



## FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014



*Vredeveld Haefner LLC*

# GRAND VALLEY METROPOLITAN COUNCIL

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## INDEPENDENT AUDITORS' REPORT

January 15, 2015

Members of the Council Board  
Grand Valley Metropolitan Council  
Grand Rapids, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Grand Valley Metropolitan Council (the Council), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Grand Valley Metropolitan Council as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the budgetary comparison information on pages 25 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2015, on our consideration of the Council'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

*Uredaxeld Haefner LLC*

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

# Management's Discussion and Analysis

## About the Council

Grand Valley Metropolitan Council (the Council) serves local units of government in the West Michigan area in different facets of transportation planning, environmental programs as well as with a Regional Geographic Information System Agency (REGIS). The Council was established in 1990 under Public Act 292 of the Michigan Public Acts of 1989. The Council is governed by a board appointed by participating municipalities.

## Financial Highlights

### GVMC

- Through three years of careful planning and budgeting, and a continued fiscal transformation, GVMC is now at a solid level to provide continuation of services in case of any unforeseen economic issues. The agency is significantly more fiscally sustainable for the future.
- Staffing costs and fringes continued to be monitored and were well below historical averages. Staffing is now balanced and sufficient for the current services we are providing.
- The transportation improvement program resulted in 139 projects being obligated for a total federal amount of over \$79.44 million coming to our service area.
- As directed in our new Strategic Initiative to be a regional leaders and facilitator of collaboration efforts, we are leading Governor Snyder's Regional Prosperity Initiative for West Michigan and providing administrative support to the EMS Partnership.

### REGIS

- Continuing to make strategic investments of resources and technology to enhance system performance, reliability and availability.
- Continuing to serve the 19 member communities as a single source GIS provider.
- Reductions in staff have resulted in opportunities to privatize programming services for mobile applications.

### Environmental

- We have dramatically increased our Environmental Programs Department with two full-time employees and one GVSU Graduate Assistant.
- We have received many new grants, increased our membership in our Environmental Programs and developed new services.
- Environmental Programs have grown into a major component of GVMC and will continue to increase in the future.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements comprise three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information (this management discussion and analysis and budget and actual schedules) in addition to the basic financial statements themselves.

## Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the Council that are principally supported by fees and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The Council currently has no business-type activities.

### **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 Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Council only utilizes governmental funds.

### **Governmental funds**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Council'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 Council adopts an annual appropriated budget for each of its funds. A budgetary comparison schedule has been provided for the General, REGIS, Environmental Programs, and REGIS Capital funds to demonstrate compliance with budgets.

### **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 *supplementary information*. This is limited to this discussion and analysis and budget and actual schedules.

## Government-wide Financial Analysis

The following table presents condensed information about the Council's financial position for the past two fiscal years. Net position increased \$359,518 during the year primarily as a result of increased charges for services, dues and operating grant while containing costs. Total net position includes the investment in capital assets. Capital assets represent the capital assets held by the Council, net of related accumulated depreciation.

	<u>2014</u>	<u>2013</u>
Current and other assets	\$3,339,899	\$2,714,525
Capital assets	125,435	93,805
<b>Total assets</b>	<b><u>3,465,334</u></b>	<b><u>2,808,330</u></b>
Current and other liabilities	740,050	445,699
Long-term liabilities	45,505	42,370
<b>Total liabilities</b>	<b><u>785,555</u></b>	<b><u>444,069</u></b>
Net position		
Net investment in capital assets	125,435	93,805
Restricted for REGIS	1,034,280	1,080,446
Restricted for environmental programs	147,747	77,325
Unrestricted	1,372,317	1,068,685
<b>Total net position</b>	<b><u>\$2,679,779</u></b>	<b><u>\$2,320,261</u></b>

## Income and Expenses

The Council's financial position improved during the year ended September 30, 2014 as a result of revenues exceeding expenses. A summary of revenues and expenses for the past two fiscal years is presented below.

	<u>2014</u>	<u>2013</u>
<b>Program revenues</b>		
Charges for services	\$1,256,366	\$1,185,911
Operating grants	1,047,199	957,857
<b>General revenues</b>		
Metro Council dues	293,948	257,419
Unrestricted interest income	6,703	5,365
<b>Total revenues</b>	<b><u>2,604,216</u></b>	<b><u>2,406,552</u></b>
<b>Functions/program expenses</b>		
Transportation	873,762	744,671
Administration	445,006	452,520
REGIS	760,581	802,449
Environmental programs	165,349	193,442
<b>Total expenses</b>	<b><u>2,244,698</u></b>	<b><u>2,193,082</u></b>
Change in net position	359,518	213,470
<b>Net position, beginning of year</b>	<b><u>2,320,261</u></b>	<b><u>2,106,791</u></b>
<b>Net position, end of year</b>	<b><u>\$2,679,779</u></b>	<b><u>\$2,320,261</u></b>

## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$2,599,849 an increase of \$331,023 from the prior year.

The general fund is the chief operating fund of the Council. At the end of the current fiscal year unassigned fund balance was \$1,400,354. The general fund reported an increase in fund balance of \$306,767.

The REGIS special revenue fund had total fund balance of \$797,805 at year end. The REGIS special revenue fund reported a decrease in fund balance from the prior year.

The environmental programs special revenue fund had total fund balance of \$147,747 at year end. The environmental special revenue fund reported an increase in fund balance from the prior year.

The REGIS capital projects fund had total fund balance of \$236,475 at year end. The REGIS capital projects fund, fund balance was virtually unchanged from the prior year.

## Budgetary Highlights

### **GVMC**

General fund grant revenues reflect the maximum amount we were able to leverage using existing resources and the efficiency of our operations. Due to current staffing levels meeting program needs of the transportation program, it was not necessary to fully maximize the hours available through the grants to meet our program objectives or complete our work. Staffing and salaries and fringes likewise are less than budgeted as we are operating at an efficient level. Savings were achieved this year and tight expense monitoring continues to help us reduce cost. Operational changes including fiscal control continues to assist in controlling overall expenses while meeting program demands.

### **REGIS**

Ended the fiscal year with less than anticipated losses due to staff attrition and positions not being refilled. Also, reductions and careful monitoring of expenses assisted in reducing the overall anticipated loss in REGIS operations.

### **Environmental Programs**

This was the first full year for GVMC Environmental Programs and the results exceeded our expectations. Revenues exceeded the budget while operational efficiencies resulted in budgetary gains.

## Capital Asset and Long-Term Debt Activities

The Council's capital assets consist of furniture and equipment, vehicles and computer hardware and software. The primary additions to capital assets during the current year were for computer equipment. Additional information on capital assets can be found in Note 4 to the financial statements.

Debt activity consists of compensated absences payable. Additional information on long-term debt can be found in Note 5 to the financial statements.

## **Economic Factors and Next Year's Budget**

### **GVMC**

The Council is very mindful of the economic climate as well as the funding levels at the state and federal levels which continue to affect our members. The Council continues to provide high level services and increase those services without any increase to our members. We are dedicated to continue our efforts to maximize revenue through new opportunities to leverage all available funding sources while closely monitoring expenses.

### **REGIS**

The REGIS Budget includes a five-year projection for revenues, expenditures and fund balances. The goal of the REGIS budget is to maintain 25% of anticipated expenditures in the fund balance and to maintain a REGIS Capital Account for unknown major expenditures or system upgrades. In addition, the REGIS Board of Directors and Executive Committee continue to analyze opportunities for collaboration with other governmental GIS providers and to build synergy through enhanced collaboration.

### **Environmental Programs**

As we begin our second full year of our Environmental Programs we are very conscience of continued opportunities for our involvement. Tremendous potential exists in this area and we need to manage our opportunities to insure continued success. Collaboration on our Stormwater Program continues to provide our members with excellent service while dramatically decreasing their cost of meeting EPA and MDEQ requirements. Leveraging the efforts of 22 participating municipalities continues to provide significant cost savings.

## **Contacting the Council Management**

This management discussion and analysis provides an overview of the current and prospective financial condition of the Council's operations and financial position. If there are questions concerning this report or if additional information is desired, please contact the Executive Director at Grand Valley Metropolitan Council, 678 Front Ave NW, Suite 200, Grand Rapids, MI 49504.

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## **BASIC FINANCIAL STATEMENTS**

# GRAND VALLEY METROPOLITAN COUNCIL

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,805,463
Accounts receivable	502,957
Prepaid items	31,479
Capital assets, net	<u>125,435</u>
<b>Total assets</b>	<u>3,465,334</u>
<b>Liabilities</b>	
Accounts payable and accrued expenses	476,912
Accrued compensation	68,194
Unearned revenue	194,944
Noncurrent liabilities	
Compensated absences	<u>45,505</u>
<b>Total liabilities</b>	<u>785,555</u>
<b>Net Position</b>	
Invested in capital assets	125,435
Restricted for REGIS	1,034,280
Restricted for Environmental Programs	147,747
Unrestricted	<u>1,372,317</u>
<b>Total net position</b>	<u>\$ 2,679,779</u>

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

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# GRAND VALLEY METROPOLITAN COUNCIL

## STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary government</b>					
Governmental activities					
Transportation	\$ 873,762	\$ 301,357	\$ 1,000,722	\$ -	\$ 428,317
Administration	445,006	8,392	-	-	(436,614)
REGIS	760,581	757,631	-	-	(2,950)
Environmental programs	165,349	188,986	46,477	-	70,114
Total governmental activities	\$ 2,244,698	\$ 1,256,366	\$ 1,047,199	\$ -	58,867
General revenues					
Membership					293,948
Interest earnings					6,703
Total general revenues					300,651
Change in net position					359,518
<b>Net position, beginning of year</b>					<b>2,320,261</b>
<b>Net position, end of year</b>					<b>\$ 2,679,779</b>

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

**GRAND VALLEY METROPOLITAN COUNCIL**

**GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

**SEPTEMBER 30, 2014**

	Special Revenue			Capital	<u>Total</u>
	<u>General</u>	<u>REGIS</u>	Environmental	Projects	
			<u>Programs</u>	<u>REGIS</u>	
<b>Assets</b>					
Cash and cash equivalents	\$ 1,585,371	\$ 832,659	\$ 150,958	\$ 236,475	\$ 2,805,463
Accounts receivable	490,834	6,812	5,311	-	502,957
Prepaid expenditure:	<u>17,468</u>	<u>13,322</u>	<u>689</u>	<u>-</u>	<u>31,479</u>
<b>Total assets</b>	<u>\$ 2,093,673</u>	<u>\$ 852,793</u>	<u>\$ 156,958</u>	<u>\$ 236,475</u>	<u>\$ 3,339,899</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 440,090	\$ 36,379	\$ 443	\$ -	\$ 476,912
Accrued compensation and benefits	40,817	18,609	8,768	-	68,194
Deferred revenue	<u>194,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,944</u>
<b>Total liabilities</b>	<u>675,851</u>	<u>54,988</u>	<u>9,211</u>	<u>-</u>	<u>740,050</u>
<b>Fund balances</b>					
Non-spendable					
Prepaid expenditures	17,468	13,322	689	-	31,479
Restricted					
REGIS	-	784,483	-	236,475	1,020,958
Environmental Programs	-	-	147,058	-	147,058
Unassigned	<u>1,400,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,400,354</u>
<b>Total fund balances</b>	<u>1,417,822</u>	<u>797,805</u>	<u>147,747</u>	<u>236,475</u>	<u>2,599,849</u>
<b>Total liabilities and fund balance:</b>	<u>\$ 2,093,673</u>	<u>\$ 852,793</u>	<u>\$ 156,958</u>	<u>\$ 236,475</u>	<u>\$ 3,339,899</u>

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

# GRAND VALLEY METROPOLITAN COUNCIL

## RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO THE NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

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<b>Fund balances - total governmental funds</b>	\$ 2,599,849
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add - capital assets (net)	125,435
Certain liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	<u>(45,505)</u>
<b>Net position of governmental activities</b>	<u>\$ 2,679,779</u>

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

**GRAND VALLEY METROPOLITAN COUNCIL**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Special Revenue			Capital Projects	Total
	General	REGIS	Environmental Programs	REGIS	
<b>Revenues</b>					
Federal grants - transportation	\$ 915,666	\$ -	\$ -	\$ -	\$ 915,666
State and local grants	85,056	-	1,025	-	86,081
Membership and project fees	499,605	691,254	8,160	-	1,199,019
Other contributions	-	24,900	-	-	24,900
Donations	-	-	45,452	-	45,452
Charges for services	104,092	36,919	179,825	-	320,836
Interest income	6,703	3,565	1,001	993	12,262
<b>Total revenues</b>	<u>1,611,122</u>	<u>756,638</u>	<u>235,463</u>	<u>993</u>	<u>2,604,216</u>
<b>Expenditures</b>					
Current					
General government					
Salaries	707,003	348,901	89,210	-	1,145,114
Fringes	211,028	112,712	20,247	-	343,987
Grant specific and contractual costs	185,697	169,784	16,005	-	371,486
Professional fees	34,372	26,055	-	-	60,427
Legal services	4,376	847	-	-	5,223
Advertising	5,378	807	16,692	-	22,877
Insurance	7,289	6,616	6,571	-	20,476
Meeting expenditures	13,238	1,258	2,557	-	17,053
Dues and subscriptions	1,918	1,563	282	-	3,763
Equipment rental	2,334	656	-	-	2,990
Office supplies	11,397	6,790	1,652	-	19,839
Mileage	6,571	511	-	-	7,082
Postage	-	62	230	-	292
Printing	-	295	1,156	-	1,451
Electricity	2,965	9,354	242	-	12,561
Telephone	9,173	7,267	1,539	-	17,979
Professional development	175	6,252	173	-	6,600
Rent	60,152	41,613	5,099	-	106,864
Equipment	-	48,421	2,365	-	50,786
Repairs and maintenance	1,114	3,320	91	-	4,525
Pavement management vehicle	39,207	-	-	-	39,207
Miscellaneous	4,141	2,713	930	-	7,784
Capital outlay	4,827	-	-	-	4,827
<b>Total expenditures</b>	<u>1,312,355</u>	<u>795,797</u>	<u>165,041</u>	<u>-</u>	<u>2,273,193</u>
Revenues over (under) expenditures	<u>298,767</u>	<u>(39,159)</u>	<u>70,422</u>	<u>993</u>	<u>331,023</u>
Other financing sources (uses)					
Transfers in	8,000	-	-	-	8,000
Transfers out	-	(8,000)	-	-	(8,000)
Total other financing sources (uses)	<u>8,000</u>	<u>(8,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	306,767	(47,159)	70,422	993	331,023
<b>Fund balances, beginning of year</b>	<u>1,111,055</u>	<u>844,964</u>	<u>77,325</u>	<u>235,482</u>	<u>2,268,826</u>
<b>Fund balances, end of year</b>	<u>\$ 1,417,822</u>	<u>\$ 797,805</u>	<u>\$ 147,747</u>	<u>\$ 236,475</u>	<u>\$ 2,599,849</u>

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

# GRAND VALLEY METROPOLITAN COUNCIL

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

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<b>Net changes in fund balances - total governmental funds</b>	<b>\$ 331,023</b>
Amounts reported for <i>governmental activities</i> in the statement of activities are different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Add - capital outlay	57,779
Deduct - depreciation expense	(26,149)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Deduct - increase in compensated absences	<u>(3,135)</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 359,518</u></b>

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

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# GRAND VALLEY METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Grand Valley Metropolitan Council (the "Council") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

#### **Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Grand Valley Metropolitan Council. There are no component units to be included. The criteria for including a component unit include significant operational or financial relationships with the Council.

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by member fees and intergovernmental revenues are reported in total. The Council has no business-type or fiduciary activities.

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

Separate financial statements are provided for governmental funds. Government 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.

All individual governmental funds are reported as separate columns in the fund financial statements.

The Council reports the following major governmental funds:

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

The *REGIS Fund* accounts for the accumulation and disbursement of resources for the Regional Geographic Information System activity.

The *Environmental Programs Fund* accounts for the accumulation and disbursement of resources for environmental programs.

The *REGIS Capital Projects Fund* accounts for the accumulation and disbursement of resources for the capital needs of the REGIS activity.

# GRAND VALLEY METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

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### ***Measurement Focus and Basis of Accounting***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Member fees 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.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. 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, except for reimbursement-based grants and interest which use a one year collection period. Grants and similar items are recognized as revenue when the related expenditure is recognized. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include: (1) principal and interest on long-term debt and compensated absences which are recognized when due.

All Governmental Funds are accounted for on a spending or “flow of current financial resources” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available, spendable resources”.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of “available, spendable resources” during a period.

### ***Budgets and Budgetary Accounting***

Comparisons to budget are presented for the General, REGIS, Environmental Programs and REGIS Capital funds. The Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Executive Director submits to the Council Board a proposed operating budget for the fiscal year commencing the following October 1.
2. Public hearings are conducted to obtain comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the funds.
5. The budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

# GRAND VALLEY METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

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6. Adoption and amendments of all budgets used by the Council are governed by Michigan Law. The appropriations ordinances are based on the projected expenditures budget of the various functions of the Council. Any amendment to the original budget must meet the requirements of Michigan Law. The Council amended its budget during the year. Any revisions that alter the expenditures at the function level within the fund must be approved by the Council Board.

### ***Deposits and Investments***

State statutes authorize the Council to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

The Council's investment policy is more restrictive than state requirements and allows for investment in only the investment vehicle identified in item g. above.

### ***Accounts Receivable***

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances are immaterial to the financial statements.

### ***Capital Assets***

Capital assets, which include furniture and fixtures, equipment, computers, and vehicles are reported in the governmental activities column in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

# GRAND VALLEY METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED SEPTEMBER 30, 2014

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Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Furniture and fixtures	7-10
Equipment	7
Computers	5
Vehicles	5

#### **Unearned Revenue**

Funds report *unearned revenue* in connection with resources that have been received but not yet earned.

#### **Compensated Absences**

Under employee policy, employees have a vested right to receive payments for unused vacation benefits under formulas and conditions specified in the personnel procedures manual. Accumulated vacation time related to governmental funds is recorded on the statement of net position and not on the governmental fund balance sheets because it is not expected to be liquidated with expendable available financial resources.

#### **Net Position and Fund Balance Reporting**

Governmental funds report fund balance in the following five categories:

1. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted - the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed - the related assets can only be spent for a specific purpose identified by formal resolution of the governing board.
4. Assigned - the related assets can only be spent for a specific purpose identified by management as authorized by the governing board.
5. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

Fund balance can only be committed or assigned by resolution of the Policy Board.

#### **Net Position and Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

# GRAND VALLEY METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

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### ***Membership Dues***

The Council receives dues from local units of government in West Michigan who wish to participate in the Council. Dues are computed on a per capita basis based on the most recent population data. Dues revenue is recognized as revenue in the year for which it is levied.

### ***Grants and Other Intergovernmental Revenues***

Grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditures/expenses are incurred.

### ***Interfund Transactions***

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers are used to contribute budgeted amounts from the REGIS fund to the general fund and REGIS capital projects fund.

### ***Long-Term Obligations***

In the government-wide financial statements the long-term debt is reported as a liability in the governmental activities statement of net position.

### ***Risk Management***

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

## **2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

PA. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Council's actual expenditures and budgeted expenditures for the budgetary funds have been shown at the line item level while the legal level of budgetary control as set by the Board is at the function level. The Council's expenditures did not exceed budgeted amounts at the function level.

# GRAND VALLEY METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED SEPTEMBER 30, 2014

#### 3. DEPOSITS AND INVESTMENTS

The balance on the financial statements for cash and cash equivalents of \$2,805,463 consists of deposits in a bank of \$987,733 and funds held in the Kent County Public Funds Investment Pool of \$1,817,730.

The balance in the bank is in a financial institution located in Michigan. State policy limits the Council's depository options to financial institutions located in Michigan. All accounts are in the name of the Council and a specific fund or common account. They are recorded in Council records at fair value.

#### ***Deposit risk***

***Custodial Credit Risk - Deposits.*** Custodial credit risk is the risk that in the event of a bank failure, the Council's deposits may not be returned. State law does not require, and the Council does not have, a policy for deposit custodial credit risk. As of year-end, none of the Council's bank balance is insured however it is collateralized with securities held by the pledging financial institution's trust department but not in the Council's name.

#### ***Investment and deposit risk***

***Interest Rate Risk.*** Council policy limits allowable investments to the Kent County Investment Pool as indicated in Note 1, the summary of significant accounting policies. There is no stated maturity date for the Council's investment in the Kent County Investment Pool. At September 30, 2014, the balance of the Kent County Investment Pool consisted of the following:

<b><u>Investment</u></b>	<b><u>Percentage of Pool Total</u></b>	<b><u>Maturity in Years</u></b>
Government agency securities	20%	0-5
Certificates of deposits	54%	0-5
Deposits, money markets and other pools	26%	Not applicable

***Credit Risk.*** State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. Council policy limits the allowable investments to investment in the Kent County Investment Pool. The investment in the Kent County Investment Pool is not rated as to risk. The Kent County Investment Pool is required to follow state law.

***Custodial Credit Risk - Investments.*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Council will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Council does not have a policy for investment custodial credit risk. Custodial credit risk associated with the investment in the Kent County Investment Pool cannot be determined because the investment does not consist of specifically identifiable securities.

***Concentration of Credit Risk.*** State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The Council's investment policy does not have specific limits in excess of state law on concentration of credit risk. Excluding U.S. government guaranteed investments, mutual funds and pooled investments; no single investment exceeded 5% of total investments at September 30, 2014.

# GRAND VALLEY METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

### 4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance October 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2014</u>
<b>Governmental activities</b>				
<b>Capital assets, being depreciated</b>				
Furniture and fixtures	\$134,719	\$ -	\$ -	\$134,719
Equipment and vehicles	785,487	57,779	98,766	744,500
Total capital assets, being depreciated	920,206	57,779	98,766	879,219
Less accumulated depreciation for				
Furniture and fixtures	94,713	8,510	-	103,223
Equipment and vehicles	731,688	17,639	98,766	650,561
Total accumulated depreciation	826,401	26,149	98,766	753,784
<b>Governmental activities capital assets, net</b>	<b>\$93,805</b>	<b>\$31,630</b>	<b>\$ -</b>	<b>\$125,435</b>

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

<b>Governmental activities</b>	
Transportation	\$8,999
Environmental program	318
REGIS	16,832
<b>Total</b>	<b>\$26,149</b>

### 5. LONG-TERM LIABILITIES

The following is a summary of the long-term liabilities transactions of the Council for the year.

	Balance October 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2014</u>	Due Within One <u>Y</u> <u>ear</u>
<b>Governmental Activities</b>					
Compensated absences payable	\$42,370	\$45,505	\$42,370	\$45,505	\$ -

### 6. LEASES

The Council leases office space under a lease agreement expiring June 30, 2019, with an option to renew for two additional five year terms. Rent expenditures for the office lease totaled \$106,314 for the year ended September 30, 2014. The Council also leases office equipment under various lease terms expiring through 2016. Equipment rental expenditures totaled \$3,181 for the year ended September 30, 2014.

# GRAND VALLEY METROPOLITAN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED SEPTEMBER 30, 2014

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The following is a schedule of future minimum lease payments required under non-cancelable operating leases with remaining lease terms in excess of one year as of September 30, 2014:

<u>Year ending September 30</u>	<u>Amount</u>
2015	\$109,455
2016	112,752
2017	116,112
2018	119,517
2019	<u>91,629</u>
<b>Total</b>	<b><u>\$549,465</u></b>

#### 7. DEFINED CONTRIBUTION PENSION PLAN

The Council maintains a defined contribution plan, which provides pension benefits to participating full-time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to contribute at least 3% of eligible wages. The Council contributes 9% of each participant's eligible wages to the plan. The plan provisions and contribution amounts were established and may be amended by the Council Board. The Council's total payroll for the year ended September 30, 2014 was \$1,139,470. The Council's contribution of \$101,791 was calculated using the base salary amount of \$1,139,470. Council employees made contributions to the plan totaling \$95,602, which was approximately 8% of covered payroll.

#### 8. CONTINGENCIES AND GRANTS

Under the terms of various federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Management has estimated and recorded a liability for balances payable under grant agreements.

#### 9. PRIOR PERIOD ADJUSTMENT

Beginning fund balance of the general fund and net position of the governmental activities were decreased by \$65,083 to properly reflect the payable to the Michigan Department of Transportation for activity occurring in prior years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**GRAND VALLEY METROPOLITAN COUNCIL**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Federal grants - transportation	\$ 1,404,275	\$ 1,429,275	\$ 915,666	\$ (513,609)
State and local grants	19,983	269,983	85,056	(184,927)
Membership and project fees	464,203	471,605	499,605	28,000
Charges for service	26,600	71,600	104,092	32,492
Interest income	5,125	5,125	6,703	1,578
<b>Total revenues</b>	<u>1,920,186</u>	<u>2,247,588</u>	<u>1,611,122</u>	<u>(636,466)</u>
<b>Expenditures</b>				
Current				
General government				
Salaries	782,018	782,018	707,003	75,015
Fringes	251,582	251,582	211,028	40,554
Grant specific and contractual costs	474,650	749,650	185,697	563,953
Professional fees	43,000	43,000	34,372	8,628
Legal services	12,000	12,000	4,376	7,624
Advertising	7,000	7,000	5,378	1,622
Insurance	17,250	17,250	7,289	9,961
Meeting expenditures	21,000	21,000	13,238	7,762
Dues and subscriptions	3,500	3,500	1,918	1,582
Equipment rental	7,000	7,000	2,334	4,666
Office supplies	9,000	9,000	11,397	(2,397)
Mileage	8,000	8,000	6,571	1,429
Printing	4,500	4,500	-	4,500
Electricity	4,150	4,150	2,965	1,185
Telephone	12,800	12,800	9,173	3,627
Professional development	8,000	8,000	175	7,825
Rent	64,052	64,052	60,152	3,900
Repairs and maintenance	6,500	6,500	1,114	5,386
Pavement management vehicle	70,000	70,000	39,207	30,793
Miscellaneous	5,000	5,000	4,141	859
Capital outlay	50,000	50,000	4,827	45,173
<b>Total expenditures</b>	<u>1,861,002</u>	<u>2,136,002</u>	<u>1,312,355</u>	<u>823,647</u>
Revenues over (under) expenditures	59,184	111,586	298,767	187,181
Other financing sources (uses)				
Transfers in	8,000	8,000	8,000	-
Net changes in fund balance	67,184	119,586	306,767	187,181
<b>Fund balance, beginning of year</b>	<u>1,111,055</u>	<u>1,111,055</u>	<u>1,111,055</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,178,239</u>	<u>\$ 1,230,641</u>	<u>\$ 1,417,822</u>	<u>\$ 187,181</u>

**GRAND VALLEY METROPOLITAN COUNCIL**

**REGIS FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Membership dues	\$ 687,753	\$ 687,753	\$ 691,254	\$ 3,501
Other contributions	21,400	21,400	24,900	3,500
Charges for services	40,000	40,000	36,919	(3,081)
Interest income	-	4,050	3,565	(485)
<b>Total revenues</b>	<u>749,153</u>	<u>753,203</u>	<u>756,638</u>	<u>3,435</u>
<b>Expenditures</b>				
Current				
General government				
Salaries	401,596	401,596	348,901	52,695
Fringes	130,831	130,831	112,712	18,119
Contract services				
Software maintenance agreements	125,000	125,000	117,334	7,666
Software license	15,500	15,500	11,104	4,396
Other contractual services	47,500	47,500	41,346	6,154
Professional fees	26,000	26,000	26,055	(55)
Legal services	5,000	5,000	847	4,153
Advertising	2,000	2,000	807	1,193
Insurance	5,500	5,500	6,616	(1,116)
Meeting expenditures	3,000	3,000	1,258	1,742
Dues and subscriptions	3,000	3,000	1,563	1,437
Equipment rental	2,500	2,500	656	1,844
Office supplies	8,768	8,768	6,790	1,978
Mileage	3,500	3,500	511	2,989
Postage	500	500	62	438
Printing	2,500	2,500	295	2,205
Electricity	12,500	12,500	9,354	3,146
Telephone	9,000	9,000	7,267	1,733
Professional development	8,000	8,000	6,252	1,748
Rent	42,000	42,000	41,613	387
Equipment and furniture	54,650	54,650	48,421	6,229
Repairs and maintenance	3,478	3,478	3,320	158
Miscellaneous	8,000	8,000	2,713	5,287
<b>Total expenditures</b>	<u>920,323</u>	<u>920,323</u>	<u>795,797</u>	<u>124,526</u>
Revenues over (under) expenditures	(171,170)	(167,120)	(39,159)	127,961
Other financing sources (uses)				
Transfers out	-	-	(8,000)	(8,000)
Net changes in fund balance	(171,170)	(167,120)	(47,159)	119,961
<b>Fund balance, beginning of year</b>	<u>844,964</u>	<u>844,964</u>	<u>844,964</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 673,794</u>	<u>\$ 677,844</u>	<u>\$ 797,805</u>	<u>\$ 119,961</u>

**GRAND VALLEY METROPOLITAN COUNCIL**

**ENVIRONMENTAL PROGRAMS FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
State and local grants	\$ -	\$ -	\$ 1,025	\$ 1,025
Membership dues	8,000	8,000	8,160	160
Donations	10,000	32,900	45,452	12,552
Charges for services	185,000	176,245	179,825	3,580
Interest income	600	600	1,001	401
<b>Total revenues</b>	<u>203,600</u>	<u>217,745</u>	<u>235,463</u>	<u>17,718</u>
<b>Expenditures</b>				
Current				
General government				
Salaries	68,871	93,871	89,210	4,661
Fringes	12,396	16,559	20,247	(3,688)
Grant specific and contractual costs	112,632	52,632	16,005	36,627
Advertising	-	10,000	16,692	(6,692)
Insurance	7,500	10,250	6,571	3,679
Meeting expenditures	600	600	2,557	(1,957)
Dues and subscriptions	-	-	282	(282)
Office supplies	-	-	1,652	(1,652)
Postage	-	-	230	(230)
Printing	1,000	1,000	1,156	(156)
Electricity	-	-	242	(242)
Telephone	-	-	1,539	(1,539)
Professional development	-	-	173	(173)
Rent	-	-	5,099	(5,099)
Equipment and furniture	-	-	2,365	(2,365)
Repairs and maintenance	-	-	91	(91)
Miscellaneous	500	2,500	930	1,570
<b>Total expenditures</b>	<u>203,499</u>	<u>187,412</u>	<u>165,041</u>	<u>22,371</u>
Net changes in fund balance	101	30,333	70,422	40,089
<b>Fund balance, beginning of year</b>	<u>77,325</u>	<u>77,325</u>	<u>77,325</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 77,426</u>	<u>\$ 107,658</u>	<u>\$ 147,747</u>	<u>\$ 40,089</u>

**GRAND VALLEY METROPOLITAN COUNCIL**

**REGIS CAPITAL  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest income	\$ 1,000	\$ 1,000	\$ 993	\$ (7)
<b>Total revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>993</u>	<u>(7)</u>
<b>Expenditures</b>				
Capital outlay	-	-	-	-
Net changes in fund balance	1,000	1,000	993	(7)
<b>Fund balance, beginning of year</b>	<u>235,482</u>	<u>235,482</u>	<u>235,482</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 236,482</u>	<u>\$ 236,482</u>	<u>\$ 236,475</u>	<u>\$ (7)</u>