

**City of DeWitt
Clinton County, Michigan**

FINANCIAL STATEMENTS

June 30, 2010

City of DeWitt
Clinton County, Michigan

June 30, 2010

CITY COUNCIL AND ADMINISTRATION

Jim Rundborg	Mayor
Susan Erickson	Mayor Pro Tem
Ray Knick	Council Member
Sheryl Strouse	Council Member
Dave Hunsaker	Council Member
Jim Lancaster	Council Member
Tony Stoker	Council Member
Chris Olson	City Administrator
Lisa Grysen	City Treasurer/Clerk

City of DeWitt

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June 30, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of DeWitt, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of DeWitt, Michigan as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City'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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of DeWitt as of June 30, 2010, 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 budgetary comparison information, as identified in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeWitt's basic financial statements. The accompanying other supplementary 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 statements. The other supplementary 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.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 30, 2010

This section of the City of DeWitt annual report presents our discussion and analysis of the City of DeWitt's financial performance during the year ended June 30, 2010. Please read it in conjunction with the City's financial statements, which immediately follow this section.

The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the City of DeWitt's management's discussion and analysis of the financial results for the fiscal year ended June 30, 2010.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of DeWitt financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and longer-term view of the finances. The *Fund Financial Statements* provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds - the General Fund, Building Authority Bonds (Debt Service Fund) and other smaller funds collectively as non-major governmental funds.

Government-Wide Financial Statements

One of the most important questions asked about the City is, "As a whole, what is the City's financial condition as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the basic financial statements, report information on the City as a whole and its activities in a way that helps you answer this question. These statements are prepared to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets (page 1) presents all of the City of DeWitt's assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the City of DeWitt's financial position is improving or deteriorating.

The Statement of Activities (page 2) presents information showing how the City of DeWitt's net assets changed during fiscal year 2010. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods.

Both statements report the following activities:

- **Governmental Activities** - Most of the City DeWitt's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. This also includes the activities such as the major and local street maintenance, and debt service.
- **Business-type Activities** - These activities operate like private businesses. The City of DeWitt charges fees to recover the cost of the services provided. The City of DeWitt Sewer System services is an example of such an activity.
- **Discretely Presented Component Unit** - Discretely Presented Component units are legally separate organizations for which the City of DeWitt Council appoints a majority of the organization's policy board and there is a degree of financial accountability to the City of DeWitt. The City of DeWitt Downtown Development Authority (DDA) is a discretely presented component unit of the City.

As stated previously, the Government-wide financial statements are full accrual basis statements. However, the governmental funds report on a modified accrual basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources. Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 5 and 8 present reconciliations between the two statement types.

Fund Financial Statements

The fund level financial statements are reported on the modified accrual basis. Only those assets that are "measurable" and "available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City of DeWitt uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as funds required by bond or grant agreements. Funds are also utilized to track specific operations; these include the internal services fund (e.g. Motor pool) as well as enterprise funds such as the Water and Sewer Fund.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No capital assets are reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

The City of DeWitt's funds are divided into two categories - governmental and proprietary - and use different accounting approaches:

- **Governmental Funds** - Most of the City of DeWitt's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the City of DeWitt's programs. Governmental funds include the General Fund, as well as special revenue, capital projects, debt service, and permanent funds.
- **Proprietary Funds** - Services for which the City of DeWitt charges customers a fee are generally reported in proprietary funds. Proprietary funds use the same accrual basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. Enterprise funds report activities that provide supplies and/or services to the general public. Internal Service funds report activities that provide supplies or service to the City of DeWitt's other operations, such as the Motor Pool Fund. Internal Service funds are reported as governmental activities on the government-wide statements.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 10 of this report.

Required Supplementary Information

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes budgetary comparison schedules for the General Fund.

Other Supplementary Information

Other Supplementary Information includes combining financial statements for non-major governmental funds. These funds are added together, by fund type, and are presented in a single aggregate column in the basic financial statements.

Summary of Net Assets:

The following summarizes the net assets as of June 30, 2010 and 2009.

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	\$2,118,584	\$1,882,137	\$3,060,621	\$2,765,755	\$5,179,205	\$4,647,892
Capital assets, net	4,981,507	5,068,524	3,809,862	3,958,792	8,791,369	9,027,496
Total assets	7,100,091	6,950,661	6,870,483	6,724,727	13,970,574	13,675,388
Liabilities						
Current	202,501	324,620	11,530	117	214,031	324,737
Noncurrent	1,291,634	536,182	-	-	1,291,634	536,182
Total liabilities	1,494,135	860,802	11,530	117	1,505,665	860,919
Net Assets						
Invested in capital assets- net of related debt	4,451,507	4,413,524	3,809,862	3,958,972	8,261,369	8,372,496
Restricted	838,321	579,803	1,145,329	1,080,781	1,983,650	1,660,584
Unrestricted	316,128	1,096,532	1,903,762	1,684,857	2,219,890	2,781,389
Total net assets	\$5,605,956	\$6,089,859	\$6,858,953	\$6,724,610	\$12,464,909	\$12,814,469

Results of Operations:

For the fiscal year ended June 30, 2010 and 2009, the government-wide results of operations were:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenue:						
Charges for services	\$ 478,586	\$ 423,336	\$ 614,431	\$ 558,770	\$ 1,093,017	\$ 982,106
Operating grants and contributions	274,331	270,593	-	-	274,331	270,593
Capital grants and contributions	26,890	99,794	66,603	4,678	93,493	104,472
General revenues:						
Property taxes	1,901,874	1,871,690	-	-	1,901,874	1,871,690
State Revenue Sharing	327,657	373,817	-	-	327,657	373,817
Investment earnings	17,004	51,948	40,495	47,394	57,499	99,342
Equity in SCCMUA operations	-	-	65,258	81	65,258	81
Miscellaneous	201,098	187,685	2,762	7,482	203,860	195,167
Total revenues	3,227,440	3,278,863	789,549	618,405	4,016,989	3,897,268

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

Results of Operations - continued:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Expenses						
General government	\$ 1,843,837	\$ 1,208,378	\$ -	\$ -	\$ 1,843,837	\$ 1,208,378
Public safety	987,216	923,445	-	-	987,216	932,445
Public works	687,025	620,779	-	-	687,025	620,779
Community & economic development	-	-	-	-	-	-
Recreation and cultural	164,791	159,688	-	-	164,791	159,688
Water & Sewer	-	-	655,206	632,298	655,206	632,298
Interest on long-term debt	28,474	33,923	-	-	28,474	33,923
Total expenses	3,711,343	2,946,213	655,206	632,298	4,366,549	3,578,511
Change in net assets	(483,903)	332,650	134,343	(13,983)	(349,560)	318,757
Net assets, beginning of year	6,089,859	5,757,209	6,724,610	6,738,503	12,814,469	12,495,712
Net assets, end of year	\$ 5,605,956	\$ 6,089,859	\$ 6,858,953	\$ 6,724,610	\$ 12,464,909	\$ 12,814,469

Analysis of Results of Operations:

During fiscal year ended June 30, 2010, the City's net assets decreased by \$349,560. Several factors which contributed to this decrease are discussed in the following sections.

A. Governmental Activities Operating Results

The City's expenses from governmental activities operations exceeded revenues by \$483,903 for the fiscal year ended June 30, 2010.

B. Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,831,125, an increase of \$295,316 in comparison with the prior year. Approximately 89% of this (\$1,637,983) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to pay for specific debt services or for a variety of other restricted purposes.

General Fund is the chief operating fund of the City. At the end of the fiscal year, the unreserved/undesignated fund balance of the General Fund was \$922,498. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to the total fund expenditures. Unreserved/undesignated fund balance at June 30, 2010, represents 32% of the total General Fund expenditures and other financing uses.

The fund balance of the City's General Fund increased by \$32,848 during the current fiscal year.

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2010**

Budgetary-basis revenues for the General Fund were increased from the original budget by \$45,000 and came in \$16,406 more than the amended budget. Expenditures and other financing uses were decreased by \$38,000 from the amended budget and came in \$9,442 below the amended budget, resulting in the favorable variance of \$25,848.

The Building Authority Bonds (major governmental fund) had a fund balance of \$55,588 at the close of the fiscal year. This was a decrease of \$1,073 from the prior year.

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

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$1,903,762. The most recent fiscal year's activities increased the net assets of the Water and Sewer Fund by \$134,343.

C. Long-Term Debt Activities

The City reduced its long-term debt obligation during 2009-2010 by making principal payments of \$125,000. This makes the ending long-term debt \$573,771 for 2009-2010 fiscal year.

The City made principal payments on long-term debt obligations that reduced the amount of the City's long-term liabilities as follows:

	<u>Principal Balance June 30, 2009</u>	<u>Principal Payments</u>	<u>Principal Balance June 30, 2010</u>
1999 Building Authority Bonds	\$ 345,000	\$ 70,000	\$ 275,000
2004 Transportation Bonds	<u>310,000</u>	<u>55,000</u>	<u>255,000</u>
Total Long-Term Obligations	<u>\$ 655,000</u>	<u>\$ 125,000</u>	<u>\$ 530,000</u>

The City has accumulated a long-term liability for absences that have been earned by employees but not yet redeemed. The balance of compensated absences as of June 30, 2010 is \$43,771.

D. Net Investment in Capital Assets

The City's net investment in capital assets (Primary Government) decreased by \$236,127 during the fiscal year. This can be summarized as follows:

	<u>Balance June 30, 2009</u>	<u>Net Additions/ Deletions</u>	<u>Balance June 30, 2010</u>
Capital assets	\$13,353,486	\$ 280,220	\$13,633,706
Less: accumulated depreciation	<u>(5,301,100)</u>	<u>(384,583)</u>	<u>(5,685,683)</u>
	8,052,386	(104,363)	7,948,023
Add: Capital assets not depreciated	<u>975,110</u>	<u>(131,764)</u>	<u>843,346</u>
Net investment in capital assets	<u>\$ 9,027,496</u>	<u>\$ (236,127)</u>	<u>\$ 8,791,369</u>

Contacting the City's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the City's finances. If you have questions about this report or need additional information, contact Lisa Grysen, City Treasurer, City of DeWitt, 414 East Main Street, DeWitt, Michigan 48820.

BASIC FINANCIAL STATEMENTS

City of DeWitt

STATEMENT OF NET ASSETS

June 30, 2010

	Primary Government			Component Unit (DDA)
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,159,547	\$ 724,764	\$ 1,884,311	\$ 9,505
Investments	763,658	806,950	1,570,608	388,513
Receivables	126,428	312,049	438,477	-
Due from other governmental units	96,667	-	96,667	-
Total current assets	2,146,300	1,843,763	3,990,063	398,018
Noncurrent assets				
Investment in sewage treatment plant	-	1,204,068	1,204,068	-
Internal balances	(27,716)	27,716	-0-	-
Capital assets not being depreciated	803,253	40,093	843,346	-
Capital assets, net of accumulated depreciation	4,178,254	3,769,769	7,948,023	-
Total noncurrent assets	4,953,791	5,041,646	9,995,437	-0-
TOTAL ASSETS	7,100,091	6,885,409	13,985,500	398,018
LIABILITIES				
Current liabilities				
Accounts payable	20,139	11,530	31,669	-
Accrued liabilities	10,835	-	10,835	-
Accrued interest payable	4,322	-	4,322	-
Current portion of compensated absences	37,205	-	37,205	-
Current portion of long-term debt	130,000	-	130,000	-
Total current liabilities	202,501	11,530	214,031	-0-
Noncurrent liabilities				
Noncurrent portion of compensated absences	6,566	-	6,566	-
Noncurrent portion of long-term debt	400,000	-	400,000	-
Net other post-employment benefits obligation	885,068	-	885,068	-
Total noncurrent liabilities	1,291,634	-0-	1,291,634	-0-
TOTAL LIABILITIES	1,494,135	11,530	1,505,665	-0-
NET ASSETS				
Invested in capital assets, net of related debt	4,451,507	3,809,862	8,261,369	-
Restricted for:				
SCCMUA operations	-	1,145,329	1,145,329	-
Debt service	51,266	-	51,266	-
Perpetual care				
Expendable	10,608	-	10,608	-
Nonexpendable	126,946	-	126,946	-
Other purposes	649,501	-	649,501	-
Unrestricted	316,128	1,918,688	2,234,816	398,018
TOTAL NET ASSETS	\$ 5,605,956	\$ 6,873,879	\$ 12,479,835	\$ 398,018

See accompanying notes to financial statements.

City of DeWitt

STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit (DDA)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 1,843,837	\$ 217,264	\$ 1,190	\$ -	\$(1,625,383)	\$ -	\$ (1,625,383)	\$ -
Public safety	987,216	13,065	10,165	-	(963,986)	-	(963,986)	-
Public works	687,025	238,432	262,976	-	(185,617)	-	(185,617)	-
Community and economic development	-	2,364	-	-	2,364	-	2,364	-
Recreation and cultural	164,791	7,461	-	26,890	(130,440)	-	(130,440)	-
Interest on long-term debt	28,474	-	-	-	(28,474)	-	(28,474)	-
Total governmental activities	3,711,343	478,586	274,331	26,890	(2,931,536)	-0-	(2,931,536)	-0-
Business-type activities:								
Water and Sewer	655,206	614,431	-	81,529	-	40,754	40,754	-
Total primary government	\$ 4,366,549	\$ 1,093,017	\$ 274,331	\$ 108,419	(2,931,536)	40,754	(2,890,782)	-0-
Component unit:								
Downtown Development Authority	\$ 48,075	\$ -0-	\$ -0-	\$ -0-	-0-	-0-	-0-	(48,075)
General revenues:								
Property taxes					1,901,874	-	1,901,874	116,217
State shared revenues					327,657	-	327,657	-
Investment earnings					17,004	40,495	57,499	8,680
Equity interest in SCCMUA operations					-	65,258	65,258	-
Miscellaneous					201,098	2,762	203,860	2,705
Total general revenues					2,447,633	108,515	2,556,148	127,602
Change in net assets					(483,903)	149,269	(334,634)	79,527
Net assets, beginning of the year					6,089,859	6,724,610	12,814,469	318,491
Net assets, end of the year					\$ 5,605,956	\$ 6,873,879	\$ 12,479,835	\$ 398,018

See accompanying notes to financial statements.

City of DeWitt
Governmental Funds
BALANCE SHEET

June 30, 2010

	General	Debt Service Building Authority Bonds	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 373,817	\$ 9,505	\$ 647,423	\$ 1,030,745
Investments	467,575	46,083	160,000	673,658
Receivables				
Accounts	93,657	-	-	93,657
Special assessments	-	-	28,480	28,480
Interest	873	-	3,112	3,985
Net leasehold receivable	-	275,000	-	275,000
Due from other governmental units				
Local	203	-	-	203
State	53,395	-	43,069	96,464
	<u>\$ 989,520</u>	<u>\$ 330,588</u>	<u>\$ 882,084</u>	<u>\$ 2,202,192</u>
TOTAL ASSETS				
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 14,843	\$ -	\$ 3,135	\$ 17,978
Accrued liabilities	10,835	-	-	10,835
Advance from other funds	27,716	-	-	27,716
Deferred revenue	13,628	275,000	25,910	314,538
	<u>67,022</u>	<u>275,000</u>	<u>29,045</u>	<u>371,067</u>
TOTAL LIABILITIES				
FUND BALANCES				
Reserved for:				
Debt service	-	55,588	-	55,588
Perpetual care	-	-	126,946	126,946
Unreserved				
Designated for perpetual care	-	-	10,608	10,608
Designated for subsequent year's expenditures	-	-	60,900	60,900
Undesignated, reported in:				
General fund	922,498	-	-	922,498
Special revenue funds	-	-	654,585	654,585
	<u>922,498</u>	<u>55,588</u>	<u>853,039</u>	<u>1,831,125</u>
TOTAL FUND BALANCES				
TOTAL LIABILITIES AND FUND BALANCES				
	<u>\$ 989,520</u>	<u>\$ 330,588</u>	<u>\$ 882,084</u>	<u>\$ 2,202,192</u>

See accompanying notes to financial statements.

City of DeWitt

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

June 30, 2010

Total fund balances - governmental funds \$ 1,831,125

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

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

The cost of capital assets is	\$ 6,850,822	
Accumulated depreciation is	<u>(2,062,995)</u>	
Capital assets, net		4,787,827

An Internal Service Fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the government-wide Statement of Net Assets.

Net assets of the governmental activities accounted for in the Internal Service Fund	410,627
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Long-term receivables are not available to pay for current period expenditures and are therefore deferred in the funds.

Deferred revenue	39,538
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:

Long-term debt payable	530,000	
Accrued interest payable	4,322	
Net other post-employment benefits obligation	885,068	
Compensated absences	<u>43,771</u>	
		<u>(1,463,161)</u>

Net assets of governmental activities \$ 5,605,956

City of DeWitt

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2010

	General	<u>Debt Service</u> Building Authority Bonds	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,988,652	\$ -	\$ -	\$ 1,988,652
Licenses and permits	51,862	-	35,319	87,181
Intergovernmental	363,135	-	262,976	626,111
Charges for services	268,222	-	8,550	276,772
Fines and forfeits	1,065	-	-	1,065
Interest and rents	22,375	195	7,599	30,169
Other	201,095	-	11,354	212,449
TOTAL REVENUES	2,896,406	195	325,798	3,222,399
EXPENDITURES				
Current				
General government	996,545	-	3,513	1,000,058
Public safety	925,589	-	34,811	960,400
Public works	433,697	-	159,325	593,022
Recreation and cultural	219,346	-	-	219,346
Debt service	2,521	87,160	64,576	154,257
TOTAL EXPENDITURES	2,577,698	87,160	262,225	2,927,083
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	318,708	(86,965)	63,573	295,316
OTHER FINANCING SOURCES (USES)				
Transfers in	-	85,892	200,000	285,892
Transfers out	(285,860)	-	(32)	(285,892)
TOTAL OTHER FINANCING SOURCES (USES)	(285,860)	85,892	199,968	-0-
NET CHANGE IN FUND BALANCES	32,848	(1,073)	263,541	295,316
Fund balances, beginning of year	889,650	56,661	589,498	1,535,809
Fund balances, end of year	<u>\$ 922,498</u>	<u>\$ 55,588</u>	<u>\$ 853,039</u>	<u>\$ 1,831,125</u>

City of DeWitt

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

Year Ended June 30, 2010

Net change in fund balances - total governmental funds **\$ 295,316**

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 137,608	
Depreciation expense	<u>(217,463)</u>	
Excess of depreciation expense over capital outlay		(79,855)

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Repayment of long-term debt	125,000
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Internal service funds are used by management to charge the costs of certain activities to individual funds.

Change in net assets of the Internal Service Fund	57,300
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 5,041

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	918	
(Increase) in other post-employment benefits obligation	(885,068)	
(Increase) in compensated absences	<u>(2,555)</u>	
		<u>(886,705)</u>

Change in net assets of governmental activities **\$ (483,903)**

City of DeWitt

Proprietary Funds

STATEMENT OF NET ASSETS

June 30, 2010

	Business-type Activities <u>Enterprise</u> (Water and Sewer)	Governmental Activities <u>Internal</u> Service (Motor Pool)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 724,764	\$ 128,802
Investments	806,950	90,000
Accounts receivable	55,204	306
Special assessments receivable	251,461	-
Accrued interest receivable	<u>5,384</u>	<u>-</u>
Total current assets	1,843,763	219,108
Noncurrent assets		
Advance to other funds	27,716	-
Investment in SCCMUA	1,204,068	-
Capital assets not being depreciated	40,093	-
Capital assets, net of accumulated depreciation	<u>3,769,769</u>	<u>193,680</u>
Total noncurrent assets	<u>5,041,646</u>	<u>193,680</u>
TOTAL ASSETS	6,885,409	412,788
LIABILITIES		
Current liabilities		
Accounts payable	<u>11,530</u>	<u>2,161</u>
NET ASSETS		
Invested in capital assets	3,809,862	193,680
Restricted for SCCMUA operations	1,145,329	-
Unrestricted	<u>1,918,688</u>	<u>216,947</u>
TOTAL NET ASSETS	<u>\$ 6,873,879</u>	<u>\$ 410,627</u>

City of DeWitt

Proprietary Funds

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

Year Ended June 30, 2010

	Business-type Activities <u>Enterprise (Water and Sewer)</u>	Governmental Activities <u>Internal Service (Motor Pool)</u>
OPERATING REVENUES		
Charges for services	\$ 614,431	\$ -
Equipment rental	-	149,833
Other	2,762	4,818
TOTAL OPERATING REVENUES	617,193	154,651
OPERATING EXPENSES		
Salaries and wages	45,845	-
Fringe benefits	31,173	-
Contractual services	298,792	800
Supplies	10,774	29,562
Insurance	-	7,894
Repairs and maintenance	22,838	30,642
Equipment rental	88,744	-
Depreciation	149,110	29,213
Other	7,930	150
TOTAL OPERATING EXPENSES	655,206	98,261
OPERATING INCOME (LOSS)	(38,013)	56,390
NONOPERATING REVENUES		
Interest revenue	40,495	910
Special assessment	81,529	-
Equity interest in SCCMUA operations	65,258	-
TOTAL NONOPERATING REVENUES	187,282	910
CHANGE IN NET ASSETS	149,269	57,300
Net assets, beginning of year	6,724,610	353,327
Net assets, end of year	<u>\$ 6,873,879</u>	<u>\$ 410,627</u>

See accompanying notes to financial statements.

City of DeWitt

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended June 30, 2010

	Business-type Activities	Governmental Activities
	Enterprise (Water and Sewer)	Internal Service (Motor Pool)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 577,780	\$ 4,512
Cash receipts from interfund activities	-	149,833
Cash paid to employees	(45,845)	-
Cash paid to vendors	(448,838)	(69,260)
NET CASH PROVIDED BY OPERATING ACTIVITIES	83,097	85,085
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital acquisitions	-	(22,051)
Repayment of advance to other fund	54,187	-
Special assessment	78,140	-
NET CASH PROVIDED (USED) FROM CAPITAL AND RELATED FINANCING ACTIVITIES	132,327	(22,051)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(327,550)	(90,000)
Maturity of investments	710,600	140,000
Interest received	37,550	910
NET CASH PROVIDED FROM INVESTING ACTIVITIES	420,600	50,910
NET INCREASE IN CASH AND CASH EQUIVALENTS	636,024	113,944
Cash and cash equivalents, beginning of year	88,740	14,858
Cash and cash equivalents, end of year	<u>\$ 724,764</u>	<u>\$ 128,802</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (38,013)	\$ 56,390
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	149,110	29,213
(Increase) in accounts receivable	(39,413)	(306)
Increase (decrease) in accounts payable	11,413	(212)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 83,097</u>	<u>\$ 85,085</u>

NOTE: The City adjusted its equity interest in Southern Clinton County Municipal Utilities Authority operations by \$65,258 to reflect the current year change in its investment in the Authority.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City operates under an elected City Council, which consists of the Mayor and six (6) council members, with daily activities operated by the City Administrator, City Clerk/Treasurer. The City provides services to its more than 4,500 residents in many areas including law enforcement, fire protection, sewer, transportation, and parks and recreation.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to city governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of the City of DeWitt (primary government), and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influences on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and the general available to its citizens.

2. Blended Component Unit

The Building Authority is governed by a five (5) member board appointed by the City Council. Its purpose is to provide for the acquisition and construction of certain public buildings, parking lots or structures, recreational facilities, and the necessary site or sites therefore for the use of the City.

3. Discretely Presented Component Unit

The Downtown Development Authority (component unit) is reported in a separate column to emphasize that, while legally separate, the City of DeWitt remains financially accountable for this entity or the nature and significance of the relationship between this entity and the City of DeWitt is such that exclusion of this entity would render the financial statements misleading or incomplete.

The governing body of the Downtown Development Authority (DDA) is appointed by the City Council, the Authority's budget is subject to the approval of the City Council, the City temporarily relinquishes part of its tax base to the Authority (tax increment revenues), and the City has pledged its full faith and credit toward payment of the Authority's debt. This component unit is audited individually and complete financial statements may be obtained from the City's administrative office.

City of DeWitt

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Joint Ventures

The City of DeWitt is a member of the Southern Clinton County Municipal Utilities Authority (SCCMUA). The purpose of the Authority is to operate, maintain, administer, and manage a sewage disposal system for the benefit of the constituent municipalities.

The governing body of the Authority is appointed by the constituent municipalities, and representation is based upon the purchased capacity of each municipality. The City of DeWitt currently is represented by one (1) of the ten (10) members of the Authority board. The annual budget of the Authority is submitted to the constituent municipalities and must be approved by a 2/3 vote of the members-elect of the Authority. A copy of SCCMUA's audited financial statements can be obtained at their administrative offices.

The members of the Authority and approximate percentage of responsibility are as follows:

City of DeWitt	11.3131%
DeWitt Charter Township	55.7576%
Watertown Charter Township	16.2020%
Bath Charter Township	16.7273%

For the year ended June 30, 2010, the City of DeWitt contributed \$288,480 to cover its share of operational costs and reserve activities.

Additionally, an investment in SCCMUA is recorded to reflect the current carrying value at June 30, 2010, of the cumulative effect of SCCMUA operations relating to the City's equity share in the joint venture from inception-to-date. The City of DeWitt had recorded their portion of the initial cost of construction of the Authority facilities as capital assets in the Sewer and Water System (Enterprise) Fund, however, the portion of those costs relating to the Water System has been eliminated as the City of DeWitt transferred ownership of its water system to the Lansing Board of Water & Light during the fiscal year ended June 30, 2000.

The City of DeWitt is a member of the DeWitt Area Recreation Authority, which is a joint venture between the City of DeWitt and DeWitt Charter Township. The Authority was established in 2003 to provide recreation services. The Authority's activities are overseen by a six (6) member board of Directors, with each municipality appointing three (3) members. Each municipality provides annual appropriations to subsidize operations. The current funding formula approved by the Authority requires DeWitt Charter Township and the City of DeWitt to provide approximately 68 and 32 percent, respectively. In 2010 the City contributed \$33,175. A copy of the DeWitt Area Recreation Authority's audited financial statements can be obtained from DeWitt Charter Township's administrative offices.

The DeWitt Area Emergency Services Authority was created in 2001 by a joint venture agreement between the Townships of Olive and Riley and the City of DeWitt. Each municipality appoints two (2) members to the Board. The Fire Chief oversees the day-to-day operations of the Authority. In 2010 the City contributed \$154,730. A copy of the DeWitt Area Emergency Services Authority's audited financial statements can be obtained from the City of DeWitt's administrative offices.

5. Jointly Governed Organizations

The City participates in the following activity which is considered to be a jointly governed organization in relation to the City, due to there being no ongoing financial interest or responsibility:

Under Public Act 24 of 1989, the City of DeWitt, in conjunction with DeWitt Charter Township, created the DeWitt Public Library which is considered a District Library. The DeWitt Public Library board is composed of three (3) members appointed by each municipality. The City has no financial responsibility to the Library.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the City's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- a. The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Building Authority Bonds Fund is used to account for the financial resources that are used to retire the Building Authority Bonds.

The City reports the following major enterprise fund:

- a. The Water and Sewer Fund is used to account for the operations required to provide water and sewer services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

The City maintains fiduciary funds during the year to account for assets held in an agency capacity, however, these funds did not have any assets at year-end and therefore have been excluded from this report.

Additionally, the City reports an internal service fund to account for the management of a motor pool provided to other departments of the City on a cost reimbursement basis.

7. Measurement Focus

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Measurement Focus - continued

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for agency funds since assets equal liabilities.

8. Basis of Accounting

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

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and agency funds are accounted for using the accrual basis of accounting. Proprietary Fund revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

9. Budgets and Budgetary Accounting

The General and Special Revenue Funds' budgets shown as required and other supplementary information were prepared on the same modified accrual basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America. The City employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. The City Administrator submits to Mayor and City Council the proposed operating budgets for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and resources to finance them.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Budgets and Budgetary Accounting - continued

- b. A Public Hearing is conducted to obtain taxpayers' comments.
- c. Prior to July 1, the budget is legally enacted through passage of resolution.
- d. The budget is legally adopted at the total expenditure level for the General Fund and the Special Revenue Funds; however, they are maintained at the account level for control purposes. Any revisions that alter the total expenditures of any fund must be approved by the City Council.
- e. Appropriations unused at June 30 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the City Council during the year. Individual amendments were appropriately approved by the City Council as required.

10. Cash, Cash Equivalents, and Investments

The City pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and pooled investment accounts. Cash consists of checking, savings, and money market accounts. Cash equivalents consist of temporary investments in certificates of deposit with original maturities of 90 days or less.

Investments include certificates of deposit with original maturities of greater than 90 days from the date of purchase. Investments are stated at cost, which approximates fair value.

11. Receivables

Receivables consist of amounts due from various individuals and businesses related to charges for services, amounts owed to the City from special assessments, and taxes levied that have not been collected.

12. Capital Assets

PRIMARY GOVERNMENT

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and business-type columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	10 - 40 years
Machinery and equipment	5 - 20 years
Vehicles	2 - 10 years
Infrastructure	20 - 25 years
Utility systems	25 - 100 years

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

14. Compensated Absences

Substantially all City employees are granted vacation hours up to a maximum of 160 hours at the employee's anniversary date. In the event of termination, an employee is paid for accumulated vacation hours up to the maximum.

Substantially all City employees are allowed to accrue sick hours up to a maximum of 480 hours. Fifty percent of unused sick time for the preceding 12 months may be paid on or about December 1 of each year. Employees are not paid for accumulated sick time in the event of termination.

The cost of the accumulated vacation, including related payroll taxes, is recorded entirely in the government-wide financial statements.

15. Accrued Interest Payable

Accrued interest is presented for long-term obligations in the government-wide financial statements.

16. Deferred Revenue

Governmental funds report deferred revenues in connection with receivables for revenue that is not considered 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.

17. Property Tax

The City of DeWitt bills and collects its own property taxes and also taxes for other governmental units. The City's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph:

Property taxes are levied by the City of DeWitt on July 1 and December 1 and are payable without penalty through September 30 and February 14, respectively. The July 1 levy is composed of the City's millage, County's millage, ½ of the DeWitt Public School's millage, Lansing Community College's millage, Clinton County RESA's millage, special assessments, and school taxes. The December 1 levy is composed of ½ of the DeWitt Public School's millage, Clinton Area Transit's millage and DeWitt Public library's millage. All real property taxes not paid to the City by March 1 are turned over to the Clinton County Treasurer for collection. The Clinton County Treasurer remits pay-off payments to all taxing districts on any delinquent real property taxes. Delinquent personal property taxes receivable are retained by the City for subsequent collection. Collections and remittances of all taxes are accounted for in the Current Tax Collection Agency Fund. City property tax revenues are recognized as revenues in the fiscal year levied.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

17. Property Tax - continued

The City is permitted by ordinance to levy taxes up to 17.2113 mills (\$17.2113 per \$1,000 of taxable valuation) for general governmental services. For the year ended June 30, 2010, the City levied 13.0000 mills per \$1,000 of taxable valuation for general governmental services. The total taxable value for the 2009 levy for the property within the City was \$151,857,068.

18. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers.

The Internal Service Fund (Motor Pool) records charges for services provided to various City departments and funds as operating revenue. All City funds record these payments as operating expenditures/expenses.

19. Comparative Data

Comparative data has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

The City deposits consist of a common checking account and various savings accounts, checking accounts, pooled investment accounts, and certificates of deposit maintained by individual funds and are reported as cash and cash equivalents and investments on the basic financial statements.

In accordance with Michigan Compiled Laws, the City is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State of the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured up to \$250,000 for interest-bearing savings deposits in an insured bank and up to \$250,000 for interest-bearing demand deposits at participating FDIC-insured institutions. FDIC insurance coverage through its Transaction Account Guarantee (TAG) Program provides unlimited insurance on non-interest bearing transaction accounts and low-interest bearing (i.e., no higher than 0.50 percent through June 30, 2010 and 0.25 percent after July 1, 2010) NOW accounts. This program is scheduled to end December 31, 2010, unless extended by the FDIC. Furthermore, if specific deposits are regulated by statute or bond indenture, these deposits are to be separately insured up to \$250,000. For the purpose of these rules, the term "savings deposits" includes NOW accounts, money market deposit accounts, and other interest-bearing checking accounts. Beginning December 31, 2010 through December 31, 2012, deposits held in noninterest-bearing transaction accounts will have unlimited coverage at all FDIC-insured institutions.

Deposits

As of June 30, 2010, the carrying amounts and bank balances for each type of bank account are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
PRIMARY GOVERNMENT		
Checking and savings	\$ 1,383,137	\$ 1,475,765
Certificates of deposit	<u>2,010,015</u>	<u>2,014,532</u>
Total Primary Government	3,393,152	3,490,297
COMPONENT UNIT		
Checking and savings	9,405	13,408
Certificates of deposit	<u>388,513</u>	<u>388,513</u>
Total Component Unit	<u>397,918</u>	<u>401,921</u>
TOTAL REPORTING ENTITY	<u>\$ 3,791,070</u>	<u>\$ 3,892,218</u>

The primary government and component unit cash and cash equivalents captions on the basic financial statements included \$1,175 and \$100 of imprest cash, respectively.

Deposits of the City are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the City. As of June 30, 2010, the City accounts were insured by the FDIC for \$3,639,708 and the amount of \$252,510 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the City held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Investments

As of June 30, 2010, the City had the following investments:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Weighted Average Maturity</u>
PRIMARY GOVERNMENT			
Uncategorized pooled investment funds			
MBIA - Michigan Class	<u>\$ 60,592</u>	<u>\$ 60,592</u>	N/A

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). The City's investments in MBIA - Michigan Class was rated AAA by Fitch and AAAM by Standard and Poor's.

Interest rate risk

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the City's cash requirements.

Concentration of credit risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk

The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Council and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business in accordance with Council approved policy.

The cash, cash equivalents, and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the basic financial statements, based on criteria disclosed in Note A. The following summarizes the categorization of these amounts as of June 30, 2010.

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 1,884,311	\$ 9,505	\$ 1,893,816
Investments	<u>1,570,608</u>	<u>388,513</u>	<u>1,959,121</u>
	<u>\$ 3,454,919</u>	<u>\$ 398,018</u>	<u>\$ 3,852,937</u>

NOTE C: ADVANCES RECEIVABLE AND PAYABLE

The following schedule details advances receivable and payable between funds of the primary government at June 30, 2010:

Advance from Water and Sewer Fund to:	
General Fund	\$ <u>27,716</u>

The advance to the Water and Sewer Fund was made for the purpose of financing construction.

City of DeWitt

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE D: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfer to Building Authority Bonds Fund from:	
General Fund	\$ 85,860
Nonmajor governmental fund	<u>32</u>
	<u>\$ 85,892</u>
Transfers to nonmajor governmental fund from:	
General Fund	<u>\$ 200,000</u>

The transfers to the Building Authority Bonds fund were to finance the annual debt service requirements. The transfer to the nonmajor governmental fund from the General Fund was to cover general operating expenses.

NOTE E: CAPITAL ASSETS

Primary Government

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions/</u> <u>Reclassifications</u>	<u>Deletions/</u> <u>Reclassifications</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 697,701	\$ 105,552	\$ -	\$ 803,253
Construction in progress	<u>237,316</u>	<u>32,056</u>	<u>(269,372)</u>	<u>-0-</u>
Total capital assets not being depreciated	935,017	137,608	(269,372)	803,253
Capital assets being depreciated				
Buildings	1,140,234	-	-	1,140,234
Vehicles	633,493	22,051	(11,203)	644,341
Machinery and equipment	379,005	269,372	-	648,377
Infrastructure	<u>4,258,959</u>	<u>-</u>	<u>-</u>	<u>4,258,959</u>
Total capital assets being depreciated	6,411,691	291,423	(11,203)	6,691,911
Less accumulated depreciation				
Buildings	(455,634)	(28,349)	-	(483,983)
Vehicles	(432,651)	(29,213)	11,203	(450,661)
Machinery and equipment	(362,064)	(29,641)	-	(391,705)
Infrastructure	<u>(1,027,835)</u>	<u>(159,473)</u>	<u>-</u>	<u>(1,187,308)</u>
Total accumulated depreciation	<u>(2,278,184)</u>	<u>(246,676)</u>	<u>11,203</u>	<u>(2,513,657)</u>
Net capital assets being depreciated	<u>4,133,507</u>	<u>44,747</u>	<u>-0-</u>	<u>4,178,254</u>
Total net capital assets	<u>\$ 5,068,524</u>	<u>\$ 182,355</u>	<u>\$(269,372)</u>	<u>\$ 4,981,507</u>

City of DeWitt

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE E: CAPITAL ASSETS - CONTINUED

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

General government	\$ 38,906
Public safety	13,048
Public works	94,377
Recreation and cultural	<u>100,345</u>
Total Depreciation Expense	<u>\$ 246,676</u>

	Balance <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2010</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 40,093	\$ -	\$ -	\$ 40,093
Capital assets being depreciated				
Buildings	1,526,994	-	-	1,526,994
Machinery and equipment	780,798	-	-	780,798
Infrastructure	<u>4,634,003</u>	<u>-</u>	<u>-</u>	<u>4,634,003</u>
Total capital assets being depreciated	6,941,795	-0-	-0-	6,941,795
Less accumulated depreciation				
Buildings	(851,810)	(29,270)	-	(881,080)
Machinery and equipment	(186,367)	(19,595)	-	(205,962)
Infrastructure	<u>(1,984,739)</u>	<u>(100,245)</u>	<u>-</u>	<u>(2,084,984)</u>
Total accumulated depreciation	<u>(3,022,916)</u>	<u>(149,110)</u>	<u>-0-</u>	<u>(3,172,026)</u>
Net capital assets being depreciated	<u>3,918,879</u>	<u>(149,110)</u>	<u>-0-</u>	<u>3,769,769</u>
Total net capital assets	<u>\$ 3,958,972</u>	<u>\$ (149,110)</u>	<u>\$ -0-</u>	<u>\$ 3,809,862</u>

NOTE F: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the City for the year ended June 30, 2010.

Primary Government

	Balance <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2010</u>	Amounts Due Within <u>One Year</u>
Governmental Activities					
1999 Building Authority Bonds	\$ 345,000	\$ -	\$ 70,000	\$ 275,000	\$ 70,000
2004 Transportation Bonds	310,000	-	55,000	255,000	60,000
Compensated absences	<u>41,216</u>	<u>55,567</u>	<u>53,012</u>	<u>43,771</u>	<u>37,205</u>
TOTAL LONG-TERM DEBT	<u>\$ 696,216</u>	<u>\$ 55,567</u>	<u>\$ 178,012</u>	<u>\$ 573,771</u>	<u>\$ 167,205</u>

City of DeWitt

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE F: LONG-TERM DEBT - CONTINUED

Significant details regarding outstanding long-term debt (including current portion) are presented below:

General Obligation Bonds

\$975,000 Building Authority Bonds, Series 1999, dated February 1, 1999, due in annual installments ranging from \$65,000 to \$70,000 through May 1, 2014, with interest ranging from 4.50 to 4.80 percent, payable semi-annually. \$ 275,000

\$450,000 2004 Michigan Transportation Fund Bonds dated December 1, 2004, due in annual installments ranging from \$60,000 to \$70,000 through October 1, 2013, with interest ranging from 3.15 to 3.70 percent, payable semi-annually. 255,000

\$ 530,000

Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for unused vacation. The dollar amounts of these vested rights have been recorded in the government-wide financial statements. They amount to approximately \$43,771 at June 30, 2010.

Annual Requirements for Bonded Debt

The annual requirement to pay the debt principal and interest outstanding for the following bonds are as follows:

Primary Government

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 130,000	\$ 20,600
2012	130,000	15,501
2013	135,000	10,137
2014	<u>135,000</u>	<u>4,415</u>
	<u>\$ 530,000</u>	<u>\$ 50,653</u>

NOTE G: LONG-TERM LEASE

The Building Authority is a party to a long-term lease agreement for rental of land located behind City Hall, McGuire Park, Riverside Park, Sports Park, and River Trail Park, to the City of DeWitt, Michigan. The lease stipulates that fixed annual rentals will be paid to the Authority by the City of DeWitt, Michigan and such rentals are pledged exclusively for payment of principal and interest on the Building Authority bonds. In addition, the City pledges its unlimited tax, full faith, and credit as security under the lease. Fixed annual rental will cease after all bonds have been retired and advance rentals repaid on May 1, 2014. The lease agreement provides, further, that after all bonds are retired and advance rentals repaid, title to the land and buildings will vest to the City of DeWitt.

City of DeWitt

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE G: LONG-TERM LEASE - CONTINUED

The long-term lease has been accounted for as a capital lease in the debt service fund. The net leasehold receivable represents the present value of future minimum lease payments due from the City. Revenue represented by the noncurrent portion of the receivable is deferred until it becomes a current receivable. Future minimum lease payments scheduled to be received by the Authority from the City are as follows:

<u>Year Ending June 30,</u>	<u>Future Minimum Lease Payments</u>
2011	\$ 82,780
2012	79,630
2013	76,410
2014	<u>68,120</u>
	306,940
Less: Interest portion	<u>(31,940)</u>
	<u>\$ 275,000</u>

NOTE H: FUND BALANCE RESERVES AND DESIGNATIONS

Reserved fund balances are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use. Designated fund balance indicates that portion of the fund balance which the City has set aside for specific purposes.

The following are the various reserved fund balances as of June 30, 2010:

Building Authority Bonds Fund	
Reserved for debt service	<u>\$ 55,588</u>
Nonmajor governmental funds	
Reserved for perpetual care	<u>\$ 126,946</u>

The following are the various designated fund balances as of June 30, 2010:

Nonmajor governmental funds	
Designated for subsequent year's expenditures	\$ 60,900
Designated for perpetual care	<u>10,608</u>
	<u>\$ 71,508</u>

City of DeWitt

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE I: RESTRICTED NET ASSETS

Restrictions of net assets shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of June 30, 2010:

Governmental activities	
Restricted for debt service	\$ 51,226
Restricted for perpetual care	
Expendable	10,608
Nonexpendable	126,946
Restricted for other purposes	
Drug law enforcement	1,672
Streets	<u>647,829</u>
	<u>\$ 838,281</u>
Business-type activities	
Restricted for SCCMUA operations	<u>\$ 1,145,329</u>

NOTE J: RETIREMENT PLAN

Plan Description

The City participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all eligible full-time employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units, and as of the December 31, 2009 valuation required contributions from the City of 15.76% of gross wages for the general government, 17.27% of gross wages for the police union, and 27.94% of gross wages for the Department of Public Services.

Annual Pension Cost

For year ended June 30, 2010 the City's annual pension cost of \$180,765 for the plan was greater than the City's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation at December 31, 2009, using the entry actual age normal cost method. Actual required contributions are based on actual reported monthly payroll. Significant actuarial assumptions used include (a) an 8.00 percent investment rate of return (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation (c) assumption benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over a period of twenty-eight years.

City of DeWitt

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE J: RETIREMENT PLAN - CONTINUED

Three (3) year trend information

	Year Ended December 31,		
	<u>2007</u>	<u>2008</u>	<u>2009</u>
Actuarial value of assets	\$ 1,772,743	\$ 2,185,084	\$ 2,258,420
Actuarial accrued liability (AAL) (entry age)	3,286,399	3,582,242	3,740,203
Unfunded AAL	1,513,565	1,397,158	1,481,783
Funded ratio	54 %	61 %	60 %
Covered payroll	824,160	827,339	803,091
UAAL as a percentage of covered payroll	184 %	169 %	185 %

	Year Ended June 30,		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual pension cost	\$ 316,005	\$ 280,044	\$ 180,765
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

This trend information was obtained from the MERS actuarial reports as of December 31, 2007, 2008, and 2009.

NOTE K: OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City provides certain retiree health care benefits as other post-employment benefits (OPEB) to all eligible retired employees. Currently, the City is paying the health care premium for three (3) retirees. The City records the cost of providing these benefits as expenses when paid. The following are the Governmental Accounting Standards Board Statement No. 45 (GASB Statement 45) required disclosures and these disclosures have been implemented prospectively by the City.

The plan does not issue a separate stand-alone financial statement.

Funding Policy

The City's annual other post-employment benefit (OPEB) cost is calculated based on the *annual required contribution of the employer* (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The City has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a "pay-as-you-go" basis). The only current contributions being made are to pay the actual current premiums of the retirees. That amount was less than the annual required contribution and is reflected in the schedule that follows. Administrative costs of the plan are paid for by the City.

Funding Progress

For the year ended June 30, 2010, the City has determined an estimated cost of providing post-employment benefits through the alternative measurement method of calculation as of June 30, 2009. The calculation 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 to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed 30 years.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE K: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

The City's computed contribution and actual funding is summarized as follows:

Annual required contribution/Annual OPEB cost (ARC)	\$ 901,663
Amounts contributed:	
Payments of current premiums (gross of employee reimbursement)	<u>16,595</u>
Net OPEB obligation	885,068
OPEB obligation - Beginning of year	<u>-</u>
OPEB obligation - End of year	<u>\$ 885,068</u>

Because this is the first year of the calculation, the above OPEB cost has no interest on the OPEB obligation or adjustment to the ARC within the calculation.

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2010, were as follows:

Annual OPEB costs	\$ 901,663
Percentage contributed	2 %
Net OPEB obligation	\$ 885,068

The current funding progress of the plan as of June 30, 2009, the most recent valuation date, is as follows:

Actuarial value of assets	\$ -
Actuarial accrued liability (AAL)	5,930,092
Unfunded AAL (UAAL)	5,930,092
Funded ratio	0 %

The year ended June 30, 2010, was the first year that the alternative measurement method of calculation was completed, so no information is available for years prior to that. Also, information related to funding progress with multiyear trend information indicating whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits is not presented.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revisions as actual results are compared with past expectations and new estimates and assumptions are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 City 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.

City of DeWitt

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE L: RISK MANAGEMENT

The City participates in a pool, the Michigan Municipal Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

The City also participates in a State pool, the Michigan Municipal Liability and Property Pool, with other municipalities for property, liability, bonding, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

NOTE M: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Sections 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amounts appropriated.

In the budgetary comparison schedules, the City's budgeted expenditures in the General Fund and Special Revenue Funds have been shown at the activity level. The approved budgets of the City have been adopted at the total expenditure level for the General Fund and Special Revenue Funds.

During the year ended June 30, 2010, the Township incurred expenditures in the Building Department Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
Building Department Fund	\$ 31,000	\$ 33,297	\$ 2,297

NOTE N: GASB PRONOUNCEMENTS

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 City is currently evaluating the impact this standard will have on the financial statements when adopted. The City will implement Statement No. 54 beginning with the fiscal year ending June 30, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

City of DeWitt

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2010

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Property taxes	\$ 1,907,243	\$ 1,904,243	\$ 1,901,874	\$ (2,369)
Penalties and interest	15,000	15,200	8,244	(6,956)
Administration fees	74,284	78,484	78,534	50
Total taxes	1,996,527	1,997,927	1,988,652	(9,275)
Licenses and permits				
Franchise fees	30,000	39,000	51,009	12,009
Other permits	900	3,175	853	(2,322)
Total licenses and permits	30,900	42,175	51,862	9,687
Intergovernmental				
State				
State shared revenue	352,726	327,626	327,657	31
Access to recreation grant	-	33,300	32,963	(337)
State liquor license	1,160	1,160	1,190	30
Michigan justice training	1,500	1,500	1,325	(175)
Total intergovernmental	355,386	363,586	363,135	(451)
Charges for services				
Sewer inspections	10,500	9,500	9,833	333
Refuse service	210,800	200,000	214,971	14,971
Site plan reviews	-	375	2,649	2,274
Park and recreation fees	3,000	6,200	6,298	98
Cemetery	23,849	33,149	33,985	836
Other fees	1,000	300	486	186
Total charges for services	249,149	249,524	268,222	18,698
Fines and forfeits				
Parking	1,500	1,000	1,065	65
Other	150	150	-	(150)
Total fines and forfeits	1,650	1,150	1,065	(85)
Interest and rents				
Interest	19,288	12,788	9,212	(3,576)
Rents	13,100	13,100	13,163	63
Total interest and rents	32,388	25,888	22,375	(3,513)

City of DeWitt

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2010

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES - CONTINUED				
Other				
Reimbursements	\$ 150,000	\$ 138,000	\$ 138,624	\$ 624
Other	19,000	61,750	62,471	721
Total other	169,000	199,750	201,095	1,345
TOTAL REVENUES	2,835,000	2,880,000	2,896,406	16,406
EXPENDITURES				
Current				
General government				
Legislative				
Salaries	13,484	12,484	11,965	519
Social Security	1,079	1,079	915	164
Sister city	2,500	1,300	1,218	82
Conference and travel	3,500	1,900	1,720	180
Memberships and dues	4,900	4,900	4,950	(50)
Miscellaneous	8,337	8,337	7,865	472
Total legislative	33,800	30,000	28,633	1,367
Administrator				
Salaries	176,157	176,157	174,700	1,457
Social security	14,093	14,093	14,338	(245)
Health/Dental	1,500	1,500	1,750	(250)
Life insurance	2,895	2,895	2,783	112
Retirement	37,842	41,842	41,337	505
MERS healthcare savings plan	4,800	4,800	4,800	-0-
Deferred compensation	13,500	13,500	13,500	-0-
Conference and travel	2,000	2,000	1,831	169
Memberships and dues	963	963	853	110
Miscellaneous	250	250	19	231
Total administrator	254,000	258,000	255,911	2,089
Elections				
Salaries	3,650	2,450	2,748	(298)
Supplies	2,000	1,000	783	217
Miscellaneous	500	800	709	91
Capital outlay	1,850	1,050	1,030	20
Total elections	8,000	5,300	5,270	30

City of DeWitt

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2010

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - CONTINUED				
Current - continued				
General government - continued				
Clerk				
Salaries	\$ 62,268	\$ 62,268	\$ 64,269	\$ (2,001)
Social security	4,981	4,981	4,917	64
Health insurance	14,754	9,754	9,247	507
Life insurance	1,107	1,107	661	446
Retirement	15,567	12,567	12,582	(15)
Conference and travel	1,595	1,595	22	1,573
Memberships and dues	728	728	682	46
Total clerk	101,000	93,000	92,380	620
Treasurer				
Salaries	62,268	62,268	63,687	(1,419)
Social security	4,981	4,981	4,719	262
Health insurance	14,691	14,691	13,855	836
Life insurance	1,107	1,107	953	154
Retirement	15,567	15,567	15,966	(399)
Conference and travel	1,480	1,480	-	1,480
Memberships and dues	506	506	425	81
Total treasurer	100,600	100,600	99,605	995
City Hall and Grounds				
Worker's compensation	11,524	13,400	13,356	44
Unemployment compensation	300	300	33	267
Supplies	21,315	29,300	29,091	209
Professional services	37,350	51,540	53,291	(1,751)
Refuse contract	138,755	136,200	147,345	(11,145)
Liability insurance	16,500	15,500	15,234	266
Recycling program	67,339	62,200	67,647	(5,447)
Telephone	7,400	3,400	3,203	197
Printing and publishing	8,000	6,600	7,551	(951)
Utilities	92,500	94,000	100,719	(6,719)
Repairs and maintenance	25,500	15,500	14,563	937
Equipment rental	1,627	1,600	720	880
Capital outlay	31,500	7,000	1,423	5,577
Total city hall and grounds	459,610	436,540	454,176	(17,636)
Cable Television				
Miscellaneous	500	200	169	31

City of DeWitt

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2010

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - CONTINUED				
Current - continued				
General government - continued				
Tree Commission				
Tree maintenance	\$ 14,725	\$ 8,000	\$ 8,419	\$ (419)
Tree programs	275	-	-	-0-
Capital outlay	5,000	900	-	900
Miscellaneous	-	1,100	1,039	61
Total tree commission	20,000	10,000	9,458	542
Assessor				
Assessing services	33,425	33,425	33,167	258
Miscellaneous	1,175	1,175	1,181	(6)
Total assessor	34,600	34,600	34,348	252
Retiree benefits				
Health insurance	12,300	16,600	16,595	5
Total general government	1,024,410	984,840	996,545	(11,705)
Public safety				
Police department				
Salaries	430,171	417,071	415,203	1,868
Social security	34,414	32,414	31,790	624
Health insurance	103,330	79,130	78,227	903
Life insurance	7,272	6,772	6,204	568
Retirement	73,637	71,837	71,691	146
Deferred compensation	4,500	4,500	4,500	-0-
Uniforms	7,000	7,000	6,315	685
Operating supplies	6,500	4,900	4,854	46
Detective services	6,500	-	-	-0-
Liability insurance	9,635	9,635	10,009	(374)
Telephone	3,060	3,060	3,587	(527)
Radio	7,055	7,055	5,933	1,122
Equipment rental	54,106	54,106	54,106	-0-
Conference and travel	450	450	-	450
Repairs and maintenance	1,500	600	538	62
Memberships and dues	450	450	347	103
Capital outlay	3,500	500	250	250
Police training	2,500	11,100	11,180	(80)
Miscellaneous	1,420	1,420	1,287	133
Total police department	757,000	712,000	706,021	5,979

City of DeWitt

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2010

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - CONTINUED				
Current - continued				
Public safety - continued				
Fire department				
Professional services	\$ 154,000	\$ 154,000	\$ 154,730	\$ (730)
Utilities	300	300	302	(2)
Repairs and maintenance	500	500	168	332
Capital outlay	1,000	1,000	-	1,000
Total fire department	155,800	155,800	155,200	600
Safety/Training				
Operating supplies	1,000	1,000	361	639
Planning commission				
Professional services	33,000	62,800	61,850	950
Conference and travel	250	-	-	-0-
Miscellaneous	450	2,200	2,157	43
Total planning commission	33,700	65,000	64,007	993
Total public safety	947,500	933,800	925,589	8,211
Public works				
Salaries	252,661	256,661	252,912	3,749
Social security	20,213	20,213	19,845	368
Health insurance	29,630	29,630	29,501	129
Life insurance	4,902	5,402	4,597	805
Retirement	61,221	61,221	61,345	(124)
Deferred compensation	6,240	11,240	10,938	302
Uniforms	4,000	4,000	3,625	375
Supplies	10,079	11,079	11,925	(846)
Telephone	4,425	4,425	4,437	(12)
Equipment	20,967	20,967	20,967	-0-
Conference and travel	1,000	1,000	340	660
Utilities	8,162	6,162	6,035	127
Repairs and maintenance	9,000	6,000	5,372	628
Membership	400	400	232	168
Miscellaneous	800	800	734	66
Capital outlay	73,000	3,000	892	2,108
Total public works	506,700	442,200	433,697	8,503

City of DeWitt

General Fund

BUDGETARY COMPARISON SCHEDULE - CONCLUDED

Year Ended June 30, 2010

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - CONTINUED				
Current - continued				
Recreation and cultural				
Salaries	\$ 3,250	\$ 9,000	\$ 8,555	\$ 445
Social security	249	1,000	654	346
Insurance	-	1,000	763	237
Operating supplies	9,579	8,000	5,675	2,325
Professional services	42,700	33,700	33,861	(161)
Utilities	6,000	5,500	5,764	(264)
Repairs and maintenance	5,222	9,000	8,983	17
Projects and programs	1,000	1,000	-	1,000
Capital outlay	-	155,500	155,091	409
Total recreation and cultural	68,000	223,700	219,346	4,354
Debt service				
Interest and fiscal agent charges	2,530	2,600	2,521	79
TOTAL EXPENDITURES	2,549,140	2,587,140	2,577,698	9,442
EXCESS OF REVENUES OVER EXPENDITURES	285,860	292,860	318,708	25,848
OTHER FINANCING USES				
Transfers out	(285,860)	(285,860)	(285,860)	-0-
NET CHANGE IN FUND BALANCE	-0-	7,000	32,848	25,848
Fund balance, beginning of year	889,650	889,650	889,650	-0-
Fund balance, end of year	\$ 889,650	\$ 896,650	\$ 922,498	\$ 25,848

OTHER SUPPLEMENTARY INFORMATION

City of DeWitt

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

June 30, 2010

	Special		
	Major Street	Local Street	Building Department
ASSETS			
Cash and cash equivalents	\$ 29,304	\$ 411,932	\$ 14,979
Investments	160,000	-	-
Special assessment receivable	11,119	17,223	-
Interest receivable	1,002	90	1,905
Due from other governmental units - State	30,438	12,631	-
TOTAL ASSETS	<u>\$ 231,863</u>	<u>\$ 441,876</u>	<u>\$ 16,884</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 3,135
Deferred revenue	8,553	17,357	-
TOTAL LIABILITIES	8,553	17,357	3,135
FUND BALANCES			
Reserved for perpetual care	-	-	-
Unreserved			
Designated for perpetual care	-	-	-
Designated for subsequent year's expenditures	42,000	13,000	-
Undesignated, reported in:			
Special revenue funds	181,310	411,519	13,749
TOTAL FUND BALANCES	<u>223,310</u>	<u>424,519</u>	<u>13,749</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 231,863</u>	<u>\$ 441,876</u>	<u>\$ 16,884</u>

	Revenue		Capital Projects	Permanent	Total
Public Improvement	Drug Law Enforcement	Special Donations	Building Authority	Cemetery Perpetual Care	Nonmajor Governmental Funds
\$ 35,520	\$ 1,672	\$ 16,577	\$ -	\$ 137,439	\$ 647,423
-	-	-	-	-	160,000
138	-	-	-	-	28,480
-	-	-	-	115	3,112
-	-	-	-	-	43,069
<u>\$ 35,658</u>	<u>\$ 1,672</u>	<u>\$ 16,577</u>	<u>\$ -0-</u>	<u>\$ 137,554</u>	<u>\$ 882,084</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,135
-	-	-	-	-	25,910
-0-	-0-	-0-	-0-	-0-	29,045
-	-	-	-	126,946	126,946
-	-	-	-	10,608	\$ 10,608
4,800	1,000	100	-	-	60,900
<u>30,858</u>	<u>672</u>	<u>16,477</u>	<u>-</u>	<u>-</u>	<u>654,585</u>
<u>35,658</u>	<u>1,672</u>	<u>16,577</u>	<u>-0-</u>	<u>137,554</u>	<u>853,039</u>
<u>\$ 35,658</u>	<u>\$ 1,672</u>	<u>\$ 16,577</u>	<u>\$ -0-</u>	<u>\$ 137,554</u>	<u>\$ 882,084</u>

City of DeWitt

Nonmajor Governmental Funds

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

Year Ended June 30, 2010

	Special		
	Major Street	Local Street	Building Department
REVENUES			
Licenses and permits	\$ -	\$ -	\$ 35,319
Intergovernmental - State	191,914	71,062	-
Charges for services	-	-	-
Interest and rents	3,418	1,663	1,909
Other			
Special assessments	3,661	4,926	-
Donations	-	-	-
TOTAL REVENUES	198,993	77,651	37,228
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	33,297
Public works	95,226	62,637	-
Debt service	64,576	-	-
TOTAL EXPENDITURES	159,802	62,637	33,297
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	39,191	15,014	3,931
OTHER FINANCING SOURCES (USES)			
Transfers in	-	200,000	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	200,000	-0-
NET CHANGE IN FUND BALANCES	39,191	215,014	3,931
Fund balances, beginning of year	184,119	209,505	9,818
Fund balances, end of year	<u>\$ 223,310</u>	<u>\$ 424,519</u>	<u>\$ 13,749</u>

	Revenue		Capital Projects	Permanent	Total Nonmajor Governmental Funds
Public Improvement	Drug Law Enforcement	Special Donations	Building Authority	Cemetery Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,319
-	-	-	-	-	262,976
-	-	-	-	8,550	8,550
156	-	27	-	426	7,599
-	-	-	-	-	8,587
-	-	2,767	-	-	2,767
156	-0-	2,794	-0-	8,976	325,798
-	-	-	-	3,513	3,513
-	995	519	-	-	34,811
1,462	-	-	-	-	159,325
-	-	-	-	-	64,576
1,462	995	519	-0-	3,513	262,225
(1,306)	(995)	2,275	-0-	5,463	63,573
-	-	-	-	-	200,000
-	-	-	(32)	-	(32)
-0-	-0-	-0-	(32)	-0-	199,968
(1,306)	(995)	2,275	(32)	5,463	263,541
36,964	2,667	14,302	32	132,091	589,498
<u>\$ 35,658</u>	<u>\$ 1,672</u>	<u>\$ 16,577</u>	<u>\$ -0-</u>	<u>\$ 137,554</u>	<u>\$ 853,039</u>

City of DeWitt

Major Street Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2010

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental - State	\$ 191,000	\$ 186,000	\$ 191,914	\$ 5,914
Interest				
Investments	3,500	1,500	3,163	1,663
Special assessments	500	100	255	155
Other				
Special assessments	5,000	1,400	3,661	2,261
TOTAL REVENUES	200,000	189,000	198,993	9,993
EXPENDITURES				
Current				
Public works				
Salaries	16,500	13,900	13,482	418
Fringe benefits	9,900	9,000	8,089	911
Supplies	13,500	8,300	7,252	1,048
Professional services	500	500	500	-0-
Repairs and maintenance	14,000	2,000	1,839	161
Construction	150,000	47,000	45,751	1,249
Equipment rental	21,000	18,800	18,233	567
Miscellaneous	-	-	80	(80)
Total public works	225,400	99,500	95,226	4,274
Debt service				
Principal	50,000	55,000	55,000	-0-
Interest and fiscal charges	14,600	10,500	9,576	924
Total debt service	64,600	65,500	64,576	924
TOTAL EXPENDITURES	290,000	165,000	159,802	5,198
NET CHANGE IN FUND BALANCE	(90,000)	24,000	39,191	15,191
Fund balance, beginning of year	184,119	184,119	184,119	-0-
Fund balance, end of year	\$ 94,119	\$ 208,119	\$ 223,310	\$ 15,191

City of DeWitt

Local Street Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2010

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental - State	\$ 77,800	\$ 75,700	\$ 71,062	\$ (4,638)
Interest	3,500	2,200	1,663	(537)
Special assessments	4,700	4,100	4,926	826
TOTAL REVENUES	86,000	82,000	77,651	(4,349)
EXPENDITURES				
Current				
Public works				
Salaries	16,000	20,500	19,647	853
Fringe benefits	10,200	12,200	11,788	412
Supplies	16,000	7,900	7,708	192
Professional services	15,800	2,800	1,332	1,468
Construction	170,000	2,000	1,106	894
Equipment rental	18,000	20,600	20,527	73
Miscellaneous	-	-	529	(529)
TOTAL EXPENDITURES	246,000	66,000	62,637	3,363
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(160,000)	16,000	15,014	(986)
OTHER FINANCING SOURCES				
Transfers in	200,000	200,000	200,000	-0-
NET CHANGE IN FUND BALANCE	40,000	216,000	215,014	(986)
Fund balance, beginning of year	209,505	209,505	209,505	-0-
Fund balance, end of year	<u>\$ 249,505</u>	<u>\$ 425,505</u>	<u>\$ 424,519</u>	<u>\$ (986)</u>

City of DeWitt

Building Department Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2010

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses and permits	\$ 18,000	\$ 35,000	\$ 35,319	\$ 319
Interest	-	-	1,909	1,909
TOTAL REVENUES	18,000	35,000	37,228	2,228
EXPENDITURES				
Current				
Public safety				
Salaries	5,000	5,000	5,000	-0-
Fringe benefits	3,000	3,000	3,000	-0-
Supplies	200	300	217	83
Professional services	9,400	22,300	24,662	(2,362)
Memberships and dues	300	300	300	-0-
Administration costs	100	100	100	-0-
Miscellaneous	-	-	18	(18)
TOTAL EXPENDITURES	18,000	31,000	33,297	(2,297)
NET CHANGE IN FUND BALANCE	-0-	4,000	3,931	(69)
Fund balance, beginning of year	9,818	9,818	9,818	-0-
Fund balance, end of year	<u>\$ 9,818</u>	<u>\$ 13,818</u>	<u>\$ 13,749</u>	<u>\$ (69)</u>

City of DeWitt

Public Improvement Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2010

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Interest	\$ 425	\$ -	\$ 156	\$ 156
Other				
Special assessments	575	-	-	-0-
TOTAL REVENUES	1,000	-0-	156	156
EXPENDITURES				
Current				
Public works				
Miscellaneous	100	-	13	(13)
Capital outlay	5,900	1,500	1,449	51
TOTAL EXPENDITURES	6,000	1,500	1,462	38
NET CHANGE IN FUND BALANCE	(5,000)	(1,500)	(1,306)	194
Fund balance, beginning of year	36,964	36,964	36,964	-0-
Fund balance, end of year	<u>\$ 31,964</u>	<u>\$ 35,464</u>	<u>\$ 35,658</u>	<u>\$ 194</u>

City of DeWitt

Drug Law Enforcement Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2010

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Interest	\$ 50	\$ -	\$ -	\$ -0-
EXPENDITURES				
Current				
Public safety				
Forfeitures	-	1,000	986	14
Miscellaneous	-	-	9	(9)
TOTAL EXPENDITURES	-0-	1,000	995	5
NET CHANGE IN FUND BALANCE	50	(1,000)	(995)	5
Fund balance, beginning of year	2,667	2,667	2,667	-0-
Fund balance, end of year	<u>\$ 2,717</u>	<u>\$ 1,667</u>	<u>\$ 1,672</u>	<u>\$ 5</u>

City of DeWitt

Special Donations Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2010

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Interest	\$ 100	\$ 100	\$ 27	\$ (73)
Other				
Donations	-	2,700	2,767	67
TOTAL REVENUES	100	2,800	2,794	(6)
EXPENDITURES				
Current				
Public safety	400	600	519	81
NET CHANGE IN FUND BALANCE	(300)	2,200	2,275	(75)
Fund balance, beginning of year	14,302	14,302	14,302	-0-
Fund balance, end of year	<u>\$ 14,002</u>	<u>\$ 16,502</u>	<u>\$ 16,577</u>	<u>\$ (75)</u>

City of DeWitt

SCHEDULE OF BONDED DEBT OUTSTANDING

June 30, 2009

Limited Tax General Obligation Building Authority - Park Improvement Bonds

Issue: \$ 975,000

Issue date: February 1, 1999

<u>Due Date</u>	<u>Interest Rate</u>	<u>Bonds Maturing</u>	<u>Interest Due</u>	<u>Total Amount Due</u>
5/1/2011	4.50 %	\$ 70,000	\$ 12,780	\$ 82,780
5/1/2012	4.60	70,000	9,630	79,630
5/1/2013	4.70	70,000	6,410	76,410
5/1/2014	4.80	65,000	3,120	68,120
		<u>\$ 275,000</u>	<u>\$ 31,940</u>	<u>\$ 306,940</u>

2004 Michigan Transportation Fund Bonds

Issue: \$ 450,000

Issue date: December 1, 2004

<u>Due Date</u>	<u>Interest Rate</u>	<u>Bonds Maturing</u>	<u>Interest Due</u>	<u>Total Amount Due</u>
10/1/2010	3.15 %	\$ 60,000	\$ 7,820	\$ 67,820
10/1/2011	3.35	60,000	5,871	65,871
10/1/2012	3.50	65,000	3,727	68,727
10/1/2013	3.70	70,000	1,295	71,295
		<u>\$ 255,000</u>	<u>\$ 18,713</u>	<u>\$ 273,713</u>