980 hours. Other employees not covered under any specific contract with 1 or more years of service at separation will be paid for accumulated vacation days at their current rate of pay. A liability is recorded when incurred in the government-wide financial statements and the proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only when they have matured or come due for payment – generally when an individual’s employment has terminated as of year end.

**Long-term Obligations** – In the government-wide financial statements and the proprietary 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 statement of net assets.

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

### **Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### **Eliminations and Reclassifications:**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

### **Property Taxes:**

Property taxes attach as an enforceable lien on property as of the date they are levied. City and community college taxes are levied and due July 1 and become delinquent after September 15. County, school, and library taxes are levied and due December 1 and become delinquent after February 14. City property tax revenues are recognized in the fiscal year for which the taxes are levied to the extent that they result in current receivables.

The 2006 taxable valuation of the City totaled \$37,837,998, on which ad valorem taxes levied consisted of 12.4992 mills for the City’s operating purposes and 1.9318 mills for police protection.

The delinquent real property taxes of the City are purchased by St. Clair County. The delinquent real property taxes are received soon enough after year end to be recorded as revenue in the current year.

# CITY OF YALE

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2007

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### NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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#### Budgetary Information:

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

1. Prior to June 30, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by a City Council resolution.
4. The City Manager is authorized to transfer budgeted amounts between line items within an activity. However, any revision that alters the total expenditures of any fund must be approved by the City.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund and major Special Revenue Funds budgets as originally adopted and amended by the City Council is included in the required supplemental information.
7. All annual appropriations lapse at fiscal year end.

#### Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the City incurred expenditures that were in excess of the amounts budgeted, as follows:

	<i><u>Final</u></i> <i><u>Budget</u></i>	<i><u>Actual</u></i>	<i><u>Excess</u></i>
General Fund			
Public safety	\$ 400,484	\$ 402,332	\$ 1,848
Public works	173,690	183,033	9,343
Capital outlay	324,284	331,489	7,205

#### State Construction Code Act:

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus generated since January 1, 2000 is as follows:

Cumulative surplus at July 1, 2006	\$ 4,480
Current year building permit revenue	6,970
Related expenses:	
Direct costs	<u>7,728</u>
Cumulative surplus at June 30, 2007	<u>\$ 3,722</u>

# CITY OF YALE

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2007

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### NOTE 3: DEPOSITS AND INVESTMENTS

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Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the City Council is in accordance with Public Act 196 of 1997. The City's deposits and investments have been made in accordance with statutory authority.

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

#### **Custodial Credit Risk of Bank Deposits:**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$963,894 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$300,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits, and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with acceptable estimated risk level are used as depositories.

#### **Custodial Credit Risk of Investments:**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or an agent in the City's name:

<u>Investment</u>	<u>Carrying Value</u>	<u>How Held</u>
U.S. government and agency securities	\$ 373,335	Counterparty

#### **Interest Rate Risk:**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a maximum 270 day maturity. At year end, the average maturities of investments are as follows:

# CITY OF YALE

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2007

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
U.S. government and agency securities:		
Federal Home Loan Mortgage Corporation	\$ 226,131	11 years
Federal Home Loan Bank	98,438	11 years
Federal National Mortgage Association	48,766	11 years

### Credit Risk:

As of year end, the credit quality ratings of debt securities are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
U.S. government and agency securities	\$ 373,335	AAA	Moody

### Concentration of Credit Risk:

The City places no limit on the amount the City may invest in any one issuer. At year end, the City had more than 5% of its investments in the following:

<u>Investment</u>	<u>Fair Value</u>	<u>Concentration</u>
U.S. government and agency securities:		
Federal Home Loan Mortgage Corporation	\$ 226,131	61%
Federal Home Loan Bank	98,438	26%
Federal National Mortgage Association	48,766	13%

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## NOTE 4: RESTRICTED ASSETS AND BOND RESERVES

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The ordinance authorizing issuance of the 2001 Water Supply System Revenue Bonds required that specific accounts be established and monies deposited as follows:

**Receiving Account** - All receipts are initially deposited into this account.

**Operation and Maintenance Account** - Quarterly transfers are to be made to cover upcoming operating expenses.

**Bond and Interest Redemption Account** - Quarterly transfers are to be made equal to 1/2 of the next interest payment due plus 1/4 of the next principal payment due.

**Bond Reserve Account** - Excess funds of up to \$2,750 per quarter are to be transferred to this account until \$111,000 is accumulated.

# CITY OF YALE

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2007

As of June 30, 2007, the City has set aside sufficient amounts as follows:

	<u>Water</u>
Restricted cash and cash equivalents:	
Bond and interest redemption account	\$ 31,695
Bond reserve	<u>55,000</u>
	<u>\$ 86,695</u>

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### NOTE 5: CAPITAL ASSETS

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Capital assets activity of the City's governmental and business-type activities was as follows:

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2007</u>
<b>Governmental activities:</b>				
Nondepreciable capital assets				
Land	\$ 242,820	\$ 322,043	\$ -	\$ 564,863
Depreciable capital assets				
Buildings and improvements	565,096	-	-	565,096
Furniture, machinery and equipment	767,244	42,653	(5,495)	804,402
Infrastructure	1,052,739	9,386	(29,173)	1,032,952
Land improvements	13,718	-	-	13,718
Site improvements	2,880	-	-	2,880
Vehicles	<u>105,998</u>	<u>25,216</u>	<u>(22,227)</u>	<u>108,987</u>
Total depreciable capital assets	2,507,675	77,255	(56,895)	2,528,035
Accumulated depreciation	<u>(729,645)</u>	<u>(82,205)</u>	<u>17,766</u>	<u>(794,084)</u>
Depreciable capital assets, net	<u>1,778,030</u>	<u>(4,950)</u>	<u>(39,129)</u>	<u>1,733,951</u>
Governmental activities, capital assets, net	<u>\$ 2,020,850</u>	<u>\$ 317,093</u>	<u>\$ (39,129)</u>	<u>\$ 2,298,814</u>

# CITY OF YALE

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2007

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2007</u>
<b>Business-type activities:</b>				
Depreciable capital assets				
Equipment	\$ 240,631	\$ -	\$ -	\$ 240,631
Sewer system	3,630,170	540	-	3,630,710
Water system	3,245,160	114,942	-	3,360,102
Total depreciable capital assets	7,115,961	115,482	-	7,231,443
Accumulated depreciation	(1,170,098)	(155,686)	-	(1,325,784)
Depreciable capital assets, net	5,945,863	(40,204)	-	5,905,659
Business-type activities, capital assets, net	<u>\$ 5,945,863</u>	<u>\$ (40,204)</u>	<u>\$ -</u>	<u>\$ 5,905,659</u>

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

<b>Governmental activities:</b>	
General government	\$ 5,025
Public safety	1,322
Public works	68,153
Recreation and culture	7,705
Total governmental activities	<u>\$ 82,205</u>
<b>Business-type activities:</b>	
Sewer	\$ 86,566
Water	69,120
Total business-type activities	<u>\$ 155,686</u>

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### NOTE 6: DEFERRED REVENUE

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Governmental funds report deferred revenue in connection with receivables for revenue that is 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 year end, the City had no deferred revenue.

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### NOTE 7: LONG-TERM DEBT

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The City may issue bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. Other long-term obligations include compensated absences.

# CITY OF YALE

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2007

Long-term liabilities at June 30, 2007 consisted of the following:

<u>Types of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Payments</u>	<u>Original Issue Amount</u>	<u>Balance at Year-End</u>
<b>Governmental Activities</b>					
<i>Installment Agreements:</i>					
2001 Purchase contract - Fire truck	10/1/06-10/1/16	4.75%	\$10,000-17,500	\$ 185,000	\$ 125,000
2006 Purchase contract - Property	7/1/07-7/1/21	4.99%	15,329-29,299	320,000	320,000
<b>Business-type Activities</b>					
<i>General Obligation Bonds:</i>					
1993 Series - County of St. Clair Proj 5086-01	10/1/06-10/1/13	2.00%	130,000-150,000	2,486,552	985,000
<i>Revenue Bonds:</i>					
2002 Series - Water Supply System Revenue Bond	10/1/06-10/1/40	4.875%	20,000-90,000	1,857,000	1,616,000
<b>Component Units</b>					
<i>Agreements:</i>					
2003 Contract payable - Repair work	12/30/06-12/30/07	0.00%	5,000	25,000	5,000
2003 Note payable - Downtown improvements	6/3/06-6/3/08	2.23%	21,460-21,930	105,000	21,929

The following is a summary of long-term liabilities transactions for the year ended June 30, 2007:

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2007</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
<i>Installment Agreements:</i>					
2001 Purchase contract - Fire truck	\$ 135,000	\$ -	\$ (10,000)	\$ 125,000	\$ 12,500
2006 Purchase contract - Property	-	320,000	-	320,000	15,329
Compensated Absences	12,311	-	(6,011)	6,300	-
Total governmental activities					
- long-term liabilities	<u>\$ 147,311</u>	<u>\$ 320,000</u>	<u>\$ (16,011)</u>	<u>\$ 451,300</u>	<u>\$ 27,829</u>
<b>Business-type activities:</b>					
<i>General Obligation Bonds:</i>					
1993 Issue	\$ 1,115,000	\$ -	\$ (130,000)	\$ 985,000	\$ 130,000
<i>Revenue Bonds:</i>					
2002 Issue	1,662,000	-	(46,000)	1,616,000	48,000
Compensated Absences	2,534	598	-	3,132	-
Total business-type activities					
- long-term liabilities	<u>\$ 2,779,534</u>	<u>\$ 598</u>	<u>\$ (176,000)</u>	<u>\$ 2,604,132</u>	<u>\$ 178,000</u>

# CITY OF YALE

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2007

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2007</u>	<u>Due Within One Year</u>
<b>Component units:</b>					
<i>Agreements:</i>					
2003 Contract payable	\$ 10,000	\$ -	\$ (5,000)	\$ 5,000	\$ 5,000
2003 Note payable	43,390	-	(21,461)	21,929	21,929
Total component units					
- long-term liabilities	<u>\$ 53,390</u>	<u>\$ -</u>	<u>\$ (26,461)</u>	<u>\$ 26,929</u>	<u>\$ 26,929</u>

Annual debt service requirements to maturity for the above long-term liabilities are as follows:

<i>Year Ended</i>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>						
2008	\$ 27,829	\$ 21,072	\$ 48,901	\$ 178,000	\$ 96,010	\$ 274,010
2009	28,027	20,280	48,307	185,000	90,971	275,971
2010	28,843	18,870	47,713	160,000	86,515	246,515
2011	29,658	17,461	47,119	162,000	82,691	244,691
2012	30,514	19,870	50,384	169,000	78,720	247,720
2013-2017	166,909	55,507	222,416	430,000	343,910	773,910
2018-2022	133,220	20,580	153,800	167,000	301,493	468,493
2023-2027	-	-	-	210,000	255,693	465,693
2028-2032	-	-	-	267,000	198,081	465,081
2033-2037	-	-	-	337,000	124,581	461,581
2038-2041	-	-	-	336,000	33,736	369,736
	<u>\$ 445,000</u>	<u>\$ 173,640</u>	<u>\$ 618,640</u>	<u>\$ 2,601,000</u>	<u>\$ 1,692,401</u>	<u>\$ 4,293,401</u>

<i>Year Ended</i>	<u>Component Units</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2008	<u>\$ 26,929</u>	<u>\$ 491</u>	<u>\$ 27,420</u>

# CITY OF YALE

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2007

### NOTE 8: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of year end for the City's primary government and component units in the aggregate are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
<b>Receivables</b>			
Property taxes	\$ 500,575	\$ -	\$ -
Accounts	19,280	110,767	-
Accrued interest	1,799	617	511
Intergovernmental	86,168	-	-
Total receivables	<u>\$ 607,822</u>	<u>\$ 111,384</u>	<u>\$ 511</u>
<b>Accounts payable and accrued expenses</b>			
Accounts	\$ 32,585	\$ 10,042	\$ 832
Payroll and related liabilities	7,811	1,397	-
Intergovernmental	-	-	-
Accrued interest	14,343	24,620	-
Total accounts payable and accrued expenses	<u>\$ 54,739</u>	<u>\$ 36,059</u>	<u>\$ 832</u>

### NOTE 9: INTERFUND BALANCES AND TRANSFERS

The composition of interfund receivable and payable balances at June 30, 2007 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Cemetery Operating Fund	Cemetery Perpetual Care Fund	<u>\$ 6,164</u>

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers reported in the fund statements were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
Public Improvement Fund	General Fund	\$ 20,150
Equipment Fund	General Fund	12,697
Cemetery Perpetual Care Fund	Cemetery Operating Fund	<u>9,056</u>
		<u>\$ 41,903</u>

# CITY OF YALE

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2007

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### NOTE 10: RISK MANAGEMENT

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The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation).

The City has purchased commercial insurance for risks to cover these losses. The City also carries commercial insurance for other risks of loss, including employee health insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

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### NOTE 11: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

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#### **Pension Plan:**

The City does not have an employee pension plan.

#### **Post Employment Benefits:**

The City currently has no requirement to pay employees post employment benefits.

#### **Deferred Compensation Plan:**

The employees of the City are allowed to contribute on a voluntary basis to a deferred compensation plan through payroll deductions. The plan is made available to all eligible employees by authority of Section 457 of the Internal Revenue Code (IRC), and is administered by ICMA Retirement Corporation. Employees may set aside and invest portions of their current income to meet their financial requirements and supplement their retirement and social security benefits.

In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City has placed all deferred compensation plan assets with a trustee, relinquishing all fiduciary accountability for the assets. Accordingly, the related assets and liabilities of the plan are not reported in the City's financial statements.

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### NOTE 12: FUND EQUITY

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Specific reservations on fund equity include:

***Reserved for prepaid expenditures*** – This reserve was created to indicate that portion of fund balance represented by prepaid expenditures is not available for appropriation.

***Reserved for nonexpendable cemetery principal*** – This reserve was created to indicate that portion of fund balance representing the nonexpendable principal portion required to be retained in perpetuity for cemetery care.

***Reserved for state construction code activities*** – This reserve was created to indicate that portion of fund balance required to be used for construction code costs.

# CITY OF YALE

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

June 30, 2007

### NOTE 13: COMPONENT UNITS REPORTING

#### *Statement of Net Assets:*

	<i>Downtown Development Authority</i>	<i>Local Development Finance Authority</i>	<i>Total</i>
<b>Assets:</b>			
Cash, cash equivalents and investments	\$ 82,332	\$ 62,936	\$ 145,268
Accrued interest receivable	245	266	511
Total assets	<u>82,577</u>	<u>63,202</u>	<u>145,779</u>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	832	-	832
Long-term liabilities:			
Due within one year	<u>21,929</u>	<u>5,000</u>	<u>26,929</u>
Total liabilities	<u>22,761</u>	<u>5,000</u>	<u>27,761</u>
<b>Net assets:</b>			
Unrestricted	<u>59,816</u>	<u>58,202</u>	<u>118,018</u>
Total net assets	<u>\$ 59,816</u>	<u>\$ 58,202</u>	<u>\$ 118,018</u>

#### *Statement of Activities:*

	<i>Downtown Development Authority</i>	<i>Local Development Finance Authority</i>	<i>Total</i>
<b>Revenues:</b>			
General revenues			
Property taxes	\$ 67,966	\$ 28,542	\$ 96,508
Investment earnings	1,832	222	2,054
Total revenues	<u>69,798</u>	<u>28,764</u>	<u>98,562</u>
<b>Expenses:</b>			
Community and economic development	<u>29,567</u>	<u>150</u>	<u>29,717</u>
Total expenses	<u>29,567</u>	<u>150</u>	<u>29,717</u>
Change in net assets	40,231	28,614	68,845
Net assets, beginning of year	<u>19,585</u>	<u>29,588</u>	<u>49,173</u>
Net assets, end of year	<u>\$ 59,816</u>	<u>\$ 58,202</u>	<u>\$ 118,018</u>

***REQUIRED SUPPLEMENTAL INFORMATION***

# CITY OF YALE

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2007

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under)</i>
				<i>Final Budget</i>
<b>Revenues:</b>				
Property taxes	\$ 482,905	\$ 482,905	\$ 505,596	\$ 22,691
Licenses and permits	-	-	6,970	6,970
State grants	213,100	213,100	206,752	(6,348)
Charges for services	83,000	83,000	85,969	2,969
Fines and forfeits	-	-	4,512	4,512
Interest and rents	50,000	50,000	50,613	613
Other revenue	11,290	11,290	8,569	(2,721)
Total revenues	840,295	840,295	868,981	28,686
<b>Expenditures:</b>				
Current				
General government	225,679	235,006	221,046	(13,960)
Public safety	346,290	400,484	402,332	1,848
Public works	193,690	173,690	183,033	9,343
Recreation and culture	41,545	48,545	46,084	(2,461)
Other	-	12,397	12,397	-
Capital outlay	-	324,284	331,489	7,205
Total expenditures	807,204	1,194,406	1,196,381	1,975
Excess (deficiency) of revenues over expenditures	33,091	(354,111)	(327,400)	26,711
<b>Other financing sources:</b>				
Proceeds from borrowing	-	320,000	320,000	-
Transfers from other funds	-	-	32,847	32,847
Total other financing sources	-	320,000	352,847	32,847
Net change in fund balance	33,091	(34,111)	25,447	59,558
Fund balance, beginning of year	607,144	607,144	607,144	-
Fund balance, end of year	\$ 640,235	\$ 573,033	\$ 632,591	\$ 59,558

# CITY OF YALE

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## SPECIAL REVENUE FUND – CITY STREET FUND BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Actual</i>
	<u>Original</u>	<u>Final</u>		<i>Over (Under)</i>
				<u>Final Budget</u>
<b>Revenues:</b>				
State grants	\$ 64,730	\$ 64,730	\$ 5,749	\$ (58,981)
Contributions from other units	9,750	9,750	9,750	-
Interest and rents	100	100	132	32
Other revenue	-	-	155,377	155,377
Total revenues	<u>74,580</u>	<u>74,580</u>	<u>171,008</u>	<u>96,428</u>
<b>Expenditures:</b>				
Current				
Public works	<u>88,580</u>	<u>88,580</u>	<u>2,267</u>	<u>(86,313)</u>
Total expenditures	<u>88,580</u>	<u>88,580</u>	<u>2,267</u>	<u>(86,313)</u>
Excess (deficiency) of revenues over expenditures	<u>(14,000)</u>	<u>(14,000)</u>	<u>168,741</u>	<u>182,741</u>
<b>Other financing sources:</b>				
Transfers in	<u>14,000</u>	<u>14,000</u>	<u>-</u>	<u>(14,000)</u>
Total other financing sources	<u>14,000</u>	<u>14,000</u>	<u>-</u>	<u>(14,000)</u>
Net change in fund balance	-	-	168,741	168,741
Fund balance (deficit), beginning of year	<u>(153,926)</u>	<u>(153,926)</u>	<u>(153,926)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (153,926)</u>	<u>\$ (153,926)</u>	<u>\$ 14,815</u>	<u>\$ 168,741</u>

***OTHER SUPPLEMENTAL INFORMATION***

# CITY OF YALE

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## GENERAL FUND

### DETAILED SCHEDULE OF REVENUES

Year Ended June 30, 2007

**Revenues:**

***Current Taxes:***

Property taxes	\$ 482,221
Trailer tax	572
Penalties and interest on taxes	4,927
Administration fees	17,876
	<u>505,596</u>

***Licenses and permits:***

Nonbusiness licenses and permits	<u>6,970</u>
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***State Grants:***

Liquor license fees	1,175
State revenue sharing - sales tax	205,577
	<u>206,752</u>

***Charges for services:***

Refuse collection fees	82,444
Recreation fees	2,475
Zoning permits and lot splits	1,050
	<u>85,969</u>

***Fines and forfeits:***

Police fines and reports	<u>4,512</u>
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***Interest and rents:***

Interest	43,413
Rents	7,200
	<u>50,613</u>

***Other Revenue:***

Refunds and rebates	7,645
Other	924
	<u>8,569</u>
Total revenues	<u>868,981</u>

**Other Financing Sources:**

Proceeds from borrowing	320,000
Transfers from other funds	32,847
	<u>352,847</u>

Total revenues and other financing sources	<u>\$ 1,221,828</u>
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# CITY OF YALE

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*GENERAL FUND*  
**DETAILED SCHEDULE OF EXPENDITURES**  
Year Ended June 30, 2007

*General Government:*

*Council:*

Personnel	\$ 14,317
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*Manager:*

Personnel	58,713
Fringe benefits	20,463
Supplies	23
Telephone	160
Mileage	1,009
Education and training	25
Other	94
	<u>80,487</u>

*Clerk:*

Personnel	6,304
Fringe benefits	481
Supplies	66
Mileage	216
Dues and memberships	75
Other	52
	<u>7,194</u>

*Audit:*

Contracted services	<u>3,120</u>
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*Board of Review:*

Contracted services	<u>550</u>
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*Treasurer:*

Personnel	7,883
Fringe benefits	620
Supplies	846
Dues and memberships	35
Repairs and maintenance	630
Other	62
	<u>10,076</u>

*Assessor:*

Personnel	161
Fringe benefits	49
Supplies	654
Contracted services	9,788
Printing and publications	244
	<u>10,896</u>

# CITY OF YALE

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended June 30, 2007

#### *General Government, Continued:*

##### *Elections:*

Supplies	<u>2,166</u>
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##### *Building and Grounds:*

Personnel	6,899
Fringe benefits	3,095
Supplies	4,490
Contracted services	22,579
Telephone	2,303
Mileage	160
Dues and memberships	1,667
Education and training	160
Printing and publications	1,346
Utilities	9,879
Repairs and maintenance	16,744
Equipment rental	1,235
Other	<u>1,429</u>
	<u>71,986</u>

##### *Attorney:*

Contracted services	<u>17,502</u>
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##### *Decorations:*

Personnel	1,189
Fringe benefits	200
Supplies	53
Repairs and maintenance	1,264
Equipment rental	<u>46</u>
	<u>2,752</u>

Total general government	<u>221,046</u>
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#### *Public Safety:*

##### *Police:*

Personnel	245,118
Fringe benefits	53,260
Supplies	12,201
Contracted services	4,861
Telephone	3,174
Mileage	764
Dues and memberships	700
Education and training	1,697
Insurance	20,144
Repairs and maintenance	9,311
Equipment rental	5,780
Other	<u>209</u>
	<u>357,219</u>

# CITY OF YALE

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended June 30, 2007

**Public Safety, Continued:**

*Fire:*

Personnel	5,842
Fringe benefits	954
Supplies	1,106
Telephone	989
Dues and memberships	100
Education and training	1,251
Insurance	10,605
Utilities	5,951
Repairs and maintenance	5,277
Other	490
	<u>32,565</u>

*Building Inspection Department:*

Contracted services	<u>7,728</u>
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*Crossing Guard:*

Contracted services	<u>4,820</u>
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Total public safety 402,332

**Public Works:**

*Department of Public Works:*

Personnel	27,281
Fringe benefits	9,953
Supplies	1,708
Contracted services	1,277
Telephone	977
Education and training	10
Insurance	6,762
Utilities	7,790
Repairs and maintenance	3,098
Equipment rental	8,414
	<u>67,270</u>

*Street Lighting:*

Utilities	<u>38,704</u>
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*Refuse:*

Supplies	885
Contracted services	76,153
Other	21
	<u>77,059</u>

Total public works 183,033

# CITY OF YALE

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended June 30, 2007

**Recreation and Culture:**

*Parks:*

Personnel	13,561
Fringe benefits	2,433
Supplies	1,292
Contracted services	100
Insurance	2,387
Utilities	1,629
Repairs and maintenance	3,228
Equipment rental	13,128
	<u>37,758</u>

*Library:*

Personnel	435
Fringe benefits	347
Supplies	835
Insurance	1,965
Utilities	1,594
Repairs and maintenance	2,691
Equipment rental	459
	<u>8,326</u>

Total recreation and culture 46,084

**Other:**

Insurance and bonds	<u>12,397</u>
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**Capital Outlay:**

General government	324,284
Public safety	7,205
	<u>331,489</u>

Total expenditures \$ 1,196,381

# CITY OF YALE

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NONMAJOR GOVERNMENTAL FUNDS  
**COMBINING BALANCE SHEET**

June 30, 2007

	<i>Special Revenue Funds</i>			
	<i>Major Street Fund</i>	<i>Local Street Fund</i>	<i>Park Improvement Fund</i>	<i>Cemetery Operating Fund</i>
<b>Assets:</b>				
Cash, cash equivalents and investments	\$ 31,884	\$ 58,438	\$ 24,006	\$ 1,832
Accrued interest receivable	18	32	115	-
Due from other governmental units	14,578	5,982	-	-
Due from other funds	-	-	-	6,164
Prepaid expenditures	-	-	-	407
Total assets	<u>\$ 46,480</u>	<u>\$ 64,452</u>	<u>\$ 24,121</u>	<u>\$ 8,403</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,395	\$ 1,021	\$ -	\$ 49
Accrued expenses	429	122	-	473
Due to other funds	-	-	-	-
Total liabilities	<u>2,824</u>	<u>1,143</u>	<u>-</u>	<u>522</u>
<b>Fund balances:</b>				
Reserved for:				
Prepaid expenditures	-	-	-	407
Nonexpendable cemetery principal	-	-	-	-
Unreserved:				
Special revenue funds	<u>43,656</u>	<u>63,309</u>	<u>24,121</u>	<u>7,474</u>
Total fund balances	<u>43,656</u>	<u>63,309</u>	<u>24,121</u>	<u>7,881</u>
Total liabilities and fund balances	<u>\$ 46,480</u>	<u>\$ 64,452</u>	<u>\$ 24,121</u>	<u>\$ 8,403</u>

<u>Special Revenue Funds</u>			<u>Permanent Fund</u>	
<u>Criminal Justice Training Fund</u>	<u>Drug Asset Forfeiture Fund</u>	<u>Library Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,070	\$ 10,065	\$ 4,798	\$ 114,768	\$ 246,861
-	37	-	591	793
-	-	-	-	20,560
-	-	-	-	6,164
-	-	-	-	407
<u>\$ 1,070</u>	<u>\$ 10,102</u>	<u>\$ 4,798</u>	<u>\$ 115,359</u>	<u>\$ 274,785</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,465
-	-	-	-	1,024
-	-	-	6,164	6,164
-	-	-	6,164	10,653
-	-	-	-	407
-	-	-	109,195	109,195
<u>1,070</u>	<u>10,102</u>	<u>4,798</u>	<u>-</u>	<u>154,530</u>
<u>1,070</u>	<u>10,102</u>	<u>4,798</u>	<u>109,195</u>	<u>264,132</u>
<u>\$ 1,070</u>	<u>\$ 10,102</u>	<u>\$ 4,798</u>	<u>\$ 115,359</u>	<u>\$ 274,785</u>

# CITY OF YALE

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## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2007

	<i>Special Revenue Funds</i>			
	<i>Major Street Fund</i>	<i>Local Street Fund</i>	<i>Park Improvement Fund</i>	<i>Cemetery Operating Fund</i>
<b>Revenues:</b>				
State grants	\$ 88,790	\$ 36,431	\$ -	\$ -
Contributions from other units	-	-	8,155	-
Charges for services	-	-	-	21,493
Interest and rents	5,342	2,773	1,009	301
Other revenue	<u>7,314</u>	<u>-</u>	<u>-</u>	<u>6,250</u>
Total revenues	<u>101,446</u>	<u>39,204</u>	<u>9,164</u>	<u>28,044</u>
<b>Expenditures:</b>				
Current				
General government	-	-	-	41,232
Public safety	-	-	-	-
Public works	64,743	29,320	-	-
Recreation and culture	-	-	9,640	-
Capital outlay	<u>64,854</u>	<u>70,310</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>129,597</u>	<u>99,630</u>	<u>9,640</u>	<u>41,232</u>
Excess (deficiency) of revenues over expenditures	<u>(28,151)</u>	<u>(60,426)</u>	<u>(476)</u>	<u>(13,188)</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	-	-	-	9,056
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,056</u>
Net change in fund balance	(28,151)	(60,426)	(476)	(4,132)
Fund balances, beginning of year	<u>71,807</u>	<u>123,735</u>	<u>24,597</u>	<u>12,013</u>
Fund balances, end of year	<u>\$ 43,656</u>	<u>\$ 63,309</u>	<u>\$ 24,121</u>	<u>\$ 7,881</u>

<i>Criminal Justice Training Fund</i>	<i>Special Revenue Funds</i>		<i>Permanent Fund</i>	<i>Total Nonmajor Governmental Funds</i>
	<i>Drug Asset Forfeiture Fund</i>	<i>Library Fund</i>	<i>Cemetery Perpetual Care Fund</i>	
\$ 1,032	\$ -	\$ -	\$ -	\$ 126,253
-	-	-	-	8,155
-	-	-	-	21,493
53	34	175	9,066	18,753
-	10,000	300	3,904	27,768
<u>1,085</u>	<u>10,034</u>	<u>475</u>	<u>12,970</u>	<u>202,422</u>
-	-	-	10	41,242
1,260	-	-	-	1,260
-	-	-	-	94,063
-	-	-	-	9,640
-	-	-	-	135,164
<u>1,260</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>281,369</u>
<u>(175)</u>	<u>10,034</u>	<u>475</u>	<u>12,960</u>	<u>(78,947)</u>
-	-	-	-	9,056
-	-	-	(9,056)	(9,056)
-	-	-	(9,056)	-
(175)	10,034	475	3,904	(78,947)
<u>1,245</u>	<u>68</u>	<u>4,323</u>	<u>105,291</u>	<u>343,079</u>
<u>\$ 1,070</u>	<u>\$ 10,102</u>	<u>\$ 4,798</u>	<u>\$ 109,195</u>	<u>\$ 264,132</u>

# CITY OF YALE

*PROPRIETARY FUNDS – INTERNAL SERVICE FUNDS*  
**COMBINING STATEMENT OF NET ASSETS**

June 30, 2007

	<i><b>Economic Development Fund</b></i>	<i><b>Public Improvement Fund</b></i>	<i><b>Equipment Fund</b></i>	<i><b>Total</b></i>
<b>Assets:</b>				
<i><b>Current assets:</b></i>				
Cash, cash equivalents and investments	\$ 42,365	\$ 113,395	\$ 270,805	\$ 426,565
Accrued interest receivable	<u>102</u>	<u>87</u>	<u>792</u>	<u>981</u>
Total current assets	<u>42,467</u>	<u>113,482</u>	<u>271,597</u>	<u>427,546</u>
<i><b>Noncurrent assets:</b></i>				
Capital assets:				
Depreciable capital assets, net	-	114,910	409,775	524,685
Land held for development	<u>135,658</u>	<u>-</u>	<u>-</u>	<u>135,658</u>
Total noncurrent assets	<u>135,658</u>	<u>114,910</u>	<u>409,775</u>	<u>660,343</u>
Total assets	<u>178,125</u>	<u>228,392</u>	<u>681,372</u>	<u>1,087,889</u>
<b>Liabilities:</b>				
<i><b>Current liabilities:</b></i>				
Accounts payable	-	-	1,620	1,620
Accrued expenses	-	-	194	194
Accrued interest payable	-	-	1,484	1,484
Current portion of long-term debt	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>12,500</u>
Total current liabilities	<u>-</u>	<u>-</u>	<u>15,798</u>	<u>15,798</u>
<i><b>Noncurrent liabilities:</b></i>				
Long-term debt	<u>-</u>	<u>-</u>	<u>112,500</u>	<u>112,500</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>112,500</u>	<u>112,500</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>128,298</u>	<u>128,298</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	-	114,910	284,775	399,685
Unrestricted	<u>178,125</u>	<u>113,482</u>	<u>268,299</u>	<u>559,906</u>
Total net assets	<u>\$ 178,125</u>	<u>\$ 228,392</u>	<u>\$ 553,074</u>	<u>\$ 959,591</u>

# CITY OF YALE

## PROPRIETARY FUNDS – INTERNAL SERVICE FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year Ended June 30, 2007

	<i>Economic Development Fund</i>	<i>Public Improvement Fund</i>	<i>Equipment Fund</i>	<i>Total</i>
<b>Operating revenues:</b>				
Charges for services	\$ -	\$ -	\$ 12,300	\$ 12,300
Equipment rental	-	-	118,124	118,124
Total operating revenues	<u>-</u>	<u>-</u>	<u>130,424</u>	<u>130,424</u>
<b>Operating expenses:</b>				
Personnel	31	-	15,751	15,782
Fringe benefits	29	-	5,690	5,719
Supplies	-	-	10,554	10,554
Contracted services	-	50	575	625
Repair and maintenance	20	-	15,972	15,992
Other services and supplies	170	-	-	170
Loss from sale of capital assets	-	-	9,956	9,956
Depreciation	-	3,341	43,866	47,207
Total operating expenses	<u>250</u>	<u>3,391</u>	<u>102,364</u>	<u>106,005</u>
Operating income (loss)	<u>(250)</u>	<u>(3,391)</u>	<u>28,060</u>	<u>24,419</u>
<b>Non-operating revenues (expenses):</b>				
Interest income	690	2,340	15,459	18,489
Rental income	-	14,775	-	14,775
Proceeds from sale of capital assets	-	-	8,225	8,225
Interest expense	-	-	(6,294)	(6,294)
Total non-operating revenues (expenses)	<u>690</u>	<u>17,115</u>	<u>17,390</u>	<u>35,195</u>
Net income (loss) before transfers	<u>440</u>	<u>13,724</u>	<u>45,450</u>	<u>59,614</u>
<b>Transfers to other funds</b>	-	(20,150)	(12,697)	(32,847)
Net income (loss)	440	(6,426)	32,753	26,767
Net assets, beginning of year	<u>177,685</u>	<u>234,818</u>	<u>520,321</u>	<u>932,824</u>
Net assets, end of year	<u>\$ 178,125</u>	<u>\$ 228,392</u>	<u>\$ 553,074</u>	<u>\$ 959,591</u>

# CITY OF YALE

## PROPRIETARY FUNDS – INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS

Year Ended June 30, 2007

	<i>Economic Development Fund</i>	<i>Public Improvement Fund</i>	<i>Equipment Fund</i>	<i>Total</i>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ -	\$ -	\$ 12,300	\$ 12,300
Cash received from interfund services	-	-	118,124	118,124
Other cash receipts	202	3,782	1,665	5,649
Cash payments to employees	(31)	-	(15,891)	(15,922)
Cash payments to suppliers for goods and services	(909)	(50)	(35,468)	(36,427)
Net cash provided (used) by operating activities	(738)	3,732	80,730	83,724
<b>Cash flows from non-capital financing activities:</b>				
Transfers to other funds	-	(20,150)	(12,697)	(32,847)
Net cash used by non-capital financing activities	-	(20,150)	(12,697)	(32,847)
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	-	-	(60,665)	(60,665)
Proceeds from sale of capital assets	-	-	8,225	8,225
Principal payments on capital debt	-	-	(10,000)	(10,000)
Interest paid on capital debt	-	-	(6,294)	(6,294)
Net cash used by capital and related financing activities	-	-	(68,734)	(68,734)
<b>Cash flows from investing activities:</b>				
Interest received	690	2,340	15,459	18,489
Rental income	-	14,775	-	14,775
Net cash provided by investing activities	690	17,115	15,459	33,264
Net increase (decrease) in cash, cash equivalents and investments	(48)	697	14,758	15,407
Cash, cash equivalents and investments, beginning of year	42,413	112,698	256,047	411,158
Cash, cash equivalents and investments, end of year	\$ 42,365	\$ 113,395	\$ 270,805	\$ 426,565

continued

# CITY OF YALE

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## PROPRIETARY FUNDS – INTERNAL SERVICE FUNDS

### COMBINING STATEMENT OF CASH FLOWS, CONTINUED

Year Ended June 30, 2007

	<i>Economic Development Fund</i>	<i>Public Improvement Fund</i>	<i>Equipment Fund</i>	<i>Total</i>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (250)	\$ (3,391)	\$ 28,060	\$ 24,419
Adjustments:				
Depreciation	-	3,341	43,866	47,207
Loss from sale of capital assets	-	-	9,956	9,956
Change in assets and liabilities:				
Accrued interest receivable	202	3,782	1,665	5,649
Accounts payable	(690)	-	(2,558)	(3,248)
Accrued expenses	-	-	(140)	(140)
Accrued interest payable	-	-	(119)	(119)
Net cash provided (used) by operating activities	<u>\$ (738)</u>	<u>\$ 3,732</u>	<u>\$ 80,730</u>	<u>\$ 83,724</u>

# CITY OF YALE

## COMPONENT UNITS COMBINING BALANCE SHEET

June 30, 2007

	<i>Downtown Development Authority</i>	<i>Local Development Finance Authority</i>	<i>Total</i>
<b>Assets:</b>			
Cash, cash equivalents and investments	\$ 82,332	\$ 62,936	\$ 145,268
Accrued interest receivable	<u>245</u>	<u>266</u>	<u>511</u>
Total assets	<u>\$ 82,577</u>	<u>\$ 63,202</u>	<u>\$ 145,779</u>
<b>Liabilities and Fund Balances:</b>			
<i>Liabilities:</i>			
Accounts payable	\$ 832	\$ -	\$ 832
Total liabilities	<u>832</u>	<u>-</u>	<u>832</u>
<i>Fund balances:</i>			
Unreserved	<u>81,745</u>	<u>63,202</u>	<u>144,947</u>
Total fund balances	<u>81,745</u>	<u>63,202</u>	<u>144,947</u>
Total liabilities and fund balances	<u>\$ 82,577</u>	<u>\$ 63,202</u>	<u>\$ 145,779</u>

### RECONCILIATION OF FUND BALANCES TO NET ASSETS:

**Total fund balances for component units** \$ 144,947

Total net assets reported for the component units in the statement of net assets is different because:

Long-term liabilities are not due and payable in the current year and therefore are not reported in the component units funds.

Promissory note	(21,929)	
Contract payable	<u>(5,000)</u>	<u>(26,929)</u>
<b>Change in net assets of component units</b>		<u>\$ 118,018</u>

# CITY OF YALE

## COMPONENT UNITS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2007

	<i>Downtown Development Authority</i>	<i>Local Development Finance Authority</i>	<i>Total</i>
<b>Revenues:</b>			
Property taxes	\$ 67,966	\$ 28,542	\$ 96,508
Interest and rents	1,832	222	2,054
Total revenues	<u>69,798</u>	<u>28,764</u>	<u>98,562</u>
<b>Expenditures:</b>			
Current			
Community and economic development	17,189	150	17,339
Capital outlay	10,985	-	10,985
Debt service			
Principal	21,461	5,000	26,461
Interest and fees	1,393	-	1,393
Total expenditures	<u>51,028</u>	<u>5,150</u>	<u>56,178</u>
Net change in fund balances	18,770	23,614	42,384
Fund balances, beginning of year	<u>62,975</u>	<u>39,588</u>	<u>102,563</u>
Fund balances, end of year	<u>\$ 81,745</u>	<u>\$ 63,202</u>	<u>\$ 144,947</u>

#### RECONCILIATION OF NET CHANGE IN FUND BALANCES TO NET CHANGE IN NET ASSETS:

Net change in fund balances - component units \$ 42,384

Total change in net assets reported for the component units in the statement of activities is different because:

Repayments of principal on long-term liabilities are expenditures in the funds but the payments reduce long-term liabilities in the statement of net assets.

Promissory note	21,461	
Contract payable	<u>5,000</u>	<u>26,461</u>
<b>Change in net assets of component units</b>		<u>\$ 68,845</u>

# CITY OF YALE

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## FIDUCIARY FUNDS – AGENCY FUNDS

### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

June 30, 2007

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2007</u>
<b><u>Payroll Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 4,622	\$ 725,185	\$ 729,057	\$ 750
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 4,622	\$ 725,185	\$ 729,057	\$ 750
<b><u>Current Tax Collection Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 525,701	\$ 1,760,593	\$ 1,785,719	\$ 500,575
<b>Liabilities</b>				
Accounts payable	\$ 493,469	\$ 500,575	\$ 493,469	\$ 500,575
Due to other governmental units	32,232	1,260,018	1,292,250	-
Total liabilities	\$ 525,701	\$ 1,760,593	\$ 1,785,719	\$ 500,575
<b><u>Total Agency Funds</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 530,323	\$ 2,485,778	\$ 2,514,776	\$ 501,325
Total assets	\$ 530,323	\$ 2,485,778	\$ 2,514,776	\$ 501,325
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 498,091	\$ 1,225,760	\$ 1,222,526	\$ 501,325
Due to other governmental units	32,232	1,260,018	1,292,250	-
Total liabilities	\$ 530,323	\$ 2,485,778	\$ 2,514,776	\$ 501,325

# CITY OF YALE

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*GOVERNMENTAL ACTIVITIES*  
**SCHEDULE OF INDEBTEDNESS**

June 30, 2007

**PURCHASE CONTRACT - FIRE TRUCK**

Issue dated October 12, 2001 in the amount of	\$ 185,000
Less: Principal paid in prior years	(50,000)
Principal paid in current year	<u>(10,000)</u>
Balance payable at June 30, 2007	<u><u>\$ 125,000</u></u>

<i>Fiscal</i> <u>Year Ended</u>	<u>Rate</u>	<i>Principal</i> <u>October 1</u>	<i>Interest</i> <u>October 1</u>	<i>Interest</i> <u>April 1</u>	<i>Total</i> <i>Annual</i> <u>Requirement</u>
2008	4.75%	\$ 12,500	\$ 2,969	\$ 2,672	\$ 18,141
2009	4.75%	12,500	2,672	2,375	17,547
2010	4.75%	12,500	2,375	2,078	16,953
2011	4.75%	12,500	2,078	1,781	16,359
2012	4.75%	12,500	1,781	1,484	15,765
2013	4.75%	15,000	1,484	1,128	17,612
2014	4.75%	15,000	1,128	772	16,900
2015	4.75%	15,000	772	416	16,188
2016	4.75%	<u>17,500</u>	<u>416</u>	<u>-</u>	<u>17,916</u>
		<u><u>\$ 125,000</u></u>	<u><u>\$ 15,675</u></u>	<u><u>\$ 12,706</u></u>	<u><u>\$ 153,381</u></u>

Note: The Equipment Fund is obligated for this debt.

# CITY OF YALE

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## GOVERNMENTAL ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

June 30, 2007

#### MUNICIPAL PURCHASE AGREEMENT - PROPERTY

Issue dated August 21, 2006 in the amount of	\$	320,000
Less: Principal paid in prior years		-
Principal paid in current year		-
		<u>-</u>
Balance payable at June 30, 2007	\$	<u>320,000</u>

<u>Year Ended</u>	<u>Rate</u>	<u>Principal July 1</u>	<u>Interest July 1</u>	<u>Total Annual Requirement</u>
2008	4.99%	\$ 15,329	\$ 15,431	\$ 30,760
2009	4.99%	15,527	15,233	30,760
2010	4.99%	16,343	14,417	30,760
2011	4.99%	17,158	13,602	30,760
2012	4.99%	18,014	12,746	30,760
2013	4.99%	18,879	11,881	30,760
2014	4.99%	19,853	10,907	30,760
2015	4.99%	20,843	9,917	30,760
2016	4.99%	21,882	8,878	30,760
2017	4.99%	22,952	7,808	30,760
2018	4.99%	24,118	6,642	30,760
2019	4.99%	25,320	5,440	30,760
2020	4.99%	26,583	4,177	30,760
2021	4.99%	27,900	2,860	30,760
2022	4.99%	29,299	1,461	30,760
		<u>\$ 320,000</u>	<u>\$ 141,400</u>	<u>\$ 461,400</u>

Note: The General Fund is obligated for this debt.

# CITY OF YALE

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*BUSINESS-TYPE ACTIVITIES*  
**SCHEDULE OF INDEBTEDNESS**

June 30, 2007

**GENERAL OBLIGATION BOND (COUNTY OF ST. CLAIR) - PROJECT 5086-01**

Issue dated March 12, 1993 in the amount of	\$ 2,486,552
Less: Principal paid in prior years	(1,371,552)
Principal paid in current year	<u>(130,000)</u>
Balance payable at June 30, 2007	<u>\$ 985,000</u>

Balance payable as follows:

<u>Year Ended</u>	<u>Rate</u>	<u>Principal October 1</u>	<u>Interest October 1</u>	<u>Interest April 1</u>	<u>Total Annual Requirement</u>
2008	2.00%	\$ 130,000	\$ 9,850	\$ 8,550	\$ 148,400
2009	2.00%	135,000	8,550	7,200	150,750
2010	2.00%	140,000	7,200	5,800	153,000
2011	2.00%	140,000	5,800	4,400	150,200
2012	2.00%	145,000	4,400	2,950	152,350
2013	2.00%	145,000	2,950	1,500	149,450
2014	2.00%	<u>150,000</u>	<u>1,500</u>	<u>-</u>	<u>151,500</u>
		<u>\$ 985,000</u>	<u>\$ 40,250</u>	<u>\$ 30,400</u>	<u>\$ 1,055,650</u>

Note: The Sewer Fund is obligated for this debt.

# CITY OF YALE

## BUSINESS-TYPE ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

June 30, 2007

#### REVENUE BOND - WATER SUPPLY SYSTEM REVENUE BOND

Issue dated October 1, 2001 in the amount of	\$	1,857,000
Less: Principal paid in prior years	(195,000)	
Principal paid in current year	<u>(46,000)</u>	
Balance payable at June 30, 2007	\$	<u>1,616,000</u>

<u>Year Ended</u>	<u>Rate</u>	<u>Principal October 1</u>	<u>Interest October 1</u>	<u>Interest April 1</u>	<u>Total Annual Requirement</u>
2008	4.875%	\$ 48,000	\$ 39,390	\$ 38,220	\$ 125,610
2009	4.875%	50,000	38,220	37,001	125,221
2010	4.875%	20,000	37,001	36,514	93,515
2011	4.875%	22,000	36,514	35,977	94,491
2012	4.875%	24,000	35,977	35,392	95,369
2013	4.875%	25,000	35,392	34,783	95,175
2014	4.875%	26,000	34,783	34,149	94,932
2015	4.875%	27,000	34,149	33,491	94,640
2016	4.875%	28,000	33,491	32,809	94,300
2017	4.875%	29,000	32,809	32,102	93,911
2018	4.875%	30,000	32,102	31,371	93,473
2019	4.875%	32,000	31,371	30,591	93,962
2020	4.875%	33,000	30,591	29,786	93,377
2021	4.875%	35,000	29,786	28,933	93,719
2022	4.875%	37,000	28,933	28,031	93,964
2023	4.875%	38,000	28,031	27,105	93,136
2024	4.875%	40,000	27,105	26,130	93,235
2025	4.875%	42,000	26,130	25,106	93,236
2026	4.875%	44,000	25,106	24,034	93,140
2027	4.875%	46,000	24,034	22,912	92,946
2028	4.875%	48,000	22,912	21,742	92,654
2029	4.875%	51,000	21,742	20,499	93,241
2030	4.875%	53,000	20,499	19,207	92,706
2031	4.875%	56,000	19,207	17,842	93,049
2032	4.875%	59,000	17,842	16,404	93,246
2033	4.875%	61,000	16,404	14,917	92,321
2034	4.875%	64,000	14,917	13,357	92,274
2035	4.875%	67,000	13,357	11,724	92,081
2036	4.875%	71,000	11,724	9,994	92,718
2037	4.875%	74,000	9,994	8,190	92,184
2038	4.875%	78,000	8,190	6,289	92,479
2039	4.875%	82,000	6,289	4,290	92,579
2040	4.875%	86,000	4,290	2,194	92,484
2041	4.875%	90,000	2,194	-	92,194
		<u>\$ 1,616,000</u>	<u>\$ 830,476</u>	<u>\$ 791,086</u>	<u>\$ 3,237,562</u>

Note: The Water Fund is obligated for this debt.

# CITY OF YALE

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## COMPONENT UNITS SCHEDULE OF INDEBTEDNESS

June 30, 2007

### PROMISSORY NOTE - DOWNTOWN IMPROVEMENTS

Issue dated June 3, 2003 in the amount of	\$	105,000
Less: Principal paid in prior years		(61,610)
Principal paid in current year		<u>(21,461)</u>
Balance payable at June 30, 2007	\$	<u>21,929</u>

<u>Fiscal</u> <u>Year Ended</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Annual</u> <u>Requirement</u>
2008	2.23%	\$ <u>21,929</u>	\$ <u>491</u>	\$ <u>22,420</u>

Note: The Downtown Development Authority is obligated for this debt.

### CONTRACT PAYABLE - REPAIR WORK

Issue dated December 30, 2003 in the amount of	\$	25,000
Less: Principal paid in prior years		(15,000)
Principal paid in current year		<u>(5,000)</u>
Balance payable at June 30, 2007	\$	<u>5,000</u>

<u>Fiscal</u> <u>Year Ended</u>	<u>Rate</u>	<u>Principal</u>
2008	0.00%	\$ <u>5,000</u>

Note: The Local Development Finance Authority is obligated for this debt.