

Charter Township of Fenton

**Financial Report
with Supplemental Information
December 31, 2009**

Charter Township of Fenton

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Independent Auditor's Report

To the Board of Trustees
Charter Township of Fenton

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Fenton as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Fenton's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Fenton, as of December 31, 2009 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.

The management's discussion and analysis and the 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 the Governmental Accounting Standards Board. 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.

To the Board of Trustees
Charter Township of Fenton

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Fenton's basic financial statements. The other supplemental information, as identified in the table of contents, are presented for the purpose of additional analysis and are 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.

As discussed in Note 12, the Township implemented GASB Statement No. 45, Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions, during the year. As a result, the government-wide statements and Enterprise Funds now report the cost of retiree health care as those benefits are earned by the employees.

Plante & Moran, PLLC

April 12, 2010

Charter Township of Fenton

Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of Fenton's financial performance provides an overview of the Township financial activities for the fiscal year ended December 31, 2009. Please read it in conjunction with the Charter Township of Fenton's financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The Fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Governmental Activities

The following table shows, in a condensed format, the current year's net assets and changes in net assets, compared to the prior two years:

	Governmental Activities				Percent Change
	2007	2008	2009	Change	
Other assets	\$ 3,204,155	\$ 3,461,123	\$ 3,585,192	\$ 124,069	4%
Capital assets	<u>3,114,772</u>	<u>2,955,186</u>	<u>2,765,994</u>	<u>(189,192)</u>	-6%
Total assets	6,318,927	6,416,309	6,351,186	(65,123)	-1%
Current liabilities	2,287,228	2,370,322	2,392,983	22,661	1%
Long-term liabilities	<u>1,236,329</u>	<u>1,063,821</u>	<u>1,006,606</u>	<u>(57,215)</u>	-5%
Total liabilities	<u>3,523,557</u>	<u>3,434,143</u>	<u>3,399,589</u>	<u>(34,554)</u>	-1%
Net assets:					
Invested in capital assets, net of related debt	2,170,846	2,154,437	2,093,478	(60,959)	-3%
Restricted	209,108	276,935	438,511	161,576	58%
Unrestricted	<u>415,416</u>	<u>550,794</u>	<u>419,608</u>	<u>(131,186)</u>	-24%
Total net assets	<u>\$ 2,795,370</u>	<u>\$ 2,982,166</u>	<u>\$ 2,951,597</u>	<u>\$ (30,569)</u>	-1%

Charter Township of Fenton

Management's Discussion and Analysis (Continued)

	Governmental Activities				Percent Change
	2007	2008	2009	Change	
Revenue					
Program revenue:					
Charges for services	\$ 1,729,263	\$ 1,765,068	\$ 1,875,169	\$ 110,101	6%
Operating grants	6,598	23,858	6,780	(17,078)	-72%
Capital grants	124,528	-	8,610	8,610	
General revenue:					
Property taxes	797,825	816,655	818,998	2,343	0%
State-shared revenue	892,203	908,216	795,166	(113,050)	-12%
Investment earnings	56,675	34,093	26,752	(7,341)	-22%
Other revenue	184,443	210,373	208,944	(1,429)	-1%
Total revenue	<u>3,791,535</u>	<u>3,758,263</u>	<u>3,740,419</u>	<u>(17,844)</u>	0%
Program Expenses					
General government	1,144,007	1,207,950	1,233,113	25,163	2%
Legislative	59,464	65,703	52,283	(13,420)	-20%
Public safety	1,270,769	1,301,799	1,365,027	63,228	5%
Public works	916,161	951,252	1,078,100	126,848	13%
Interest on long-term debt	95,588	44,763	42,465	(2,298)	-5%
Total expenses	<u>3,485,989</u>	<u>3,571,467</u>	<u>3,770,988</u>	<u>199,521</u>	6%
Change in Net Assets	<u>\$ 305,546</u>	<u>\$ 186,796</u>	<u>\$ (30,569)</u>	<u>\$ (217,365)</u>	-116%

The governmental net assets decreased 1 percent from a year ago - decreasing from \$2,982,166 to \$2,951,597. In contrast, last year's net assets increased by 7 percent.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations - decreased by \$131,186 for the governmental activities. This represents an decrease of approximately 24 percent. The current level of unrestricted net assets for our governmental activities stands at \$419,608, which may be used to meet the Township's ongoing obligations to citizens and creditors.

Charter Township of Fenton

Management's Discussion and Analysis (Continued)

Business-type Activities

The following table shows, in a condensed format, the current year's net assets and changes in net assets, compared to the prior two years (in thousands of dollars):

	Business-Type Activities				Percent Change
	2007	2008	2009	Change	
Other assets	\$ 6,963,619	\$ 2,914,942	\$ 3,566,216	\$ 651,274	22%
Capital assets	<u>39,078,968</u>	<u>41,943,903</u>	<u>43,222,956</u>	<u>1,279,053</u>	3%
Total assets	46,042,587	44,858,845	46,789,172	1,930,327	4%
Current liabilities	1,244,145	1,243,906	840,132	(403,774)	-32%
Long-term liabilities	<u>33,882,972</u>	<u>32,015,307</u>	<u>33,133,772</u>	<u>1,118,465</u>	3%
Total liabilities	<u>35,127,117</u>	<u>33,259,213</u>	<u>33,973,904</u>	<u>714,691</u>	2%
Net assets:					
Invested in capital assets, net of related debt	9,294,337	10,251,634	10,570,479	318,845	3%
Unrestricted	<u>1,621,133</u>	<u>1,347,998</u>	<u>2,244,789</u>	<u>896,791</u>	67%
Total net assets	<u>\$ 10,915,470</u>	<u>\$ 11,599,632</u>	<u>\$ 12,815,268</u>	<u>\$ 1,215,636</u>	10%

	Business-Type Activities				Percent Change
	2007	2008	2009	Change	
Operating revenue	\$ 6,160,916	\$ 6,038,474	\$ 6,027,438	\$ (11,036)	0%
Operating expenses, other than depreciation	2,660,076	3,191,076	2,697,928	(493,148)	-15%
Depreciation and amortization	<u>938,664</u>	<u>939,874</u>	<u>956,508</u>	<u>16,634</u>	2%
Operating income (loss)	2,562,176	1,907,524	2,373,002	465,478	24%
Property tax revenue	87,527	83,918	10	(83,908)	-100%
Interest income	170,512	84,278	8,110	(76,168)	-90%
Interest expense	1,292,916	1,442,095	1,354,544	(87,551)	-6%
Nonoperating expenses	3,769	4,213	2,860	(1,353)	-32%
Nonoperating revenue	-	-	125,428	125,428	
Capital contributions	<u>129,769</u>	<u>54,750</u>	<u>66,490</u>	<u>11,740</u>	21%
Change in Net Assets	<u>\$ 1,653,299</u>	<u>\$ 684,162</u>	<u>\$ 1,215,636</u>	<u>\$ 531,474</u>	78%

The Township's business-type activities consist of the Sewer Fund. The net assets of business type activities increased by 10 percent. In contrast to last year's net assets increased by 6.3 percent. Unrestricted net assets of the business-type activities increased by \$896,791 or 67 percent.

Charter Township of Fenton

Management's Discussion and Analysis (Continued)

The Township Funds

The following table shows the total governmental fund activity, on a modified accrual basis:

	Governmental Funds				Percent Change
	2007	2008	2009	Change	
Revenue					
Property taxes	\$ 797,825	\$ 816,655	\$ 818,998	\$ 2,343	0%
Charges for services	322,051	332,858	388,910	56,052	17%
Licenses and permits	70,769	52,971	35,899	(17,072)	-32%
State-shared revenues	892,203	908,216	795,166	(113,050)	-12%
Federal, state, and local grants	51,826	46,260	25,022	(21,238)	-46%
Cable franchise fees	184,443	200,373	208,944	8,571	4%
Fines and forfeitures	20,391	26,496	14,444	(12,052)	-45%
Interest and rentals	56,675	34,093	26,752	(7,341)	-22%
Special assessments	<u>1,301,976</u>	<u>1,373,609</u>	<u>1,436,930</u>	<u>63,321</u>	5%
Total revenue	<u>3,698,159</u>	<u>3,791,531</u>	<u>3,751,065</u>	<u>(40,466)</u>	-1%
Expenditures					
Current:					
General government	1,156,096	1,153,384	1,066,879	(86,505)	-8%
Legislative	59,464	65,703	52,283	(13,420)	-20%
Public safety	1,532,333	1,193,701	1,230,034	36,333	3%
Public works	983,089	928,661	1,055,509	126,848	14%
Debt service	<u>215,624</u>	<u>243,265</u>	<u>225,696</u>	<u>(17,569)</u>	-7%
Total expenditures	<u>3,946,606</u>	<u>3,584,714</u>	<u>3,630,401</u>	<u>45,687</u>	1%
Excess of Revenue Over (Under)					
Expenditures	(248,447)	206,817	120,664	(86,153)	-42%
Other Financing Sources (Uses)					
Proceeds from sales of capital assets	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>	-100%
Total other financing sources (uses)	-	10,000	-	(10,000)	-100%
Net Change in Fund Balance	(248,447)	216,817	120,664	(96,153)	-44%
Fund Balances - Beginning of year	<u>1,079,311</u>	<u>830,864</u>	<u>1,047,681</u>	<u>216,817</u>	26%
Fund Balances - End of year	<u>\$ 830,864</u>	<u>\$ 1,047,681</u>	<u>\$ 1,168,345</u>	<u>\$ 120,664</u>	12%

Charter Township of Fenton

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

As the Township completed the year, its General Fund reported a fund balance of \$687,475. This represents an increase of \$21,269 from the prior year. The Township's General Fund revenues excluding other financing sources were \$2.18 million. Property taxes were \$818,998 or 38 percent of the total revenue. State revenue sharing made up \$795,166 or 36 percent of total revenue.

Capital Asset and Debt Administration

At the end of 2009, the Township had invested \$12.6 million in capital assets, net of related debt. This amount complies with methods established by the Governmental Accounting Standards Board (GASB).

Long-term Debt

At year end the Township had \$1 million in governmental long-term debt, including \$100,000 in special assessment debt. In the Sewer Enterprise Fund the Township has \$33 million in bonds outstanding.

Economic Factors and Next Year's Budgets and Rates

Revenue sharing remains a significant budgetary concern at this time. The State of Michigan is experiencing significant structural budget problems, and as it looks for solutions, revenue share has dwindled.

The budget for 2009 was amended as required by State law. Both the original and amended budgets have been shown in this document for 2009. The Township has again produced a timely budget for 2010.

Contacting the Township Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Fenton Township office.

Charter Township of Fenton

Statement of Net Assets December 31, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,224,913	\$ 2,039,985	\$ 4,264,898
Receivables	1,276,910	823,172	2,100,082
Internal balances	(1,672)	1,672	-
Prepaid items	85,041	256,525	341,566
Restricted assets - Cash and cash equivalents	-	444,862	444,862
Capital assets:			
Assets not subject to depreciation	129,182	13,433,696	13,562,878
Assets subject to depreciation	2,636,812	29,789,260	32,426,072
Total assets	6,351,186	46,789,172	53,140,358
Liabilities			
Accounts payable	310,165	119,860	430,025
Accrued interest payable	-	296,717	296,717
Due to other governmental units	79,643	-	79,643
Deposits payable	19,890	-	19,890
Accrued liabilities and other	32,135	-	32,135
Deferred revenue	1,951,150	423,555	2,374,705
Noncurrent liabilities: (Note 7)			
Due within one year	221,542	1,581,751	1,803,293
Due in more than one year	785,064	31,552,021	32,337,085
Total liabilities	3,399,589	33,973,904	37,373,493
Net Assets			
Invested in capital assets - Net of related debt	2,093,478	10,570,479	12,663,957
Restricted for:			
Fire operations	278,698	-	278,698
Waste Collection	59,918	-	59,918
Mosquito	99,895	-	99,895
Unrestricted	419,608	2,244,789	2,664,397
Total net assets	<u>\$ 2,951,597</u>	<u>\$ 12,815,268</u>	<u>\$ 15,766,865</u>

Charter Township of Fenton

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,233,113	\$ 287,320	\$ -	\$ 8,610
Legislative	52,283	-	-	-
Public safety	1,365,027	700,315	-	-
Public works	1,078,100	887,534	6,780	-
Interest on long-term debt	42,465	-	-	-
Total governmental activities	3,770,988	1,875,169	6,780	8,610
Business-type activities:				
Sewer Fund	5,011,840	6,152,866	-	66,490
Total primary government	\$ 8,782,828	\$ 8,028,035	\$ 6,780	\$ 75,100
General revenues:				
Taxes and collection fees				
State-shared revenue				
Interest				
Cable franchise fees				
Total general revenues				
Change in Net Assets				
Net Assets - Beginning of year				
Net Assets - End of year				

Statement of Activities
Year Ended December 31, 2009

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (937,183)	\$ -	\$ (937,183)
(52,283)	-	(52,283)
(664,712)	-	(664,712)
(183,786)	-	(183,786)
<u>(42,465)</u>	<u>-</u>	<u>(42,465)</u>
(1,880,429)	-	(1,880,429)
<u>-</u>	<u>1,207,516</u>	<u>1,207,516</u>
(1,880,429)	1,207,516	(672,913)
818,998	10	819,008
795,166	-	795,166
26,752	8,110	34,862
<u>208,944</u>	<u>-</u>	<u>208,944</u>
<u>1,849,860</u>	<u>8,120</u>	<u>1,857,980</u>
(30,569)	1,215,636	1,185,067
<u>2,982,166</u>	<u>11,599,632</u>	<u>14,581,798</u>
<u>\$ 2,951,597</u>	<u>\$ 12,815,268</u>	<u>\$ 15,766,865</u>

Charter Township of Fenton

Governmental Funds Balance Sheet December 31, 2009

	General Fund	Waste Collection Fund	Fire Fund	Non-Major Funds	Total
Assets					
Cash and cash equivalents	\$ 911,665	\$ 566,652	\$ 522,144	\$ 224,452	\$ 2,224,913
Receivables:					
Property taxes receivable	248,263	270,047	265,834	-	784,144
Special assessments receivable	17,990	-	-	119,273	137,263
Accounts	55,686	390	-	76	56,152
Accrued interest receivable	1,634	-	-	-	1,634
Due from other governmental units	280,917	-	16,800	-	297,717
Due from other funds	14,686	-	-	-	14,686
Prepaid items	55,914	-	29,127	-	85,041
Total assets	\$ 1,586,755	\$ 837,089	\$ 833,905	\$ 343,801	\$ 3,601,550
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 246,550	\$ 59,665	\$ 3,950	\$ -	\$ 310,165
Due to other governmental units	79,643	-	-	-	79,643
Due to other funds	2,107	1,400	12,051	800	16,358
Deposits payable	19,890	-	-	-	19,890
Accrued liabilities and other: Deferred revenue	551,090	716,106	531,505	208,448	2,007,149
Total liabilities	899,280	777,171	547,506	209,248	2,433,205
Fund Balances					
Reserved for	55,914	-	29,127	-	85,041
Unreserved, reported in:					
General Fund:					
Undesignated	631,561	-	-	-	631,561
Special Revenue Funds:					
Undesignated	-	59,918	257,272	99,895	417,085
Debt Service Funds:					
Undesignated	-	-	-	34,658	34,658
Total fund balances	687,475	59,918	286,399	134,553	1,168,345
Total liabilities and fund balances	\$ 1,586,755	\$ 837,089	\$ 833,905	\$ 343,801	\$ 3,601,550

Charter Township of Fenton

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets Year Ended December 31, 2009

Fund Balance Reported in Governmental Funds	\$ 1,168,345
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	2,765,994
Special assessment receivables expected to be collected over seven years, such that they are not available to pay for current year expenditures, are not recognized in the funds	55,999
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(772,516)
Accrued interest is not due and payable in the current period and is not reported in the funds	(32,135)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(111,748)
Other long-term liabilities, such as net post employment obligations, do not present a claim on current financial resources and are not reported as fund liabilities	<u>(122,342)</u>
Net Assets of Governmental Activities	<u><u>\$ 2,951,597</u></u>

Charter Township of Fenton

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2009

	General Fund	Waste Collection Fund	Fire Fund	Non-Major Funds	Total
Revenue					
Taxes and collection fees	\$ 818,998	\$ -	\$ -	\$ -	\$ 818,998
Licenses and permits	35,899	-	-	-	35,899
State revenue	820,188	-	-	-	820,188
Charges for services	258,200	-	130,710	-	388,910
Fines and forfeits	14,444	-	-	-	14,444
Interest	22,053	992	2,240	1,467	26,752
Other revenue	208,944	716,567	530,140	190,223	1,645,874
Total revenue	2,178,726	717,559	663,090	191,690	3,751,065
Expenditures - Current					
General government	1,066,879	-	-	-	1,066,879
Legislative	52,283	-	-	-	52,283
Public safety	707,073	-	522,961	-	1,230,034
Public works	181,299	719,662	-	154,548	1,055,509
Debt Service					
Principal	116,483	-	11,750	55,000	183,233
Interest	33,440	-	1,000	8,023	42,463
Total expenditures	2,157,457	719,662	535,711	217,571	3,630,401
Net Change in Fund Balances	21,269	(2,103)	127,379	(25,881)	120,664
Fund Balances - Beginning of year	666,206	62,021	159,020	160,434	1,047,681
Fund Balances - End of year	\$ 687,475	\$ 59,918	\$ 286,399	\$ 134,553	\$ 1,168,345

Charter Township of Fenton

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2009

Net Change in Fund Balances - Total Governmental Funds \$ 120,664

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	19,084
Depreciation expense	(216,886)
Donated asset	8,610

Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end (19,256)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 183,233

Increase in accumulated employee sick and vacation pay, other post employment benefit obligations and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment (126,018)

Change in Net Assets of Governmental Activities **\$ (30,569)**

Charter Township of Fenton

Proprietary Fund Statement of Net Assets December 31, 2009

	<u>Enterprise Fund</u> <u>Sewer Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,039,985
Receivables:	
Delinquent usage receivable	315,299
Accounts	17,805
User fees	473,178
Connection fees	16,890
Due from other funds	2,107
Prepaid items	<u>256,525</u>
Total current assets	3,121,789
Noncurrent assets:	
Restricted assets - Cash and cash equivalents	444,862
Capital assets	<u>43,222,956</u>
Total noncurrent assets	<u>43,667,818</u>
Total assets	46,789,607
Liabilities	
Current liabilities:	
Accounts payable	119,860
Accrued interest payable	296,717
Due to other funds	435
Deferred revenue	423,555
General obligation contracts payable - Current	<u>1,581,751</u>
Total current liabilities	2,422,318
Noncurrent liabilities:	
Net OPEB obligation	36,433
General obligation contracts payable - Long-term	<u>31,515,588</u>
Total noncurrent liabilities	<u>31,552,021</u>
Total liabilities	<u>33,974,339</u>
Net Assets	
Invested in capital assets - Net of related debt	10,570,479
Unrestricted	<u>2,244,789</u>
Total net assets	<u><u>\$ 12,815,268</u></u>

Charter Township of Fenton

Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2009

	<u>Enterprise Fund</u> <u>Sewer Fund</u>
Operating Revenue	
Charges for services	\$ 6,027,438
Total operating revenue	6,027,438
Operating Expenses	
Sewer treatment fees	1,715,549
Other contractual services	460,031
Equipment repairs and maintenance	78,151
Insurance	48,249
Billing fees and postage	6,120
Administrative expense	251,433
Utilities	87,581
Miscellaneous	50,814
Depreciation	956,508
Total operating expenses	<u>3,654,436</u>
Operating Income	2,373,002
Nonoperating Revenue (Expenses)	
Property tax revenue	10
Investment income	8,110
Bond interest expense	(1,354,544)
Bond agent fees	(2,860)
Other nonoperating revenue	125,428
Income - Before contributions	<u>1,149,146</u>
Capital Contributions	
Tap in fees	66,490
Change in Net Assets	1,215,636
Net Assets - Beginning of year	<u>11,599,632</u>
Net Assets - End of year	<u><u>\$ 12,815,268</u></u>

Charter Township of Fenton

Proprietary Fund Statement of Cash Flows Year Ended December 31, 2009

	Enterprise Fund Sewer Fund
Cash Flow from Operating Activities	
Receipts from customers	\$ 6,213,001
Payments to suppliers	(2,860,410)
Internal activity - Payments to other funds	(214,902)
Net cash provided by operating activities	<u>3,137,689</u>
Cash Flows from Capital and Related Financing Activities	
Tap in fees	68,093
Property taxes (restricted for capital or capital debt)	10
Purchase of capital assets	(2,235,561)
Principal and interest paid on capital debt	(2,854,449)
Proceeds for issuance of bonds	2,560,063
Miscellaneous revenue	125,428
Net cash used in capital and related financing activities	<u>(2,336,416)</u>
Cash Flows from Investment Activities	
Interest received on investments	<u>6,686</u>
Net Increase in Cash and Cash Equivalents	807,959
Cash and Cash Equivalents - Beginning of year	<u>1,676,888</u>
Cash and Cash Equivalents - End of year	<u><u>\$ 2,484,847</u></u>
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and investments	\$ 2,039,985
Restricted cash	444,862
Total cash and cash equivalents	<u><u>\$ 2,484,847</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 2,373,002
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation and amortization	956,508
Changes in assets and liabilities:	
Receivables	185,563
Prepaid and other assets	(256)
Accounts payable	(413,659)
Due to other funds	98
Net OPEB obligation	36,433
Net cash provided by operating activities	<u><u>\$ 3,137,689</u></u>

Charter Township of Fenton

Fiduciary Funds Statement of Fiduciary Net Assets December 31, 2009

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 5,595,589
Total assets	<u>\$ 5,595,589</u>
Liabilities	
Accounts payable	\$ 2,314
Due to other governmental units	5,986
Deposits payable	219,015
Undistributed taxes	<u>5,368,274</u>
Total liabilities	<u>\$ 5,595,589</u>

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Fenton (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Fenton:

Reporting Entity

The Charter Township of Fenton is governed by an elected seven-member board. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Charter Township of Fenton and any component units. Accounting principles require that a component unit be included in the Township's reporting entity when there exists a significant operational or financial relationship with the Township. The Township had no component units at December 31, 2009.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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 are reported as a separate column in the fund financial statements.

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note I - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

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

The Waste Collection Fund is used to account for the customer charges which are to be used to pay contracted services for rubbish collection.

The Fire Fund is used to account for the revenues and expenditures related to fire protection.

The Township reports the following major proprietary fund:

The Sewer Disposal System is a separate fund maintained for the operations of the sewage pumping system that transmit the sewage to Genesee County's treatment plant.

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

Additionally, the Township reports the following fund types:

The Township reports a Special Assessment Debt Service Fund which shows the principal and interest payments of special assessment debt.

The Mosquito Control Fund is used to account for the customer charges which are to be used to pay contracted services for mosquito control.

The Agency Funds account for assets held by the Township as an agent for individuals, private organization and other governments. Agency funds are reported as fiduciary funds and are not included in the government-wide statement of net assets and statement of activities.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

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

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Township's policy is to first apply restricted resources.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2008 tax is levied and collectible on December 1, 2008 and is recognized as revenue in the year ended December 31, 2009, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2008 taxable valuation of the Township totaled \$786 million, on which taxes levied consisted of 0.7122 mills for operating purposes. This resulted in \$559,655 for operating. These amounts are recognized in the respective General Fund financial statements as tax revenue.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

Property, plant, and equipment, of the primary government are depreciated using the straight-line method over the following useful lives:

Land improvements	15 years
Building and improvements	15-40 years
Sewer system infrastructure	50 years
Machinery and equipment	3-15 years
Furniture and fixtures	5 years
Roads	20 years

Compensated Absences (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay and the portion of sick that is determined to be payable are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are due and payable, for example, as a result of employee resignations and retirements.

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Other Postemployment Benefit Costs - The Township offers retiree health care benefits to retirees. The Township receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government wide and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Township 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 Township 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 or shortfall generated since January 1, 2000 is as follows:

Surplus (shortfall) at January 1, 2009		\$	(733,214)
Current year permit revenue			32,961
Related expenses:			
Direct costs	(59,995)		
Estimated indirect costs	<u>(92,497)</u>		<u>(152,492)</u>
Current year shortfall			<u>(119,531)</u>
Cumulative surplus (shortfall) at December 31, 2009		\$	<u>(852,745)</u>

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 3 - 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 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.

The Township has designated three banks for the deposit of its funds. The investment policy adopted by the board 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 Township's deposits and investment policies are in accordance with statutory authority.

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had no bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Township 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 4 - Deferred Revenue

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 the end of the current fiscal year, the various components of deferred revenue are as follows:

	Governmental Funds			Enterprise Funds
	Unavailable	Unearned	Total	
Property taxes and special assessments	\$ 55,999	\$ 1,951,150	\$ 2,007,149	\$ -
User fees	-	-	-	423,555

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 5 - Capital Assets

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

	Balance January 1, 2009	Additions	Disposals	Balance December 31, 2009	
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 120,572	\$ 8,610	\$ -	\$ 129,182	
Subtotal	120,572	8,610	-	129,182	
Capital assets being depreciated:					
Roads	451,827	-	-	451,827	
Buildings and improvements	2,192,431	2,577	-	2,195,008	
Machinery and equipment	2,224,473	13,200	-	2,237,673	
Furniture and fixtures	16,172	-	-	16,172	
Land Improvements	232,140	3,307	-	235,447	
Subtotal	5,117,043	19,084	-	5,136,127	
Accumulated depreciation:					
Roads	141,195	22,591	-	163,786	
Buildings and improvements	485,543	59,329	-	544,872	
Machinery and equipment	1,518,406	119,530	-	1,637,936	
Furniture and fixtures	16,174	-	-	16,174	
Land improvements	121,111	15,436	-	136,547	
Subtotal	2,282,429	216,886	-	2,499,315	
Net capital assets being depreciated	2,834,614	(197,802)	-	2,636,812	
Net capital assets	\$ 2,955,186	\$ (189,192)	\$ -	\$ 2,765,994	
Business-type Activities					
Capital assets not being depreciated:					
Construction in progress	\$ 12,148,587	\$ (922,042)	\$ 2,357,534	\$ (150,383)	\$ 13,433,696
Subtotal	12,148,587	(922,042)	2,357,534	(150,383)	13,433,696
Capital assets being depreciated:					
Buildings	47,990	-	-	-	47,990
Improvements other than buildings	43,561,942	922,042	28,410	-	44,512,394
Subtotal	43,609,932	922,042	28,410	-	44,560,384
Accumulated depreciation:					
Buildings	14,397	-	1,600	-	15,997
Improvements other than buildings	13,800,219	-	954,908	-	14,755,127
Subtotal	13,814,616	-	956,508	-	14,771,124
Net capital assets being depreciated	29,795,316	922,042	(928,098)	-	29,789,260
Net capital assets	\$ 41,943,903	\$ -	\$ 1,429,436	\$ (150,383)	\$ 43,222,956

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 5 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 58,804
Public safety	135,491
Public works	<u>22,591</u>
Total governmental activities	<u>\$ 216,886</u>
Business-type activities:	
Sewer	<u>\$ 956,508</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General	Fire	\$ 12,051
	Sewer	435
	Solid Waste	1,400
	Mosquito	<u>800</u>
	Total General	14,686
Sewer	General	<u>2,107</u>
	Total	<u>\$ 16,793</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 7 - Long-term Debt

The Township was a participant in the county-wide sanitary sewer construction program. This program was financed by general obligation bonds issued by Genesee County. The Township was obligated to assume the portion of the total debt for the construction of the sewer system within its boundaries. The sewer contracts are supported by the full faith and credit of the Township. Significant details regarding the Township's obligations under this program, and details regarding other long-term liabilities, are as follows:

	Principal Outstanding December 31, 2009
General obligation contracts payable at December 31, 2009, in the Sewer Fund are comprised of the following individual issues:	
\$1,240,000 Ripley Rolston contract due in annual installments of \$75,000 to \$100,000 through October 1, 2017, interest at 5 to 5.5 percent	\$ 725,000
\$4,000,000 Sewage Disposal System No. 3 Bonds Series 2003A contract due in annual installments of \$125,000 to \$250,000 through December 1, 2024, interest at 4.05 percent	3,275,000
\$4,600,000 Sewage Disposal System No. 3 Bonds Series 2004B contract due in annual installments of \$100,000 to \$400,000 through April 2024, interest at 5 percent	4,200,000
\$8,000,000 Improvement Projects Series 2004A contract due in annual installments of \$250,000 to \$700,000 through April 2024, interest at 5 percent	6,900,000
\$4,419,010 Refinancing of Sewer Disposal System No. 3 Series 1996A contract due in annual installments of \$25,613 to \$462,733 through May 1, 2016, interest at 2.5 to 5 percent	3,196,440
\$11,000,000 2007 General Obligation Limited Tax Capital Improvement Bonds contract due in annual installments of \$345,000 to \$810,000 through September 1, 2027, interest at 4 to 4.5 percent	10,290,000
\$1,990,667 Refinancing of Sewer Disposal System No. 3 Series 2007 contract due in annual installments of \$7,091 to \$320,847 through April 1, 2019, interest at 4 percent	1,910,898
\$2,600,000 2009 General Obligation Limited Tax Capital Improvement Bonds contract due in annual installments of \$95,000 to \$205,000 through November 1, 2029, interest at 4.875 percent.	<u>2,600,000</u>
	<u>\$ 33,097,338</u>

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 7 - Long-term Debt (Continued)

	Principal Outstanding December 31, 2009
Governmental long-term debt payable at December 31, 2009 consists of the following liabilities:	
Installment obligation to Genesee County Road Commission payable in annual installments ranging from \$45,183 to \$89,646, through September 1, 2010, plus interest ranging from 5.083 to 6.96 percent, secured by the Township's limited tax full faith and credit	\$ 90,366
Installment purchase obligation to the State Bank, payable in annual installments of \$11,750 through July 1, 2010, plus interest at 4 percent, secured by the Township's limited tax full faith and credit	11,750
Installment purchase obligation to the State Bank, payable in annual installments of \$71,300 through April 1, 2017, plus interest at 4.5 percent, secured by the Township's limited tax full faith and credit	570,400
Special Assessment Debt with Governmental Commitment Bonds payable to Citizens Banking Corporation, payable in Woodhull Landing Special Assessment Road Improvement Project and the Township's limited tax full faith and credit	100,000
Compensated absences	111,748
Total general long-term debt	<u>\$ 884,264</u>

A summary of changes in long-term debt during 2009 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Notes payable:					
Genesee County Road Commission	\$ 135,549	\$ -	\$ 45,183	\$ 90,366	\$ 45,183
The State Bank	23,500	-	11,750	11,750	11,750
The State Bank	641,700	-	71,300	570,400	71,300
Special assessment debt with governmental commitment:					
Standard Federal	25,000	-	25,000	-	-
Citizens Banking Corporation	130,000	-	30,000	100,000	30,000
Total notes payable	955,749	-	183,233	772,516	158,233
Net post employment benefit obligation	-	128,052	5,710	122,342	-
Accumulated sick and vacation time	108,072	63,311	59,635	111,748	63,309
Total governmental activities	<u>\$ 1,063,821</u>	<u>\$ 191,363</u>	<u>\$ 248,578</u>	<u>\$ 1,006,606</u>	<u>\$ 221,542</u>

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 7 - Long-term Debt (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
General obligation contracts:					
Ripley Rolston Contract	\$ 800,000	\$ -	\$ 75,000	\$ 725,000	\$ 75,000
Sewer Disposal System No. 3 2003A	3,450,000	-	175,000	3,275,000	175,000
Sewage Disposal System No. 3 2004B	4,300,000	-	100,000	4,200,000	100,000
Improvement Projects Series 2004 A Sewer Disposal System No. 3	7,200,000	-	300,000	6,900,000	325,000
1996A-Refunding	3,626,730	-	430,290	3,196,440	449,073
District 3 Expansion (98) Refunding 2007	1,983,577	-	72,679	1,910,898	72,678
General Obligation Capital Improvement Bonds 2007	10,655,000	-	365,000	10,290,000	385,000
General Obligation Capital Improvement Bonds 2009	-	2,600,000	-	2,600,000	-
	32,015,307	2,600,000	1,517,969	33,097,338	1,581,751
Net post employment benefit obligation	-	36,434	-	36,434	-
Total business-type activities	\$ 32,015,307	\$ 2,636,434	\$ 1,517,969	\$ 33,133,772	\$ 1,581,751

Annual requirements to amortize all debt outstanding as of December 31, 2009, including interest payments, are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 158,233	\$ 34,971	\$ 193,204	\$ 1,581,751	\$ 1,421,752	\$ 3,003,503
2011	151,483	27,337	178,820	1,760,924	1,358,425	3,119,349
2012	106,300	20,244	126,544	1,853,838	1,285,312	3,139,150
2013	71,300	16,043	87,343	1,923,590	1,203,428	3,127,018
2014	71,300	12,834	84,134	2,020,310	1,113,780	3,134,090
2015-2019	213,900	19,252	233,152	10,516,925	4,206,950	14,723,875
2020-2024	-	-	-	10,190,000	2,086,157	12,276,157
2025-2029	-	-	-	3,250,000	411,207	3,661,207
Total	\$ 772,516	\$ 130,681	\$ 903,197	\$ 33,097,338	\$ 13,087,011	\$ 46,184,349

Act 359, Public Acts of State 1947, as amended, provides that net indebtedness of municipalities cannot exceed 10 percent of the assessed real and personal property in the Township. As of December 31, 2009, the Charter Township of Fenton incurred \$582,150 applicable to the limitation (the sewer utility contracts and special assessment debt are excluded from the limitation). The Township's debt limit is \$94,540,145.

A discount on the 2007 General Obligation Capital Improvement Bonds was \$109,142 and is being amortized over the life of the bond. The unamortized portion of the discount is \$95,499 at December 31, 2009.

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 7 - Long-term Debt (Continued)

Future Revenues Pledged for Debt Payment - The above contractual obligations to the County are a result of the County issuance of bonds on the Township's behalf. The Township has pledged substantially all revenue of the Sewer fund, net of operating expenses, to repay the obligations; in addition, it has pledged to raise property taxes, to the extent permitted by law, if necessary to fund the obligation to repay the County. Proceeds from the County bonds provided financing for sewer improvements. The remaining principal and interest to be paid on the bonds is \$22,955,691. During the current year, net revenues of the system were \$2,573,040 compared to the annual debt requirements of \$1,452,584.

Note 8 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for employees injuries and medical benefit claims and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss, torts, errors, and omissions and sewer discharge claims; the Township is uninsured for unemployment claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

The Township estimates the liability for unemployment and sewer discharge claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. The Township has not incurred or paid claims over the past two years and there is no unpaid claim balance at the beginning or ending of the year for unemployment claims. The Township incurred \$48,065 in sewer discharge claims during the year. There were \$38,742 unpaid claims balance at the beginning of the year and \$0 at the end of the year (included in accounts payable).

Note 9 - Restricted Assets

The balance of the restricted asset account is as follows:

	<u>Business-type Activities</u>
Unspent bond proceeds	<u>\$ 444,862</u>

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 10 - Defined Contribution Pension Plan

The Township has a defined contribution pension plan covering all eligible employees who wish to participate. The plan is administered by John Hancock Life Insurance Company. By Township ordinance, the Township contributes 10 percent and employees contribute 5 percent of wages to the plan. The employee may voluntarily contribute in excess of that amount. Benefits are fully vested after 20 months of service with the benefit payable at age 55, or retirement, if later. Employees between the ages of 18 and 65 with at least 90 days of service who wish to participate may elect coverage on January 1, of the plan year. Total payroll and covered payroll for the year was \$913,478 and \$625,261 respectively. The Township's 2009 contributions were \$60,716. Employees contributed \$41,889 during 2009.

Note 11 - Other Postemployment Benefits

Plan Description - The Township provides retiree health care benefits to certain active employees after they retire or leave office. This is a single employer defined benefit plan administered by the Township. The benefits are provided under an ordinance passed by the Township.

Funding Policy -The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). The Township has elected to use an actuary to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan member.

Funding Progress - For the year ended December 31, 2009 the Township has estimated the cost of providing retiree health care benefits through an actuarial valuation as of December 31, 2008. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	<u>\$ 164,485</u>
Annual OPEB cost	164,485
Amounts contributed:	
Payments of current premiums	<u>(5,710)</u>
Increase in net OPEB obligation	<u>158,775</u>
OPEB obligation - end of year	<u>\$ 158,775</u>

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 11 - Other Postemployment Benefits (Continued)

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/09	12/31/08	\$ 164,485	3.5

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)
12/31/08	\$ -	\$ 1,380,749	\$ 1,380,749	-

Actuarial Methods and Assumptions -

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

The following assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 55, or at the first subsequent year in which the member would qualify for benefits.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics.

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

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections of the NIH National Health Expenditure Projections, 2008-2018.

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 11 - Other Postemployment Benefits (Continued)

Health insurance premiums - 2009 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate - The expected long-term inflation assumption of 3.30% percent was based on past trend of wage increases.

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

Based on the historical and expected returns of the Township's short-term investment portfolio, a discount rate of 4.8 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was thirty years.

Note 12 - Accounting and Reporting Change

During the year, the Township implemented Governmental Accounting Standards Board's Statement No. 45, Accounting and Reporting by Employers for Postemployment Benefits Other Than Pension. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any other postemployment benefits (other than pensions). The new pronouncement causes the government-wide statements and the proprietary funds to recognize the cost of providing retiree healthcare expenses over the working life of the employee, rather than at the time the healthcare expenses are paid. This statement was implemented prospectively. Implementing the statement caused an additional expense to be reported in the governmental activities of \$122,342 and the business-type activities of \$36,433 in excess of what would have been reported in prior years.

Note 13 - Upcoming Accounting Pronouncements

In June 2007, the GASB issued Statement No. 51, Accounting and Financial Reporting for Intangible Assets, effective for the Township's 2010 fiscal year end. This Statement requires capitalization of identifiable intangible assets in the statement of net assets and provides guidance for amortization of intangible assets unless they are considered to have an indefinite useful life. This statement also establishes specified conditions upon which internally generated intangible assets should be recognized and amortized, including internally generated computer software. The Township is currently evaluating the impact this standard will have on the financial statements when adopted.

Charter Township of Fenton

Notes to Financial Statements December 31, 2009

Note 13 - Upcoming Accounting Pronouncements (Continued)

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned and unassigned. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The Township will implement Statement No. 54 beginning with the fiscal year ended December 31, 2011.

Required Supplemental Information

Charter Township of Fenton

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes and collection fees	\$ 833,500	\$ 823,000	\$ 818,998	\$ (4,002)
Licenses and permits	58,800	58,400	35,899	(22,501)
Federal grants	10,000	10,000	-	(10,000)
State revenue	904,600	863,400	820,188	(43,212)
Charges for services	230,200	249,400	258,200	8,800
Fines and forfeits	27,000	27,000	14,444	(12,556)
Interest	27,000	28,500	22,053	(6,447)
Other revenue:				
Cable franchise fees	200,000	205,000	208,944	3,944
Total revenue	2,291,100	2,264,700	2,178,726	(85,974)
Expenditures - Current				
General government	1,188,000	1,139,800	1,066,879	72,921
Legislative	91,300	78,900	52,283	26,617
Public safety	701,200	732,600	707,073	25,527
Public works	160,677	200,777	181,299	19,478
Debt Service:				
Principal	116,483	116,483	116,483	-
Interest	33,440	33,440	33,440	-
Total expenditures	2,291,100	2,302,000	2,157,457	144,543
Net Change in Fund Balance	-	(37,300)	21,269	58,569
Fund Balance - Beginning of year	666,206	666,206	666,206	-
Fund Balance - End of year	\$ 666,206	\$ 628,906	\$ 687,475	\$ 58,569

Charter Township of Fenton

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund - Fire Fund Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ 103,500	\$ 125,000	\$ 130,710	\$ 5,710
Interest	3,000	2,000	2,240	240
Other revenue:				
Special assessments	530,000	530,000	530,140	140
Total revenue	636,500	657,000	663,090	6,090
Expenditures - Current				
Public safety	623,200	633,700	522,961	110,739
Debt Service	13,300	13,300	12,750	550
Total expenditures	636,500	647,000	535,711	111,289
Net Change in Fund Balance	-	10,000	127,379	117,379
Fund Balance - Beginning of year	159,020	159,020	159,020	-
Fund Balance - End of year	<u>\$ 159,020</u>	<u>\$ 169,020</u>	<u>\$ 286,399</u>	<u>\$ 117,379</u>

Charter Township of Fenton

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund - Waste Collection Fund Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Interest	\$ 7,500	\$ 1,500	\$ 992	\$ (508)
Other revenue:				
Special assessments	700,000	716,000	716,567	567
Total revenue	707,500	717,500	717,559	59
Expenditures - Current				
Public works	712,000	722,500	719,662	2,838
Total expenditures	712,000	722,500	719,662	2,838
Net Change in Fund Balance	(4,500)	(5,000)	(2,103)	2,897
Fund Balance - Beginning of year	62,021	62,021	62,021	-
Fund Balance - End of year	<u>\$ 57,521</u>	<u>\$ 57,021</u>	<u>\$ 59,918</u>	<u>\$ 2,897</u>

Charter Township of Fenton

Note to Required Supplemental Information Year Ended December 31, 2009

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds, except that operating transfers and debt proceeds have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)". All annual appropriations lapse at fiscal year end.

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

1. A public hearing is held in conjunction with a regular board meeting.
2. The Township board adopts the budget on a departmental level at a regular board meeting.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level (i.e., the level at which expenditures may not legally exceed appropriations).

Other Supplemental Information

Charter Township of Fenton

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds December 31, 2009

	Special Revenue Fund		Debt Service Funds		Total Nonmajor Governmental Funds
	Mosquito Fund		Funds		Funds
Assets					
Cash and cash equivalents	\$ 189,794	\$	34,658	\$	224,452
Receivables:					
Special assessments receivable	63,274		55,999		119,273
Accounts	76		-		76
Total assets	\$ 253,144	\$	90,657	\$	343,801
Liabilities and Fund Balances					
Liabilities					
Due to other funds	\$ 800	\$	-	\$	800
Deferred revenue	152,449		55,999		208,448
Total liabilities	153,249		55,999		209,248
Fund Balances					
Unreserved, reported in					
Special Revenue Funds	99,895		-		99,895
Debt Service Funds	-		34,658		34,658
Total fund balances	99,895		34,658		134,553
Total liabilities and fund balances	\$ 253,144	\$	90,657	\$	343,801

Charter Township of Fenton

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended December 31, 2009

	Special Revenue Fund		Total Nonmajor Governmental Funds
	Mosquito Fund	Debt Service Funds	
Revenue			
Interest	\$ 444	\$ 1,023	\$ 1,467
Other revenue:			
Special assessments	152,588	37,635	190,223
Total revenue	153,032	38,658	191,690
Expenditures - Current			
Public works	154,548	-	154,548
Debt Service:			
Principal	-	55,000	55,000
Interest	-	8,023	8,023
Total expenditures	154,548	63,023	217,571
Net Change in Fund Balances	(1,516)	(24,365)	(25,881)
Fund Balances - Beginning of year	101,411	59,023	160,434
Fund Balances - End of year	\$ 99,895	\$ 34,658	\$ 134,553

Charter Township of Fenton

Other Supplemental Information Nonmajor Governmental Fund - Mosquito Fund Budgetary Comparison Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Interest	\$ 2,500	\$ 800	\$ 444	\$ (356)
Other revenue:				
Special assessments	150,000	152,000	152,588	588
Total revenue	152,500	152,800	153,032	232
Expenditures - Current				
Public works	160,000	160,000	154,548	5,452
Net Change in Fund Balance	(7,500)	(7,200)	(1,516)	5,684
Fund Balance - Beginning of year	101,411	101,411	101,411	-
Fund Balance - End of year	<u>\$ 93,911</u>	<u>\$ 94,211</u>	<u>\$ 99,895</u>	<u>\$ 5,684</u>

Charter Township of Fenton

Other Supplemental Information Agency Funds Statement of Assets and Liabilities December 31, 2009

	Agency Funds		
	Trust and Agency Fund	Current Tax Collection Fund	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 221,342	\$ 5,374,247	\$ 5,595,589
Total assets	<u>\$ 221,342</u>	<u>\$ 5,374,247</u>	<u>\$ 5,595,589</u>
Liabilities			
Accounts payable	\$ 2,314	\$ -	\$ 2,314
Due to other governmental units	13	5,973	5,986
Deposits payable	219,015	-	219,015
Undistributed taxes	-	5,368,274	5,368,274
Total liabilities	<u>\$ 221,342</u>	<u>\$ 5,374,247</u>	<u>\$ 5,595,589</u>

April 12, 2010

To the Board of Trustees
Charter Township of Fenton

We have audited the financial statements of Charter Township of Fenton (the "Fenton Township") for the year ended December 31, 2009 and have issued our report thereon dated April 12, 2010. Professional standards require that we provide you with the following information related to our audit which is divided into the following sections:

SECTION I – Communications Required Under SAS 115

SECTION II - Communications Required Under SAS 114

SECTION III – Legislative and Informational Items

Section I includes any deficiencies we observed in the government's accounting principles or internal controls that we believe are significant. Current auditing standards require us to formally communicate annually matters we note about the government's accounting policies and internal controls.

Section II includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the Board of Trustees of Fenton Township.

Section III contains updated legislative and informational items that we believe will be of interest to you.

We would like to take this opportunity to thank the government's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the Board of Trustees and management of Fenton Township and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications, and we would be willing to discuss any of these or other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC



Tadd Harburn, CPA

SECTION I - Communications Required Under SAS 115

In planning and performing our audit of the financial statements of Fenton Township as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the Board of Trustees, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

SECTION II - Communications Required Under SAS 114

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 22, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of Fenton Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on March 4, 2010.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Fenton Township are described in Note 1 to the financial statements.

As described in Note 12, the Government changed accounting policies related to GASB 45 for Other Postemployment Benefits. Accordingly, the accounting change has been prospectively applied to the current period presented.

We noted no transactions entered into by the Government during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were the useful lives for capital assets and the actuarial valuations of other post employment benefit obligations. Useful lives of capital assets are based on management's estimate of their useful lives. The actuarial valuation is based on key assumptions. We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements identified during the audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 12, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the government's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.

SECTION III – Legislative and Informational Items

GASB 54 - Redefining Fund Balance Components

The Governmental Accounting Standards Board has recently issued a new pronouncement, GASB #54 - Fund Balance Reporting and Governmental Fund Type Definitions. GASB #54 eliminates the current use of the terms “reserved” and “designated” in the reporting of fund balance, and replaces those terms with five new categories for segregating fund balance.

The Standard is effective for periods beginning after June 15, 2010.

Following are the new categories and related definitions to be used for describing the components of your fund balance:

- **Non-spendable** - Includes amounts either not in spendable form or legally or contractually required to be maintained intact. This would include inventory, prepaids, and non-current receivables.
- **Restricted** - Reflects the same definition as Restricted net assets: Constraints placed on the use of amounts are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or Imposed by law through constitutional provisions or enabling legislation. This would generally include amounts in bonded capital projects funds and debt service funds.
- **Committed** - Includes amounts that are committed for specific purposes by formal action of the government’s highest level of decision-making authority. Amounts classified as “committed” are not subject to legal enforceability like restricted fund balance; however, those amounts cannot be used for any other purpose unless the government removes or changes the limitation by taking the same form of action it employed to previously impose the limitation.
- **Assigned** - Amounts that are intended by the government to be used for specific purposes, but are neither restricted nor limited, should be reported as assigned fund balance. Intent should be expressed by the Board itself or a subordinate high-level body or official possessing the authority to assign amounts to be used for specific purposes in accordance with policy established by the Board. This would include ANY activity reported in a fund other than the General Fund.
- **Unassigned** - Includes any remaining amounts after applying the above definitions. Planned spending in the subsequent year’s budget would be included here and can no longer be described as “designated”.

The Standard also requires disclose in the financial statements of any minimum fund balance policies. We encourage the Township to become familiar with the new terms and definitions and work with the users of the financial statements to ensure a clear presentation and understanding of the new requirements.

Revenue Sharing (Updated March 30, 2010)

As you are aware, the last State budget passed in October 2009 had the effect of reducing revenue sharing to communities for 2009/10 from a total of \$1.037 billion to \$917.4 million. After the January Consensus, the Executive Budget Recommendation for 2010/11 was to maintain revenue sharing at the same total level of \$917.4 million although there was a slight shift from the Constitutional to the Statutory portion.

In March 2010, the House General Government Committee set forth a budget for 2010/11 that would have introduced a revenue sharing cut of 3.1%. The House Appropriations Committee rejected the cut and instead recommended an increase of 1%. This proposal has not yet passed, but appears to have support. The \$26 million needed for this proposal would come from closing some tax loopholes that currently exist.

The Senate Fiscal Agency website includes a listing of projected revenue sharing by community (including the 1% increase) at www.house.mi.gov/hfa/revenue.asp.

The table below details state shared revenue for the Township since 2000 broken out by statutory and constitutional portions.

<u>State Fiscal Year</u>	<u>Statutory</u>	<u>Constitutional</u>	<u>Total</u>	<u>Decrease from 2000</u>
2000	\$103,120	\$682,820	\$785,940	\$ -
2001	147,565	841,521	989,086	203,146
2002	137,195	850,095	987,290	203,150
2003	105,537	864,486	970,023	184,083
2004	16,716	855,095	871,811	85,871
2005	-	875,502	875,502	89,562
2006	-	890,408	890,408	104,468
2007	-	871,907	871,907	85,967
2008	-	901,015	901,015	115,075
2009	-	849,766	849,766	63,826
2010	-	794,092	794,092	8,152
2011 Estimate	4,578	789,514	794,092	8,152

PCI Compliance Rules for Governments Accepting Credit Card Payments

Payment Card Industry (PCI) is an industry group created by Visa, Discover and other credit card issuers. To protect their cardholders from the increasing number of incidences of identity theft and security breaches, they have developed Data Security Standards (DSS) by which all organizations, including governmental entities, that accept, process, transmit or store credit card data must comply.

These standards have been around for a number of years, but have been sporadically enforced. Due to recent increases in identity theft incidences, the card issuers are moving towards enforcing full compliance by all organizations by July 1, 2010. The requirements of the PCI standards include the completion of an annual Self-Assessment Questionnaire (SAQ) and a quarterly Network Security Scan by an Approved Scanning Vendor (ASV). Penalties for noncompliance include a hold on your ability to accept credit card payments, increased scrutiny for the next year and fines ranging from \$10,000 to \$50,000.

If you have questions regarding compliance, our technology specialists would be happy to clarify the requirements. They can also assist you in completing the SAQ or performing the scans.