

**District Court Funds of District No. 39
City of Roseville, Michigan**

**Financial Report
with Supplemental Information
June 30, 2017**

District Court Funds of District No. 39

City of Roseville, Michigan

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Independent Auditor's Report

To the Honorable Judges
39th District Court, City of Roseville, Michigan

Report on the Financial Statement

We have audited the accompanying basic financial statement of the District Court Funds of District No. 39 (a component unit of the City of Roseville, Michigan) as of and for the year ended June 30, 2017, and the related notes to the balance sheet.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

Opinions

In our opinion, the basic financial statement referred to above presents fairly, in all material respects, the financial position of the District Court Funds of District Court No. 39 (a component unit of the City of Roseville, Michigan) as of June 30, 2017 in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Judges
39th District Court, City of Roseville

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 be presented to supplement the basic financial statement. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 statement, and other knowledge we obtained during our audit of the basic financial statement. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statement that comprises the District Court Funds of District No. 39's (a component unit of the City of Roseville, Michigan) basic financial statement. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statement.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statement as a whole.

Plante & Moran, PLLC

November 10, 2017

District Court Funds of District No. 39 City of Roseville, Michigan

Management's Discussion and Analysis

Our discussion and analysis of the District Court Funds of District No. 39, City of Roseville, Michigan's (the "District Court") financial performance provides an overview of the District Court's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the District Court's financial statement.

Using this Financial Report

This financial report represents the activities of the funds of the District Court during the year. The funds of the District Court are agency funds. Therefore, the activities are limited to collection of amounts that are subsequently returned or paid to third parties. The funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. A detailed schedule of cash receipts and disbursements is shown in the supplemental information portion of the financial report.

The District Court as a Whole

The following table shows, in a condensed format, the assets and liabilities as of June 30, 2017 compared to the prior year:

	<u>2017</u>	<u>2016</u>
Assets - Cash and cash equivalents	<u>\$ 244,551</u>	<u>\$ 215,965</u>
Liabilities		
Returnable bonds	\$ 144,900	\$ 113,971
Escrow deposits	<u>99,651</u>	<u>101,994</u>
Total liabilities	<u>\$ 244,551</u>	<u>\$ 215,965</u>

The District Court's combined assets and liabilities increased 13.2 percent from a year ago, from \$215,965 to \$244,551. The majority of the increase relates to more returnable bond funds on hand at June 30, 2017 compared to the prior year.

Contacting the District Court's Management

This financial report is intended to provide our citizens and customers with a general overview of the District Court's activities and to show the District Court's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the District Court directly at (586) 773-2010.

District Court Funds of District No. 39

City of Roseville, Michigan

Balance Sheet
June 30, 2017

	District Control Unit Collections	Bond Account	Garnishment Account	Total
Assets - Cash and cash equivalents (Note 2)	<u>\$ -</u>	<u>\$ 144,900</u>	<u>\$ 99,651</u>	<u>\$ 244,551</u>
Liabilities				
Escrow deposits	\$ -	\$ -	\$ 99,651	\$ 99,651
Returnable bonds	-	144,900	-	144,900
Total liabilities	<u>\$ -</u>	<u>\$ 144,900</u>	<u>\$ 99,651</u>	<u>\$ 244,551</u>

District Court Funds of District No. 39 City of Roseville, Michigan

**Notes to Balance Sheet
June 30, 2017**

Note 1 - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the District Court Funds of District No. 39, City of Roseville, Michigan (the "District Court"):

Reporting Entity

The District Court Funds of District No. 39, City of Roseville, Michigan is governed by three elected judges and serves the Cities of Roseville and Fraser, Michigan. There are no component units.

This District Court is a component unit of the City of Roseville, Michigan and is included in the basic financial statements of the City of Roseville, Michigan at June 30, 2017.

The operations of the District Court are included as a separate activity in the General Fund of the City of Roseville, Michigan.

The following is a summary of the significant accounting policies used by the District Court Funds of District No. 39, City of Roseville, Michigan:

The funds of the District Court are agency funds. The financial activities of the funds are limited to collections of amounts that are subsequently returned or paid to third parties. The funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District Court is responsible for traffic and moving violations, certain civil matters, and misdemeanors.

Accounting and Reporting Principles

The District Court follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Note 2 - Deposits and Investments

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 law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or 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.

District Court Funds of District No. 39

City of Roseville, Michigan

Notes to Balance Sheet
June 30, 2017

Note 2 - Deposits and Investments (Continued)

The District Court has designated one bank for the deposit of its funds. The investment policy adopted by the City of Roseville, Michigan's City Council in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The District Court's deposits and investment policies are in accordance with statutory authority.

The District Court's cash and investments are subject to one type of risk, which is 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 District Court's deposits may not be returned to it. At year end, the District Court had no bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The District Court evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Upcoming Accounting Pronouncement

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The District Court is currently evaluating the impact this standard will have on the financial statement when adopted. The provisions of this statement are effective for the District Court's financial statement for the 2019-2020 fiscal year.

Supplemental Information

District Court Funds of District No. 39

City of Roseville, Michigan

Schedule of Cash Receipts and Disbursements Year Ended June 30, 2017

	District Control Unit Collections	Bond Account	Garnishment Account	Total
Cash and Cash Equivalents -				
Beginning of year	\$ -	\$ 113,971	\$ 101,994	\$ 215,965
Receipts				
Fines and fees	3,978,569	-	-	3,978,569
Bonds posted	-	654,944	-	654,944
Garnishments	-	-	17,665	17,665
Interest income	-	-	-	-
Total receipts	3,978,569	654,944	17,665	4,651,178
Disbursements				
Transfers to District Control Unit (City)	2,935,665	-	-	2,935,665
Transfers to State of Michigan	745,180	-	-	745,180
Transfers to Macomb County	20,956	-	-	20,956
Attorney fees	211,199	-	-	211,199
Refunds and miscellaneous	65,569	-	-	65,569
Bond refunds, forfeitures, and transfers	-	624,015	-	624,015
Garnishments	-	-	20,008	20,008
Total disbursements	3,978,569	624,015	20,008	4,622,592
Cash and Cash Equivalents -				
End of year	\$ -	\$ 144,900	\$ 99,651	\$ 244,551