

Comprehensive Annual Financial Report

City of Fenton, Michigan

June 30, 2006

**Prepared By:
Treasurer's Department**

Comprehensive Annual Financial Report
City of Fenton, Michigan
Year Ended June 30, 2006

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City of Fenton, Michigan
List of Elected and Appointed Officials

Mayor

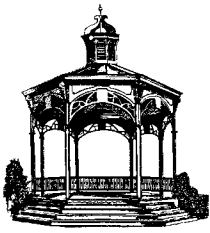
Barbara Sue Osborn

City Council

| | |
|---------------------|-----------------|
| Edward M. Angeluski | Cheryl A. King |
| Dianne North | Michael Moffitt |
| Carl S. Hammond | John Rauch |

Appointed Officials

| | |
|------------------------|------------------------|
| Leslie Bland | Public Works Director |
| Richard Aro..... | Police Chief |
| Robert Cairnduff | Fire Chief |
| Cynthia A. Shane | City Treasurer |
| Noel Brad Hissong..... | Building Inspector |
| Melinda Carrier..... | City Clerk |
| Tonya Molloseau | City Assessor |
| Michael Senyko | City Manager |
| Christopher Wren..... | Assistant City Manager |



City of Fenton

301 South Leroy Street · Fenton, Michigan 48430-2196 • (810) 629-2261 • FAX (810) 629-2004

December 20, 2006

Honorable Mayor Osborn and the Fenton City Council:

In accordance with State statute and provisions of the City Charter, it is my pleasure to submit to you and the citizens of Fenton, the comprehensive annual financial report of the City of Fenton for the fiscal year ending June 30, 2006 (FY 06). Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the City. The administration believes, and has made its best efforts to insure, that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial status have been included.

In developing and monitoring the City's accounting system, significant consideration is given to the adequacy of our systems of fiscal checks and balances. Our internal accounting controls are regularly reviewed, not just by our auditors in the preparations of our annual audit, but also by the City Treasurer and the City administration throughout the year as we examine current and proposed practices and procedures. Based upon these regular reviews, I believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of our financial transactions.

This report has been formulated following the guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada. The GFOA annually awards Certificates of Achievement to those governments whose financial reports are judged to meet the high standards of public financial reporting including generally accepted accounting principles. We can point with some pride that for eighteen consecutive years, beginning with Fiscal Year 1988, we have been the recipients of the GFOA's Certificate of Achievement.

This accompanying report consists of three major sections:

1. Introductory Section, including the City Treasurer's transmittal letter.
2. Financial Section, including the financial statements and supplemental data and our independent auditor's opinion.
3. Statistical Section, including a number of tables of unaudited data detailing the financial history of the *City of Fenton* for the past ten (10) years, information on overlapping governments and demographic and other miscellaneous data.

Public Act 2 of 1968 of the State of Michigan, as amended, requires that the financial statements of the City of Fenton be audited by a certified public accountant selected by the City Council. This requirement has been met through bidding out and retaining the services of Plante Moran as our independent auditors. We are in the third year of a five year contract with them. The opinion letter of our auditors is included in the financial section of this report.

The City of Fenton has ended the fiscal year in stable financial condition and we continue to experience strong commercial, residential and industrial growth. There is a continued high level of interest for developing in Fenton as reflected by inquiries and actual plans submitted by developers. However, overall growth has slowed somewhat. None-the-less, this continued balanced growth bodes well for Fenton's long term vitality. Our location near several major metropolitan markets, as well as our relatively new position as the commercial hub for southern Genesee, northern Livingston, and eastern Oakland counties, quality educational system, abundant natural resources, and overall quality of life continue to make Fenton a community in demand.

While we recognize the opportunities that growth provides, we also understand the challenges which accompany it as well. The City is addressing these challenges through its continued planning for the future. Significant examples of planning for the future, as well as current accomplishments, include:

- Nearing completion of a Downtown Master Plan with Design Guidelines and Implementation Strategies
- Continued focus on the improvement of local streets within the area
- Continuing to budget according to the needs and wishes of our community
- Hired a new Fire Chief and City Assessor
- Commenced replacement of the Torrey Road Bridge
- Significant progress on the strong aesthetic improvements to City Hall
- Continued implementation of a Geographic Information System (GIS)

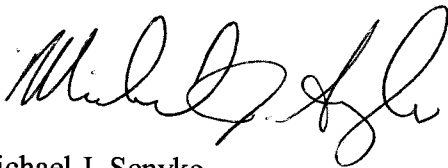
Wherever possible the City has made use of grant, matching, or low interest funds to help meet the needs of the community. Examples of such grants benefitting the City include road and water system improvements, sidewalk extensions, recreational paths, tree planting and planning studies. The City has also worked with other outside organizations to help provide the infrastructure necessary to meet the City's current and future needs.

It should again be noted that the preparation of this comprehensive annual financial report could not have been accomplished without the efforts of our City Treasurer, Cynthia Shane. Her continued efforts to upgrade the City's accounting, financial reporting and information management systems has contributed significantly to the quality of the information being reported to the City Council and the citizens of Fenton.

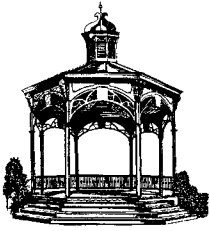
In closing, let me express my hope that you will find this document to be a useful tool in evaluating the City's financial health. Helping you and the public obtain a thorough understanding of the City's financial condition is important to us all. Should you have any questions, comments, concerns, or suggestions regarding this document or the information it contains, Cindy and I are available to respond.

My staff and I look forward to reviewing this information with you.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael J. Senyko". The signature is fluid and cursive, with a large initial "M" and "S".

Michael J. Senyko
City Manager



City of Fenton

301 South Leroy Street · Fenton, Michigan 48430-2196 • (810) 629-2261 • FAX (810) 629-2004

December 1, 2006

To the Citizens of the City of Fenton:

The comprehensive annual financial report of the *City of Fenton* for the fiscal year ended June 30, 2006 is hereby submitted. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the City. The administration believes that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial status have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes a list of principal officials, the government's organizational chart, and this transmittal letter. The Basic Financial Statements section includes the entity-wide financial statements, fund financial statements and schedules. The required supplemental section includes management's discussion and analysis. Other supplementary information includes combining and individual fund financial statements. The statistical section includes various tables that reflect social and economic data, financial trends, and the fiscal capacity of the City. This data is unaudited.

In 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 (GASB No. 34), which significantly changed the contents and format of the municipal financial statements. GASB No. 34 was developed to promote comparability between various units of government and to demonstrate the operational, as well as the fiscal, accountability of each municipality. Prior to GASB No. 34, municipalities reported only on the fund basis. This demonstrated to the financial statement user that the municipality met its responsibility to the public and all legal requirements in the short term, usually a year or a budget cycle. With the adoption of GASB No. 34, a municipality must also include full accrual government-wide financial statements. The purpose of these statements is to demonstrate the operation accountability of the municipality. Operational accountability refers to the government's responsibility to assure that it is currently meeting and can continue to meet operational objectives into the foreseeable future. The accompany report is the third issued by the *City of Fenton* in compliance with the new format requirements of GASB 34.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The City of Fenton's MD&A can be found immediately following the report of the independent auditor.

The City operates under the council-manager form of government. The City Council is comprised of the mayor and six members. The members are elected on a staggered basis for four year terms. The mayor is elected every two years. The City Manager and City Attorney are appointed by, and serve at the pleasure of the council.

REPORTING ENTITY

The City of Fenton has defined its financial reporting entity in accordance with the pronouncements of the

Governmental Accounting Standards Board (GASB).

The City provides various municipal services to its citizens. Among these are fire and police protection, garbage collection, parks maintenance and activities, street construction and maintenance, planning and zoning, and general administrative services. The City operates its own water system and sanitary sewer system.

The following organization was evaluated against the reporting entity criteria and is included in the City's annual report as a blended component unit for the reasons stated:

City of Fenton Building Authority:

- City appoints governing board.
- Surplus funds existing at termination of Authority vest to the City of Fenton

The following organizations were evaluated against the reporting entity criteria and are included in the City's annual report as discretely presented component units for the reasons stated:

Local Development Finance Authority:

- Unit is legally separate from the City.
- City appoints majority of governing board.
- Surplus funds existing at termination of Authority vest to the City.

Downtown Development Authority:

- Unit is legally separate from the City.
- City appoints majority of governing board.
- Surplus funds existing at termination of Authority vest to the City.

ECONOMIC CONDITION AND OUTLOOK

The *City of Fenton* is located in the southeast corner of Genesee County, bordering Livingston County to the south and Oakland County to the east. Livingston County is the fastest growing county in Michigan. Genesee County is the fourth largest county in the state. Fenton is accessible to the City of Flint, 15 miles to the north and the City of Detroit, 48 miles to the south. Genesee County is effectively now part of the Southeast Michigan economy and is also part of the Detroit Comprehensive Statistical Area.

The City is a stable community with many assets – quality residential neighborhoods, good schools, beautiful view of the Shiawassee River, and historic downtown and residential neighborhoods, a solid industrial base and convenient freeway access. Periodic events and festivals, such as the 4th of July Freedom Festival, Applefest, Jinglefest and Jubl'ev'e contribute to Fenton's "small town" sense of community.

Many choices of housing are available in Fenton, whether it is single-family homes in beautiful neighborhoods, apartments communities in convenient locations, or condominiums tucked away in lovely wooded area. For those whose careers take them outside of the city, they do not have far to travel since all major metropolitan areas such as Ann Arbor, Lansing, Flint and the Detroit Area are located within an hour's drive. Several residential developments are in the building or planning stages. Eagles at the Waters Edge development includes 92 attached condos, 138 townhouse units attached, and 65 single family detached condos. Pine Creek North is developing 268 site condos. Orchard Hills is developing phase II with 80 single family condos and Lexington Oak is developing 53 single family condos.

The City is the heart of a beautiful recreation area. There are 58 lakes within a 10-mile radius of the City, which are used for fishing, boating, swimming and other water sports. Silver Lake Park in Fenton features

a municipal beach and picnic areas. Lake Fenton, with more than 11 miles of shoreline, is the largest lake in the area, encompassing 845 acres and with a maximum depth of 92 feet. The area around the City provides facilities for downhill and cross-country skiing, snowmobiling and ice fishing.

Fenton Area Public Schools is one of the finest school districts in the state, with three public elementary schools, a fifth- and sixth-grade, a new seventh- and eighth-grade building which was built in 2000, and a high school. A small portion of the city is located in the Lake Fenton Community Schools which has built a new state-of-the-art high school. In addition, the city is the home to a private parochial school for parents who choose a religion-based education for their children.

The 2000 U.S. Census was 10,582, a population increase of 25% or 2138 persons from 1990. The estimated population for 2005 is 12,000.

A steady diversified growth in local industries has continued. New service-related businesses continue to establish in Fenton. Many new commercial businesses have opened in Silver Lake Village, a 153.9 acre Planned Unit Business development on the west side of the City. In the current year, newly built businesses in this development include Little People's Day Care, Lockwood Management's 106 unit senior house project, Silver Lake Village Profession Office building and Silver Lake Village Family Medical Center. A new Planned Unit Business development of 18.71 acres has attracted and opened a new Target Store and Rainbow Rascals Day Care. Also the Wal-Mart is planning to increase their size to a Super Wal-Mart. A multi-million dollar industrial park is located in the City. This park is filled with strong viable corporations, enhancing the employment market and tax base in the city.

MAJOR INITIATIVES

For the Year. A major concern, year after year, of the City is the maintenance and expansion of the general infrastructure (roads, bridges and sidewalks). The City has received a Surface Transportation Program Fund Grant to replace the Torrey Road Bridge. This project is under construction. The Surface Transportation Program Fund Grants require a 20% match plus engineering expenses.

A main goal of the city council is to continue establishment of a local street capital improvement program. This fiscal year resurfacing was completed on Mary Court, Lincoln, Jefferson, Sinclair and Parallel Streets.

The city hired Hubbell, Roth and Clark, Inc. as their new consulting engineers hoping to improve efficiency and contain costs on their major construction projects.

The DDA completed structural and surface improvements to the Mill Pond Park area, making this central area of the city more attractive.

The interior of City Hall was renovated. With our growth, City Hall was in need of improvements to keep up with our added customer load, service and expansion. The improvements included carpeting, painting and front office renovation.

The city has continued to maintain and improve the GIS (Geographic Information Systems). The assessing, zoning and infrastructure information are included on the GIS system. Using the GIS system to create emergency management mapping for the police and fire department is a future project.

For the Future. For the ongoing protection of the City, the City council has set a policy to maintain the combination of the General Fund and Budget Stabilization Fund balances at 20% of net General Fund operating revenues and have met these requirements. Council will strive to continue meeting this goal in the future. The City prepares a five-year financial plan annually for the General Fund.

Annually, the City updates a five-year plan for capital improvements (infrastructure). Council has a policy to annually designate 1.5 mills of the general operating millage for capital improvements.

The Local Street capital improvement program for the coming year consists of repaving East and West Streets. The City is working with Genesee County and the Michigan Department of Transportation to complete the widening of Silver Lake Road in the near future. Also the city has applied for funding grants to resurface Adelaide and North Leroy Streets.

Downtown Master Plan Focus

The DDA (Downtown Development Authority) is currently focusing on redeveloping the downtown area. The board has recognized that a critical aspect of developing the downtown involves creating a long-term vision of what downtown Fenton will become.

The DDA board retained John Dzurman Architects to create the Downtown Plan. The plan has been completed and approved by the DDA. Further approvals by the City of Fenton Planning Commission and the Fenton City Council are anticipated in the near future.

The purpose of this effort was to develop a comprehensive overview of the downtown area and a block-by-block plan for future development. The downtown plan includes recommended building locations, parking, streetscape improvements, signage, open spaces, location and type of public art, and recommended improvements to the existing roadway network, pedestrian and parking facilities.

One of the most interesting aspects of the downtown plan and design guidelines is the inclusion of an art and cultural identity for downtown Fenton. The City of Fenton DDA has adopted a Public Art Policy that states art and culture is an important aspect of the community will help stimulate new economic development and will contribute to the continuing revitalization of the downtown area.

The downtown master plan includes an Implementation Strategies Plan that offers a framework of how to accomplish the goals, ideas and recommendations identified in the master plan. The strategies include a three phased 15 year redevelopment plan. The DDA has included several of the Phase I items in the FYE 2007 budget. These DDA budget items include: 1) extend Caroline Street from S. LeRoy to S. Walnut, 2) develop Old Fire Hall building into a new business, 3) enhance appearance of the S. LeRoy Bridge, 4) change Elizabeth Street to one-way traffic and create more parking.

Also the DDA is encouraging the construction of an addition to the Fenton Community Center. This 12,000 square foot addition to the existing center is to be funded by private contributions to the Fenton Community Foundation. The addition would include a theater, gallery and classrooms for fine art instruction. The cost of the project is anticipated to be \$3.5 million.

FINANCIAL INFORMATION

In developing and evaluating the City's accounting system, consideration has been given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Budgeting Controls. After thorough evaluation of all proposals, the City council adopts an annual budget for the general fund, special revenue funds, and debt service funds. The budget is legally enacted on a departmental (activity) basis. Monthly budget reports are provided to department heads and it is their responsibility to see that expenditures are within the budgetary guidelines. An online inquiry system is also available to department heads in which they could review budget to actual figures on a daily basis. Quarterly budget reports are provided to council for their review.

Pension Plan. The City participates in the Michigan Municipal Employees Retirement System (MERS), which is an agent multiple-employer public employee retirement system (PERS). Each year an independent actuary engaged by the pension plan calculates the amount of annual contributions that the City of Fenton must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City of Fenton fully funds each year's annual required contribution to the pension plan as determined by the actuary. As a result of the funding policy, the City of Fenton has succeeded as of December 31, 2005, in funding 78 percent of the present value of projected benefits earned by employees. The remaining unfunded amount is being systematically funded over 30 years as a part of the annual required contribution calculated by the actuary.

Cash Management. The city complies with Public Act 20 of 1943 (as amended) of the State of Michigan in its cash management activities. Idle cash in all funds is invested in demand deposits (savings and checking), investment pool, certificates of deposit, and money markets. The average yield on maturing investments during the year was 4.75%, and the amount of interest received was \$383,240.

Risk Management. The City is insured for workers' compensation through the Michigan Municipal League's workers' compensation fund. The City has entered into an agreement with the Municipal Alliance for property and liability insurance.

OTHER INFORMATION

Independent Audit. The City Charter and State laws require an annual audit of the financial records and transactions of the City by a firm of independent licensed certified public accountants. This requirement has been complied with and the City's financial statements have received an "unqualified opinion" from, Plante & Moran, PLLC Certified Public Accountants. An unqualified opinion is the best opinion that an organization can receive on its financial statements. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the *City of Fenton* for its comprehensive annual financial report for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The *City of Fenton* has received a Certificate of Achievement for the last eighteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments. The continuing efforts of department heads and office staff make possible the preparation of this comprehensive annual financial report. Commitment to fiscal integrity and financial leadership by the City Council is appreciated. The accounting firm of Plante & Moran, PLLC also made substantial contributions in the preparation of this document.

Respectfully,



Cynthia A. Shane
City Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fenton
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**City of Fenton, Michigan
Organizational Chart**

Citizens of the City of Fenton

**Mayor and
City Council**

City Attorney

Planning Commission

Library Board

Local Development Finance Authority

Compensation Commission

Building Authority

Cemetery Board

Museum Board

Board of Review

Zoning Board of Appeals

Beautification Commission

Downtown Development Authority

Park And Recreation Board

City Manager

Police
Chief

Fire
Chief

City
Clerk

Zoning
Administrator

Treasurer

Assessor

Public Works
Director

Support Staff

Financial Section



Independent Auditors' Report

Honorable Mayor and Members
of the City Council
City of Fenton
Fenton, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fenton, Michigan, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Fenton, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fenton, Michigan's basic financial statements. The management's discussion and analysis, and the budgetary comparison schedules as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedules, combining balance sheets and combining statements of revenue, expenditures and changes in fund balance, and other supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Plante & Moran, PLLC

September 6, 2006



Management's Discussion and Analysis

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of narratives and financial statements. This narrative should be considered in conjunction with the additional information presented in the letter of transmittal found on pages C-1 through C-8 and is intended to serve as an introduction to the City of Fenton's basic financial statements. The basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a board overview of the City of Fenton's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Fenton is improving or deteriorating. The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. As a result, revenues and expenses are reported in this statement for some items that only result in cash flows in future fiscal periods.

Both of the government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover costs from user fees and charges for services (business-type activities). The governmental activities include general government, public works, parks and recreation, community service, and cemetery. The business-type activities include the water and sewer operation of the City. The government-wide financial statements include not only the City of Fenton (known as the primary government), but also the legally separate Downtown Development Authority and Local Development Authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the City.

Fund Financial Statements (which report the City's operation in more detail than the government-wide financial statements) follow the above-mentioned statements and illustrate how the services provided by the City were financed in the short term, as well as what remains for future spending. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities and to demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower, it is useful to compare this information with similar information presented for governmental activities in the government-wide financial statements. This comparison may allow the readers to better understand the long-term impact of the City's short-term financing decisions. Both the balance sheet and the statement of revenues, expenditures, and changes in fund balances for the governmental funds provide a reconciliation to facilitate this comparison between governmental funds and government activities.

The City of Fenton maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Major and Local Streets Funds, all of which are considered to be major funds. Data for the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Fenton adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for all the governmental funds to demonstrate budgetary compliance.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds. Enterprise Funds are used to report the same functions presented in the business-type activities in the government-wide financial statements. The City of Fenton uses Enterprise Funds to account for its water and sewer operations. These funds are considered major funds of the City. Internal Service Funds are an accounting device used to accumulate and allocate cost internally among various functions. The City of Fenton uses an Internal Service Fund to account for its equipment usage and also to accumulate resources for employee sick pay. Because this program predominantly benefit governmental rather than business-type functions, it has been consolidated within the governmental activities in the government-wide financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplemental Information concerning the City's budgetary comparison statements for the General and major Special Revenue funds as well as budget footnotes. This required supplemental information is in addition to the basic financial statements and accompanying notes.

Other Financial and Supplement Information, such as the combining statements and certain budget comparison statements referred to earlier, as well as various financial schedules and the statistical information, are presented immediately following the required supplemental information.

Table I summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Table 1 Major Features of the City of Fenton, Michigan's
Government-wide and Fund Financial Statements
Fund Statements**

| <u>Type of Statements</u> | <u>Government-wide</u> | <u>Governmental Funds</u> | <u>Proprietary Funds</u> | <u>Fiduciary Funds</u> |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Scope | Entire City government (except fiduciary funds) and the City's component units | The activities of the City that are not proprietary or fiduciary, such as police, fire, and major/local streets | Activities the City operates similar to private business: the water and sewer system | Instances in which the City is the trustee or agent for someone else's resources. |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net assets • Statement of activities | <ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures and changes in fund balances | <ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows | <ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term | All assets and liabilities, both short-term and long-term, the City's funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information | All revenues and expenses during the year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid | All revenues and expenses during year, regardless of when cash is received or paid |

The City of Fenton as a Whole

The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year (in millions of dollars):

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|-----------------------------------------------------|------------------------------------|---------------|-------------------------------------|---------------|---------------|---------------|
| | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> |
| Current and other: | | | | | | |
| Assets | \$ 5.1 | \$ 4.1 | \$ 4.9 | \$ 4.4 | \$10.0 | \$8.5 |
| Capital assets | 9.6 | 11.9 | 39.1 | 38.7 | 48.7 | 50.6 |
| Total assets | <u>14.7</u> | <u>16.0</u> | <u>44.0</u> | <u>43.1</u> | <u>58.7</u> | <u>59.1</u> |
| Long-term liabilities | 1.2 | 1.1 | 20.4 | 19.3 | 21.6 | 20.4 |
| Other liabilities | .9 | .9 | .5 | .5 | 1.4 | 1.4 |
| Total liabilities | <u>2.1</u> | <u>2.0</u> | <u>20.9</u> | <u>19.8</u> | <u>23.0</u> | <u>21.8</u> |
| Net assets: | | | | | | |
| Invested in capital assets – net of related debt | 9.5 | 11.1 | 18.7 | 19.4 | 28.2 | 30.5 |
| Restricted | 0.5 | 0.2 | 0.9 | 0.9 | 1.4 | 1.1 |
| Unrestricted | 2.6 | 2.7 | 3.5 | 3.0 | 6.1 | 5.7 |
| Total net assets | <u>\$12.6</u> | <u>\$14.0</u> | <u>\$23.1</u> | <u>\$23.3</u> | <u>\$35.7</u> | <u>\$37.3</u> |

The City’s combined net assets increased 4 percent from a year ago, increasing from 35.7 million to 37.3 million. A review of the governmental activities, separate from the business-type activities, shows an increase of approximately \$1.4 million in net assets, or 11 percent, during the fiscal year 2006. This increase is attributable to the purchase of capital assets. The business-type activities experienced a \$.2 million increase in net assets. This was primarily due to the reduction of long-term debt. Unrestricted net assets for the governmental activities, which is the portion of net assets that is available to finance day-to-day operations and future growth, was \$2.7 million at June 30, 2006.

The following table shows the changes of the net assets during the current year and as compared to the prior year (in millions of dollars):

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|------------------------------------|------------------------------------|-------------|-------------------------------------|-------------|--------------|-------------|
| | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> |
| Revenue | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 1.1 | \$ 1.2 | \$ 3.4 | \$ 3.8 | \$ 4.5 | \$ 5.0 |
| Operating grants and contributions | 0.9 | 0.9 | 0.0 | 0.0 | 0.0 | 0.9 |
| Capital grants and contributions | 0.3 | 1.3 | 0.4 | 0.6 | 0.7 | 1.9 |
| General revenue: | | | | | | |
| Property taxes | 3.9 | 4.2 | 0.0 | 0.0 | 3.9 | 4.2 |
| State-shared revenue | 0.9 | 0.9 | 0.0 | 0.0 | 0.9 | 0.9 |
| Unrestricted: | | | | | | |
| Investment earnings | 0.1 | 0.2 | 0.1 | 0.1 | 0.2 | 0.3 |
| Total revenue | 7.2 | 8.7 | 3.9 | 4.5 | 10.2 | 13.2 |
| Program Expenses | | | | | | |
| Legislative | 0.2 | 0.2 | 0.0 | 0.0 | 0.2 | 0.2 |
| General government | 1.3 | 1.2 | 0.0 | 0.0 | 1.3 | 1.2 |
| Public safety | 3.0 | 3.1 | 0.0 | 0.0 | 3.0 | 3.1 |
| Public works | 1.8 | 2.3 | 0.0 | 0.0 | 1.8 | 2.3 |
| Parks and recreation | 0.2 | 0.2 | 0.0 | 0.0 | 0.2 | 0.2 |
| Community service | 0.1 | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 |
| Cemetery | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 |
| Interest on long-term debt | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 |
| Water | 0.0 | 0.0 | 1.8 | 2.0 | 1.8 | 2.0 |
| Sewer | 0.0 | 0.0 | 2.4 | 2.3 | 2.4 | 2.3 |
| Total program expenses | 6.6 | 7.3 | 4.2 | 4.3 | 10.8 | 11.6 |
| Change in net assets | \$ 0.6 | \$ 1.4 | \$(0.3) | \$ 0.2 | \$(0.6) | \$ 1.6 |

Governmental Activities

The City's total governmental revenues increased by approximately \$1.5 million due to an increase in tax revenues. Part of this increase was due to the annual increase in taxable values due to inflation. The other portion of the increase was the new revenue sharing agreement between the City and the Local Development Finance Authority. The LDFA shared \$200,000 of tax revenue with the City's general fund. The DDA also shared \$300,000 with the City's General Fund in 2006 and 2005.

Expenses increased by approximately \$.7 million, or 11 percent, from last fiscal year. The increase resulted from an increase in public safety and public works due to the City's labor agreements and increases in the employee health insurance costs, as well as the continued growth of the City of Fenton and related demand for various services by the community.

Business-type Activities

The City's business-type activities are recorded in the Water and Sewer Funds. The City provides water from wells located in the City. A new water treatment plant processes the water for all residents. The water rates were increased in the last quarter of fiscal 2005 to support the additional expenses to operate the new water plant. Additional water rate increases for fiscal 2007 are budgeted to support the system.

The City is a participant in a county-wide sanitary sewer construction program under Act 342 Michigan Compiled Laws. The City contracts with Genesee County Water and Waste Services for the operation of the plant. The City has pledged the full faith and credit of the City for the payment of the City's share of principal and interest payments. The assets and liabilities relating to those contracts have been recorded in the Sewer Fund. The City of Fenton, Fenton Township and City of Linden share a plant located in Fenton Township. The City's proportionate share of the operating costs of the plant is covered by our sewer rates. Sewer rates remained the same in fiscal year 2003 through 2006. The sewer rates were reviewed in fiscal year 2006 for possible increases. An increase is budgeted for fiscal year 2007. During fiscal 2006, \$133,337 in operating loss was incurred in the Sewer Fund and a \$323,240 operating income was realized in the Water Fund.

The City's Funds

Our analysis of the City's major funds begins on page 10, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes as well as show accountability for certain activities, such as State of Michigan Act 51 major and local road revenue sharing.

The City's major funds for 2006 include the General Fund and the Fire Equipment Fund.

The General Fund pays for most of the City's governmental services. The most significant of these are police and fire services, which incurred expenditures of approximately 3 million in 2006. The general operating millage levied by the City supports these two services. Fund Balance in the General Fund decreased by \$186,360 primarily due to the projects carried over from the previous year.

Fund Balance of the Fire Equipment Fund decreased by \$763,918 due to the purchase of equipment.

General Fund Budgetary Highlights

Over the course of the year, City administration and City Council monitor and amend the budget to take into account unanticipated events that occur during the year. At year end, actual General Fund revenues were under budget. Expenditures were \$174,280 under budget, mainly due to the efforts of administrators to keep expenditures under control.

Capital Assets and Debt Administration

At the end of fiscal 2006, the City had 50.6 million invested in a wide range of capital assets, including land, buildings, police and fire equipment, computer equipment, infrastructure assets and water and sewer lines. The value of the infrastructure assets (including construction in progress), net of depreciation, contained in this report is \$3.4 million and \$2.0 million for fiscal 2006 and 2005, respectively.

The City's general obligation bonds maintained ratings of AAA from Moody's and AAA from Standard and Poors. The city did not issue any long-term debt during the fiscal year. The ratio of net general bonded debt to assessed valuation and the amount of net bonded debt per capita are as follows:

| | <u>2005</u> | <u>2006</u> |
|-------------------------------------|-------------|-------------|
| Net direct bonded debt | 18,372 | 16,401 |
| Ratio of debt to assessed valuation | 3.71 | 2.92 |
| Debt per capita | 1,736 | 1,550 |

Additional information on the City of Fenton's capital assets and long term debt can be found in note 3C on pages 32-33 and note 3F on pages 35-38, respectively, of this report.

Economic Factors and Next Year's Budgets and Rates

The City levied an operating millage of 11 mills from 1989 to 2001. The city charter's operating millage is 13 mills. During these years the Headlee Amendment authorized millage was higher than 11 mills but the City Council chose not to levy the full authorized millage. In the past four years Headlee Amendment has rolled the City's operating millage below 11 mills. For 2005 the City has levied 10.87 mills and for 2006 the City has levied 10.71. In March 1994, Proposal A was enacted, which limits the growth on existing property to the rate of inflation. The inflation rate allowed for fiscal 2006 under Proposal A was only 3.3 percent. Property taxes make up 73 percent of our General Fund budget revenue and Proposal A and the Headlee Amendment limit the growth of this revenue. Fortunately the city has been experiencing new growth and development. Most of this tax revenue growth is captured by the DDA but the DDA has completed many projects which benefit the City as a whole plus shared a portion of their revenue with the General Fund this fiscal year. State-shared revenue payments decreased by \$7,469 this past year and are likely to decrease again due to the State's structural deficit problems.

The General Fund budget for 2007 is structured so that revenues exceed expenditures by \$19,523. The City makes an effort to operate with relative low personnel costs and an efficient labor force. Medical insurance costs continue to increase at about 15% a year. Each year the city completes a major road infrastructure project, for 2007 this is Torrey Road Bridge. The City prepares a Five Year Financial Plan for the General Fund, foreseeing the possible financial condition for more than just one year.

The City began operation of the new water plant in July 2004. The lime-soda ash water softening plant will improve the quality of water for Fenton residents. Hopefully residents will not have to operate individual water softeners in their homes. Rates were increased to support the operation of the new plant during the 2005 fiscal year. Sewer and water rates are anticipated to increase during the 2007 fiscal year.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the resources it receives. If you have any questions about this report or need additional information, we invite you to contact the administration offices at City Hall.

Basic Financial Statements

Government-Wide Financial Statements

**City of Fenton
Statement of Net Assets
June 30, 2006**

| | Primary Government | | |
|-------------------------------------------------------|------------------------------------|-------------------------------------|---------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Cash and cash equivalents | \$ 1,283,307 | \$ 408,181 | \$ 1,691,488 |
| Investments | 1,864,734 | 1,712,533 | 3,577,267 |
| Receivables (net of allowances for uncollectibles) | 759,554 | 1,298,605 | 2,058,159 |
| Due from primary government | - | - | - |
| Internal balances | 22,557 | (22,557) | - |
| Inventory | 43,181 | 33,935 | 77,116 |
| Prepaid items | 60,464 | - | 60,464 |
| Restricted assets: | | | |
| Cash and cash equivalents: | | | |
| Held by County | - | 410 | 410 |
| Bond redemption | - | 919,398 | 919,398 |
| Capital assets not being depreciated | 3,063,718 | 287,387 | 3,351,105 |
| Capital assets (net of accumulated depreciation) | 8,874,900 | 38,416,053 | 47,290,953 |
| | 15,972,415 | 43,053,945 | 59,026,360 |
| Liabilities | | | |
| Accounts payable | 358,954 | 330,703 | 689,657 |
| Accrued liabilities | 97,882 | 153,010 | 250,892 |
| Accrued interest payable | - | 2,736 | 2,736 |
| Deposits payable | 58,685 | 780 | 59,465 |
| Due to component units | 5,249 | - | 5,249 |
| Due to other governmental units | 323,350 | - | 323,350 |
| Unearned revenue | 5,000 | - | 5,000 |
| Noncurrent liabilities | | | |
| Current portion of debt | 163,509 | 1,182,359 | 1,345,868 |
| Long term portion of debt | 929,686 | 18,133,925 | 19,063,611 |
| | 1,942,315 | 19,803,513 | 21,745,828 |
| Net Assets | | | |
| Invested in capital assets, net of related debt | 11,081,127 | 19,387,156 | 30,468,283 |
| Restricted for: | | | |
| Highways and streets | 46,788 | - | 46,788 |
| Capital projects | 114,937 | - | 114,937 |
| Bond redemption | - | 919,808 | 919,808 |
| Unrestricted | 2,764,533 | 2,943,468 | 5,708,001 |
| | \$ 14,007,385 | \$ 23,250,432 | \$ 37,257,817 |

See notes to financial statements.

Component Units

| Component Units | |
|-----------------------------------------------|--------------------------------------------------------|
| Downtown Development Authority | Local Development Finance Authority |
| \$ 1,914,686 | \$ 566,161 |
| - | - |
| 19,402 | 4,128 |
| 9 | 5,240 |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| 295,000 | - |
| - | - |
| 2,229,097 | 575,529 |
| 53,047 | 1,839 |
| 854 | 285 |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| 305,000 | - |
| 5,185,000 | - |
| 5,543,901 | 2,124 |
| 295,000 | - |
| - | - |
| - | - |
| - | - |
| (3,609,804) | 573,405 |
| \$ (3,314,804) | \$ 573,405 |

**City of Fenton
Statement of Activities
June 30, 2006**

| Functions/Programs | Program Revenues | | | |
|-------------------------------------|------------------|----------------------|------------------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government | | | | |
| Governmental activities | | | | |
| Legislative and executive | \$ 197,051 | \$ - | \$ - | \$ - |
| General government | 1,223,414 | 89,408 | 7,317 | - |
| Public safety | 3,128,752 | 601,299 | 102,089 | - |
| Public works | 2,345,278 | 441,473 | 746,938 | 1,303,418 |
| Parks and recreation | 170,906 | 24,859 | 2,500 | - |
| Community service | 139,098 | - | 34,600 | - |
| Cemetery | 72,109 | 31,887 | - | - |
| Interest on long term debt | 34,296 | - | - | - |
| Total governmental activities | 7,310,904 | 1,188,926 | 893,444 | 1,303,418 |
| Business-type activities | | | | |
| Water | 2,057,635 | 2,133,655 | - | 149,488 |
| Sewer | 2,286,890 | 1,640,425 | - | 469,600 |
| Total business-type activities | 4,344,525 | 3,774,080 | - | 619,088 |
| Total primary government | \$ 11,655,429 | \$ 4,963,006 | \$ 893,444 | \$ 1,922,506 |
| Component units: | | | | |
| Downtown development authority | \$ 1,073,930 | \$ - | \$ - | \$ - |
| Local development finance authority | 232,723 | - | - | - |
| Total component units | \$ 1,306,653 | \$ - 0 - | \$ - 0 - | \$ - 0 - |

General revenues
Property taxes
Unrestricted state shared revenues
Unrestricted investment earnings
Gain on sale of capital assets
Total general revenues and special items
Change in net assets
Net assets - beginning of year
Net assets - end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Asset

| Primary Government | | | Component Units | |
|--------------------------------|---------------------------------|----------------------|---------------------------------------|--------------------------------------------|
| Governmental Activities | Business-type Activities | Total | Downtown Development Authority | Local Development Finance Authority |
| \$ (197,051) | \$ - | \$ (197,051) | \$ - | \$ - |
| (1,126,689) | - | (1,126,689) | - | - |
| (2,425,364) | - | (2,425,364) | - | - |
| 146,551 | - | 146,551 | - | - |
| (143,547) | - | (143,547) | - | - |
| (104,498) | - | (104,498) | - | - |
| (40,222) | - | (40,222) | - | - |
| (34,296) | - | (34,296) | - | - |
| (3,925,116) | - | (3,925,116) | - | - |
| - | 225,508 | 225,508 | - | - |
| - | (176,865) | (176,865) | - | - |
| - | 48,643 | 48,643 | - | - |
| (3,925,116) | 48,643 | (3,876,473) | - | - |
| - | - | - | (1,073,930) | - |
| - | - | - | - | (232,723) |
| - | - | - | (1,073,930) | (232,723) |
| 4,230,989 | - | 4,230,989 | 1,129,759 | 232,302 |
| 891,252 | - | 891,252 | - | - |
| 158,579 | 128,526 | 287,105 | 79,293 | 16,842 |
| 30,564 | - | 30,564 | - | - |
| 5,311,384 | 128,526 | 5,439,910 | 1,209,052 | 249,144 |
| 1,386,268 | 177,169 | 1,563,437 | 135,122 | 16,421 |
| 12,621,117 | 23,073,263 | 35,694,380 | (3,449,926) | 556,984 |
| \$ 14,007,385 | \$ 23,250,432 | \$ 37,257,817 | \$ (3,314,804) | \$ 573,405 |

Fund Financial Statements

**City of Fenton
Balance Sheet
Governmental Funds
June 30, 2006**

| | General | Fire Equipment | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------------------|---------------------|---------------------------|--------------------------------------------|-----------------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ (470) | \$ 20,940 | \$ 732,610 | \$ 753,080 |
| Investments | 1,864,558 | | - | 1,864,558 |
| Receivables: | | - | | |
| Taxes | 215,234 | - | - | 215,234 |
| Accounts | 46,656 | - | 83,072 | 129,728 |
| Special assessments | 16,742 | - | 71,561 | 88,303 |
| Accrued interest | 10,600 | 2,406 | 3,571 | 16,577 |
| Due from other funds | 102,587 | 373,110 | 18,014 | 493,711 |
| Due from other government: | 286,882 | - | 16,000 | 302,882 |
| Inventory | 37,306 | - | 5,875 | 43,181 |
| Prepaid items | 60,464 | - | - | 60,464 |
| | | | | |
| Total assets | <u>\$ 2,640,559</u> | <u>\$ 396,456</u> | <u>\$ 930,703</u> | <u>\$ 3,967,718</u> |
| Liabilities | | | | |
| Accounts payable | \$ 278,270 | \$ - | \$ 66,002 | \$ 344,272 |
| Accrued liabilities | 88,492 | - | 9,350 | 97,842 |
| Deposits payable | 54,614 | - | 4,071 | 58,685 |
| Due to other funds | 493,203 | - | 60,623 | 553,826 |
| Due to other government: | 323,350 | - | - | 323,350 |
| Due to component uni | 5,249 | - | - | 5,249 |
| Deferred revenue | 39,457 | - | 76,561 | 116,018 |
| | | | | |
| Total liabilities | <u>1,282,635</u> | <u>-</u> | <u>216,607</u> | <u>1,499,242</u> |
| Fund Balances | | | | |
| Reserved: | | | | |
| Reserved for inventory | 37,306 | - | 5,875 | 43,181 |
| Reserved for prepaids | 60,464 | - | - | 60,464 |
| Unreserved: | | | | |
| General fund | 1,260,154 | - | - | 1,260,154 |
| Special revenue funds | - | - | 567,913 | 567,913 |
| Capital project funds | - | 396,456 | 140,308 | 536,764 |
| | | | | |
| Total fund balances | <u>1,357,924</u> | <u>396,456</u> | <u>714,096</u> | <u>2,468,476</u> |
| | | | | |
| Total liabilities and fund balances | <u>\$ 2,640,559</u> | <u>\$ 396,456</u> | <u>\$ 930,703</u> | <u>\$ 3,967,718</u> |

See notes to financial statements.

City of Fenton
Reconciliation of Fund Balances as Reported in the Governmental
Balance Sheet to the Statement of Net Assets
June 30, 2006

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Fund balances of governmental funds | \$ 2,468,476 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities (exclusive of internal service funds) are not financial resources and, therefore, are not reported in the funds. | 11,472,543 |
| Internal service funds are used by management to charge the costs of fleet management and compensated absences to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. | 770,847 |
| Long-term liabilities, including bond and contract payables, are not due and payable in the current period and therefore are not reported in the funds. | |
| Installment purchase agreements | (792,784) |
| Special assessment revenues to be received in the future are recognized at the governmental wide level due being measurable and earned. | <u>88,303</u> |
| Net assets of governmental activities | <u><u>\$ 14,007,385</u></u> |

See notes to financial statements.

City of Fenton
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
June 30, 2006

| | General | Fire Equipment | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------------------|---------------------|---------------------------|--------------------------------------------|-----------------------------------------|
| Revenues: | | | | |
| Taxes | \$ 4,230,989 | \$ - | \$ - | \$ 4,230,989 |
| Special assessments | - | - | 9,630 | 9,630 |
| Licenses and permits | 219,417 | - | - | 219,417 |
| Intergovernmental revenue | | | | |
| Federal | - | - | 34,600 | 34,600 |
| State | 891,252 | - | 715,917 | 1,607,169 |
| Charges for services | 225,268 | - | 704,656 | 929,924 |
| Fines and forfeits | 100,282 | - | - | 100,282 |
| Interest | 84,558 | 18,315 | 33,761 | 136,634 |
| Refunds and reimbursements | 120 | - | - | 120 |
| Miscellaneous revenues | 46,778 | - | 8,088 | 54,866 |
| Total revenues | 5,798,664 | 18,315 | 1,506,652 | 7,323,631 |
| Expenditures: | | | | |
| Current: | | | | |
| Legislative and executive | 197,051 | - | - | 197,051 |
| General government | 1,283,627 | - | - | 1,283,627 |
| Public safety | 3,004,591 | - | 219,241 | 3,223,832 |
| Public works | 316,180 | - | 1,742,181 | 2,058,361 |
| Recreation and cultural | - | - | 283,083 | 283,083 |
| Community service | 104,499 | - | - | 104,499 |
| Cemetery | - | - | 72,109 | 72,109 |
| Capital outlay | - | 836,131 | - | 836,131 |
| Debt service: | | | | |
| Principal retirement | 50,760 | 95,018 | - | 145,778 |
| Interest and fiscal charges | 7,973 | 21,084 | 1,232 | 30,289 |
| Total expenditures | 4,964,681 | 952,233 | 2,317,846 | 8,234,760 |
| Revenues over (under) expenditures | 833,983 | (933,918) | (811,194) | (911,129) |
| Other financing sources (uses) | | | | |
| Transfers in | 17,587 | 170,000 | 1,327,000 | 1,514,587 |
| Transfers out | (1,038,400) | - | (492,587) | (1,530,987) |
| Total other financing sources (uses) | (1,020,813) | 170,000 | 834,413 | (16,400) |
| Net change in fund balances | (186,830) | (763,918) | 23,219 | (927,529) |
| Fund balances - beginning of year | 1,544,754 | 1,160,374 | 690,877 | 3,396,005 |
| Fund balances - end of year | \$ 1,357,924 | \$ 396,456 | \$ 714,096 | \$ 2,468,476 |

See notes to financial statements.

City of Fenton
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended June 30, 2006

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

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------------------|
| Net change in fund balance - total governmental funds | \$ | (927,529) |
| <p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> | | |
| Capital Outlay | | 2,553,589 |
| Depreciation | | (412,999) |
| <p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. These are the effects of these differences in the treatment of long-term debt and related items.</p> | | |
| Principal repayments | | 145,787 |
| <p>The net revenue of internal service funds is reported with governmental activities.</p> | | |
| | | 35,165 |
| <p>Recognition of special assessment revenue on an accrual basis</p> | | |
| | | <u>(7,745)</u> |
| Change in net assets of governmental activities | \$ | <u><u>1,386,268</u></u> |

See notes to financial statements.

**City of Fenton
Statement of Net Assets
Proprietary Funds
June 30, 2006**

| | <u>Business-type Activities-Enterprise Fund</u> | | | Governmental Activities- Internal Service Funds |
|----------------------------------------------------|-------------------------------------------------|---------------------|----------------------|--------------------------------------------------------------------|
| | Sewer | Water | Totals | |
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 408,181 | \$ - | \$ 408,181 | \$ 530,227 |
| Investments | 7 | 1,712,526 | 1,712,533 | 176 |
| Receivables: | | | | |
| Accounts | 424,216 | 521,822 | 946,038 | - |
| Accrued interest | 25,206 | 18,912 | 44,118 | 6,830 |
| Unbilled utility service income | 116,527 | 191,922 | 308,449 | - |
| Due from other funds | 1,621,332 | 16,358 | 1,637,690 | 82,672 |
| Inventory | - | 33,935 | 33,935 | - |
| Total current assets | <u>2,595,469</u> | <u>2,495,475</u> | <u>5,090,944</u> | <u>619,905</u> |
| Noncurrent assets: | | | | |
| Restricted assets - cash and equivalents | - | 919,808 | 919,808 | - |
| Capital assets not depreciated | 158,192 | 129,195 | 287,387 | - |
| Capital assets(net of accumulated depreciatio | 22,605,464 | 15,810,589 | 38,416,053 | 466,075 |
| Total noncurrent assets | <u>22,763,656</u> | <u>16,859,592</u> | <u>39,623,248</u> | <u>466,075</u> |
| Total assets | <u>25,359,125</u> | <u>19,355,067</u> | <u>44,714,192</u> | <u>1,085,980</u> |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | 249,440 | 81,263 | 330,703 | 14,682 |
| Accrued liabilities | 45,791 | 107,219 | 153,010 | 40 |
| Compensated absences | - | - | - | 235,704 |
| Accrued interest payable | - | 2,736 | 2,736 | - |
| Due to other funds | 21,900 | 1,638,347 | 1,660,247 | - |
| Capital leases payable - current | - | - | - | 20,576 |
| Bonds and notes payable - current | 712,359 | 470,000 | 1,182,359 | - |
| Total current liabilities | <u>1,029,490</u> | <u>2,299,565</u> | <u>3,329,055</u> | <u>271,002</u> |
| Noncurrent liabilities: | | | | |
| Meter deposits | - | 780 | 780 | - |
| Capital leases payable | - | - | - | 44,131 |
| Bonds and notes payable | 9,170,166 | 8,963,759 | 18,133,925 | - |
| Total noncurrent liabilities | <u>9,170,166</u> | <u>8,964,539</u> | <u>18,134,705</u> | <u>44,131</u> |
| Total liabilities | <u>10,199,656</u> | <u>11,264,104</u> | <u>21,463,760</u> | <u>315,133</u> |
| Net Assets | | | | |
| Invested in capital assets, net of related debt | 12,881,131 | 6,506,025 | 19,387,156 | 401,368 |
| Restricted for bond reserve | - | 919,808 | 919,808 | - |
| Unrestricted | 2,278,338 | 665,130 | 2,943,468 | 369,479 |
| Total net assets | <u>\$ 15,159,469</u> | <u>\$ 8,090,963</u> | <u>\$ 23,250,432</u> | <u>\$ 770,847</u> |

See notes to financial statements.

City of Fenton
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2006

| | <u>Business-type Activities-Enterprise Fund</u> | | | Governmental Activities- Internal Service Funds |
|---------------------------------------------------|-------------------------------------------------|---------------------|----------------------|--------------------------------------------------------------------|
| | Sewer | Water | Totals | |
| Operating revenues: | | | | |
| Charges for services | \$ 1,640,425 | \$ 2,054,055 | \$ 3,694,480 | \$ 374,789 |
| Other income | - | 79,600 | 79,600 | - |
| Total operating revenues | 1,640,425 | 2,133,655 | 3,774,080 | 374,789 |
| Operating expenses: | | | | |
| Wages and benefits | 169,950 | 619,279 | 789,229 | 42,089 |
| Office and administrative | - | 5,209 | 5,209 | - |
| Benefit payments | 78,711 | 259,346 | 338,057 | - |
| Supplies | 2,452 | 320,957 | 323,409 | 5,395 |
| Gas and oil | - | - | - | 47,855 |
| Heat, power, and lights | 14,408 | 151,205 | 165,613 | 41,163 |
| Repairs and maintenance | 13,122 | 38,028 | 51,150 | 100,824 |
| Equipment rent | 34,563 | 9,630 | 44,193 | 164 |
| Building rent | 29,200 | 29,150 | 58,350 | - |
| Professional fees | 17,166 | 23,803 | 40,969 | - |
| Payment to Genesee County for sewage treatment | 862,022 | - | 862,022 | - |
| Depreciation | 496,819 | 237,923 | 734,742 | 134,179 |
| GIS/computer | 32,940 | 32,662 | 65,602 | - |
| Insurance | 21,434 | 26,381 | 47,815 | 31,818 |
| Miscellaneous | 975 | 56,842 | 57,817 | 1,039 |
| Total operating expenses | 1,773,762 | 1,810,415 | 3,584,177 | 404,526 |
| Operating income (loss) | (133,337) | 323,240 | 189,903 | (29,737) |
| Nonoperating revenues (expenses) | | | | |
| Interest on investments | 103,109 | 25,417 | 128,526 | 21,945 |
| Interest and fiscal charges | (513,128) | (247,220) | (760,348) | (4,007) |
| Gain/loss on sale of capital assets | - | - | - | 30,564 |
| Total nonoperating revenues (expenses) | (410,019) | (221,803) | (631,822) | 48,502 |
| Income (loss) before contributions and transfer | (543,356) | 101,437 | (441,919) | 18,765 |
| Capital contributions - tap fees | 469,600 | 149,488 | 619,088 | - |
| Transfers in | - | - | - | 16,400 |
| Change in net assets | (73,756) | 250,925 | 177,169 | 35,165 |
| Nets assets - beginning of year | 15,233,225 | 7,840,038 | 23,073,263 | 735,682 |
| Net assets - end of year | \$ 15,159,469 | \$ 8,090,963 | \$ 23,250,432 | \$ 770,847 |

See notes to financial statements.

**City of Fenton
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2006**

| | <u>Business-type Activities-Enterprise Fund</u> | | | Governmental Activities- Internal Service Funds |
|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------|---------------------|----------------------------------------------------------|
| | Sewer | Water | Totals | |
| Cash flows from operating activities | | | | |
| Receipts from customers | \$ 1,656,461 | \$ 2,164,608 | \$ 3,821,069 | \$ - |
| Receipts from quasi-external transactions | - | - | - | 374,715 |
| Payments to suppliers | (1,095,931) | (878,783) | (1,974,714) | (282,446) |
| Payments to employees | (165,691) | (613,612) | (779,303) | (33,875) |
| Net cash provided by operating activities | 394,839 | 672,213 | 1,067,052 | 58,394 |
| Cash flows from noncapital financing activities: | | | | |
| Transfers in | - | - | - | 16,400 |
| Net cash provided by noncapital financing activities | - | - | - | 16,400 |
| Cash flows from capital and related financing activities | | | | |
| Acquisition of capital assets | (388) | (313,374) | (313,762) | (277,004) |
| Proceeds from the sale of capital assets | - | - | - | 42,938 |
| Principal payments on bonds and notes | (676,256) | (455,000) | (1,131,256) | (23,650) |
| Tap-in fees | 469,600 | 149,488 | 619,088 | - |
| Interest paid | (513,128) | (247,220) | (760,348) | - |
| Net cash used in capital and related financing activities | (720,172) | (866,106) | (1,586,278) | (257,716) |
| Cash flows from investing activities | | | | |
| (Purchase) sale of investments | - | 191,604 | 191,604 | - |
| Interest earned on operating funds | 91,942 | 30,858 | 122,800 | 17,712 |
| Net cash provided by investing activities | 91,942 | 222,462 | 314,404 | 17,712 |
| Net increase (decrease) in cash and cash equivalent | (233,391) | 28,569 | (204,822) | (165,210) |
| Cash and cash equivalents - beginning of year | 641,572 | 891,239 | 1,532,811 | 695,437 |
| Cash and cash equivalents - end of year (Includes \$919,808 of restricted cash and cash equivalents for Water Fund) | \$ 408,181 | \$ 919,808 | \$ 1,327,989 | \$ 530,227 |

(continued)

City of Fenton
Statement of Cash Flows
Proprietary Funds (continued)
Year Ended June 30, 2006

| | <u>Business-type Activities-Enterprise Fund</u> | | | Governmental Activities- Internal Service Funds |
|----------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------|---------------------|--------------------------------------------------------------------|
| | <u>Sewer</u> | <u>Water</u> | <u>Totals</u> | |
| Reconciliation of operating income (loss) to net cash provided by operating activities | | | | |
| Operating income (loss) | \$ (133,337) | \$ 323,240 | \$ 189,903 | \$ (29,737) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities | | | | |
| Depreciation | 496,819 | 237,923 | 734,742 | 134,179 |
| (Increase) decrease in assets: | | | | |
| Receivables | 39,014 | 44,929 | 83,943 | - |
| Due from other funds | (22,978) | (13,978) | (36,956) | (58,673) |
| Inventory | - | 1,152 | 1,152 | - |
| Increase (decrease) in liabilities | | | | |
| Accounts payable | (3,785) | (13,850) | (17,635) | (3,565) |
| Accrued liabilities | 4,259 | 5,668 | 9,927 | 16,190 |
| Due to other funds | 14,847 | 87,129 | 101,976 | - |
| Total adjustments | 528,176 | 348,973 | 877,149 | 88,131 |
| Net cash provided by operating activities | <u>\$ 394,839</u> | <u>\$ 672,213</u> | <u>\$ 1,067,052</u> | <u>\$ 58,394</u> |

See notes to financial statements.

**City of Fenton
Balance Sheet
Fiduciary Funds
Agency Funds
June 30, 2006**

Assets

| | |
|---------------------------|-------------|
| Cash and cash equivalents | \$ 22,789 |
| | <hr/> |
| Total assets | \$ 22,789 |
| | <hr/> <hr/> |

Liabilities

Liabilities:

| | |
|---------------------------------|-------------|
| Accounts payable | \$ 1,984 |
| Due to other governments | 13,585 |
| Due to employees - union groups | 7,220 |
| | <hr/> |
| Total liabilities | \$ 22,789 |
| | <hr/> <hr/> |

See notes to financial statements.

Notes to Financial Statements

City of Fenton
Notes to Financial Statements
June 30, 2006

1. Summary of significant accounting policies

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

A. Reporting entity

The City of Fenton, Michigan was incorporated January 24, 1964, under the provisions of Act 279, P.A. 1909 as amended. The City operates a council-manager form of government and provides the following services as authorized by its charter: public safety (police, fire, and inspections), highways and streets, sanitation, parks and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the City and its component units, legally separate entities for which the City is considered to be financially accountable. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

Blended Component Unit –The City of Fenton's Building Authority is governed by a board appointed by the City of Fenton's governing body. Although it is legally separate from the City of Fenton, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City of Fenton's public buildings. The Building Authority had no activity in 2005 or 2006.

Discretely Presented Component Units – The component unit columns in the government-wide financial statements include the financial data of the City's two discretely presented component units. These units are reported in separate columns to emphasize that they are legally separate from the City.

Downtown Development Authority – (Governmental Activity) A majority of the members of the governing board of the Downtown Development Authority are appointed by the City Council. The budgets and expenditures of the Downtown Development Authority must be approved by the City Council. The City also has the ability to significantly influence operations of the Downtown Development Authority. Complete financial statements of the Downtown Development Authority can be obtained at the City of Fenton, Treasurer's Office, 301 South Leroy Street, Fenton, Michigan 48430.

Local Development Finance Authority – (Governmental Activity) A majority of the members of the governing board of the Local Development Finance Authority are appointed by the City Council. The budgets and expenditures are approved by the City. The City also has the ability to significantly influence operations of the Local Development Finance Authority. Complete financial statements of the Local Development Finance Authority can be obtained at the City of Fenton, Treasurer's Office, 301 South Leroy Street, Fenton, Michigan 48430.

City of Fenton
Notes to Financial Statements
June 30, 2006

1. Summary of significant accounting policies - (continued)

B. Government-wide and fund financial statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

Agency funds have no measurement focus.

City of Fenton
Notes to Financial Statements
June 30, 2006

1. Summary of significant accounting policies - (continued)

C. Measurement focus, basis of accounting, and financial statement presentation - (continued)

Property taxes, income taxes, licenses, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The Fire Equipment Fund accounts for revenues earmarked for the purchase of fire equipment.

The government reports the following major proprietary funds:

The Water Supply and Sewer Disposal System are managed by the City's Department of Public Works. Separate funds are maintained for the operations of the water distribution system and sewage collection, pumping and distribution to the County's treatment plant.

Additionally, the government reports the following fund types:

Internal service funds account for equipment acquisition, usage, and maintenance and also the financing of employee sick pay. These services are provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Agency Funds account for collection and payment to the county, school districts and other City funds for property taxes collected by the City on their behalf and amounts withheld from City employee payroll related to union dues and related payments. Agency funds are reported as fiduciary funds.

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

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

City of Fenton
Notes to Financial Statements
June 30, 2006

1. Summary of significant accounting policies - (continued)

C. Measurement focus, basis of accounting, and financial statement presentation - (continued)

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

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 Water and Sewer enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgetary data

Budgets shown in the financial statements were prepared on the same modified accrual basis used to reflect actual results. The City employs the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the third Monday in April, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.

The operating budget includes proposed expenditures and the means of financing them for the General and Special Revenue Funds. Informational summaries of projected revenues and expenditures are provided for all other City funds, as well as estimated total costs and proposed methods of financing all capital construction projects.

2. Public hearings are conducted to obtain taxpayer comments.
3. On or before the third Monday in May, by resolution, the budget is legally enacted on a departmental (activity) basis for all budgetary funds for the ensuing fiscal year in accordance with Public Act 621 of the State of Michigan.
4. The City Manager, or his designee, is authorized to transfer budgeted amounts within departmental appropriation accounts. However, any revisions that alter the total expenditures of any department must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for all budgetary funds. Also, all budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Fenton, Michigan
Notes to Financial Statements
June 30, 2006

1. Summary of significant accounting policies – (continued)

D. Budgetary data – (continued)

6. Budget appropriations lapse at year end.
7. The original budget was amended and supplemental appropriations approved during the year, in accordance with the City charter and applicable State laws. The budget to actual expenditures in the financial statements represents the final budgeted expenditures as amended by the City.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. There were no encumbrances at year end.

E. Assets, liabilities, and net assets or equity

1. Bank deposits and investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less when acquired. Investments are reported at fair value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectibles.

3. Inventory and prepaid items

Inventories are valued at cost for governmental funds, and the lower of cost or market in proprietary funds, using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure/expense at the time individual inventory items are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain proceeds of the City’s enterprise fund bonds are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The “bond redemption” account is used to report resources set aside to make up potential future deficiencies.

City of Fenton
Notes to Financial Statements
June 30, 2006

1. Summary of significant accounting policies - (continued)

E. Assets, liabilities, and net assets or equity – (continued)

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|--------------------------------|--------------|
| Buildings | 20-40 |
| Building and land improvements | 5-20 |
| Vehicles | 3-10 |
| Office equipment | 3-5 |
| Machinery and equipment | 3-10 |
| Roads, lights, and bridges | 10-20 |
| Sewer and water lines | 40-100 |

6. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

7. Fund equity

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

City of Fenton
Notes to Financial Statements
June 30, 2006

1. Summary of significant accounting policies – (continued)

E. Assets, liabilities, and net assets or equity – (continued)

8. Compensated absences

a. Accumulated unpaid sick pay

Substantially all City employees are paid for unused sick days upon termination of employment. Accumulated vested unpaid sick pay at June 30, 2006, is recorded in the financial statements of the City as follows:

GOVERNMENTAL FUND TYPES- As a current year expenditure. The City records an operating transfer from the General Fund to the Sick Pay Internal Service Fund for any unpaid sick pay owing to employees at year end. The entire liability is funded in the year in which it has been incurred.

PROPRIETARY FUND TYPES- Accrued as a liability and expensed as incurred.

b. Accumulated unpaid vacation pay

All employees may carry over from year to year a maximum of one-half of the unused vacation days earned in the current year. Upon involuntary termination of employment, no payment will be made to an employee for any unused accumulated vacation days. However, upon voluntary termination with notice, an employee may receive payment for any unused accumulated vacation days. At June 30, 2006, the unused vacation days are insignificant and, therefore, no liability has been recorded.

9. Use of estimates

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

2. Detail notes on all funds

A. Deposits and investments

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

City of Fenton
Notes to Financial Statements
June 30, 2006

2. Detail notes on all funds – (continued)

A. Deposits and investments – (continued)

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

The City's cash and investments are subject to one type of risk, which is examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the City had \$5,801,400 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the city evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Component units:

Of the City's component unit deposits \$2,024,372 are uninsured and uncollateralized.

B. Receivables

Receivables as of year end for the City's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities:

| | <u>General</u> | <u>Fire Equipment</u> | <u>Nonmajor and Other Funds</u> | <u>Total</u> |
|------------------------------|------------------|---------------------------|-----------------------------------------|------------------|
| Receivables: | | | | |
| Taxes | \$215,234 | \$ - | \$ - | \$215,234 |
| Accounts | 46,656 | - | 83,072 | 129,728 |
| Special assessments | 16,742 | - | 71,561 | 88,303 |
| Interest | 10,600 | 2,406 | 10,401 | 23,407 |
| Intergovernmental | 286,882 | - | 16,000 | 302,882 |
| | <hr/> | | | |
| Gross and net receivables | <u>\$576,114</u> | <u>\$ 2,406</u> | <u>\$181,034</u> | <u>\$759,554</u> |

City of Fenton
Notes to Financial Statements
June 30, 2006

2. Detail notes on all funds – (continued)

B. Receivables

No allowance for uncollectible was deemed necessary for the outstanding receivables.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|---------------------------------|--------------------|-----------------|-------------------|
| Special assessments not yet due | \$ 88,303 | \$ - | \$ 88,303 |
| Personal property taxes | 22,715 | - | 22,715 |
| Cemetery lot deposits | - | 5,000 | 5,000 |
| | <u>\$111,018</u> | <u>\$ 5,000</u> | <u>\$ 116,018</u> |

Business Type Activities:

| | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|----------------------|------------------|------------------|--------------------|
| Receivables: | | | |
| Accounts – all types | \$713,744 | \$540,743 | \$1,254,487 |
| Interest | 18,912 | 25,206 | 44,118 |
| | <u>\$732,656</u> | <u>\$565,949</u> | <u>\$1,298,605</u> |

No allowance for uncollectible was deemed necessary.

C. Capital assets

Capital asset activity for the year ended June 30, 2006 was as follows:

Primary Government

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---------------------------------------------|------------------------------|------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,605,104 | \$ - | \$ - | \$ 1,605,104 |
| Construction in progress - roads | 774,485 | 775,760 | (91,631) | 1,458,614 |
| | <u>2,379,589</u> | <u>775,760</u> | <u>(91,631)</u> | <u>3,063,718</u> |
| Total capital assets, not being depreciated | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings | 6,007,171 | - | - | 6,007,171 |
| Building and land improvements | 546,530 | - | - | 546,530 |
| Machinery, vehicles, and equipment | 2,709,108 | 1,389,351 | (148,667) | 3,949,792 |
| Roads, lights and bridges | 1,276,907 | 757,113 | - | 2,034,020 |
| | <u>10,539,716</u> | <u>2,146,464</u> | <u>(148,667)</u> | <u>12,537,513</u> |
| Total capital assets being depreciated | | | | |

City of Fenton
Notes to Financial Statements
June 30, 2006

2. **Detail notes on all funds** – (continued)

C. **Capital assets** – (continued)

Primary Government

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|----------------------------------------------|------------------------------|------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Less accumulated depreciation for: | | | | |
| Buildings | 1,054,196 | 145,868 | - | 1,200,064 |
| Buildings and land improvements | 280,468 | 26,013 | - | 306,481 |
| Machinery, vehicles, and equipment | 1,873,138 | 306,168 | (136,293) | 2,043,013 |
| Roads, lights and bridges | 43,926 | 69,129 | - | 113,055 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total accumulated depreciation | 3,251,728 | 547,178 | (136,293) | 3,662,613 |
| Total capital assets, being depreciated, net | <hr/> | <hr/> | <hr/> | <hr/> |
| | 7,287,988 | 1,599,286 | (12,374) | 8,874,900 |
| Governmental activities capital assets, net | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$ 9,667,577 | \$ 2,375,046 | \$ (104,005) | \$ 11,938,618 |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 190,930 | \$ - | \$ - | \$ 190,930 |
| Construction in progress | 48,032 | 48,424 | - | 96,456 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total capital assets, not being depreciated | 238,962 | 48,424 | - | 287,386 |
| Capital assets, being depreciated: | | | | |
| Building improvements | 8,547,132 | 265,335 | - | 8,812,467 |
| Sewer and water lines | 36,419,877 | - | - | 36,419,877 |
| Machinery and equipment | 660,484 | - | - | 660,484 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total capital assets, being depreciated | 45,627,493 | 265,335 | - | 45,892,828 |
| Less accumulated depreciation for: | | | | |
| Building improvements | - | - | - | - |
| Sewer and water lines | 6,273,310 | 697,736 | - | 6,971,046 |
| Machinery and equipment | 468,722 | 37,006 | - | 505,728 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total accumulated depreciation | 6,742,032 | 734,742 | - | 7,476,774 |
| Total capital assets, being depreciated, net | <hr/> | <hr/> | <hr/> | <hr/> |
| | 38,885,461 | (469,407) | - | 38,416,054 |
| Business-type activities capital assets, net | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$39,124,423 | \$ (420,983) | \$ -0- | \$38,703,440 |

City of Fenton
Notes to Financial Statements
June 30, 2006

2. Detail notes on all funds – (continued)

C. Capital assets – (continued)

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

Governmental activities:

Current:

| | |
|----------------------|-----------|
| General government | \$ 93,938 |
| Public safety | 235,137 |
| Public works | 203,308 |
| Parks and recreation | 14,795 |

| | |
|------------------------------------------------------|-----------|
| Total depreciation expense – governmental activities | \$547,178 |
|------------------------------------------------------|-----------|

Business-type activities:

| | |
|-------|-----------|
| Water | \$237,923 |
| Sewer | 496,819 |

| | |
|-------------------------------------------------------|-----------|
| Total depreciation expense – business-type activities | \$734,742 |
|-------------------------------------------------------|-----------|

Component units:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|----------------------------------------|----------------------|-----------|-----------|-------------------|
| DDA activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$295,000 | \$ - | \$ - | \$295,000 |
| DDA activities capital assets | \$295,000 | \$ -0- | \$ -0- | \$295,000 |

D. Defined benefit pension plan

Plan description:

The City participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer defined benefit plan administered by the MERS Retirement Board. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917.

Funding policy:

The City is required to contribute at an actuarially determined rate; the current rate ranges from 8.98% of annual covered payroll for the DPW employee group to 14.26% for the Police Dispatch Group. Employees are required to contribute 0% - 1% to the Plan. The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any are established and may be amended by the City, depending on the MERS contribution program adopted by the City.

City of Fenton
Notes to Financial Statements
June 30, 2006

2. Detail notes on all funds – (continued)

D. Defined benefit pension plan – (continued)

Annual pension cost:

For the year ended June 30, 2006, the City's annual pension cost of \$317,579 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.40% per year for merit and longevity, and an asset valuation method that smoothes fair value of assets over 5 years. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2004, the date of the latest actuarial valuation was 30 years.

Three-Year Trend Information

| <u>Fiscal Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-----------------------------------|------------------------------------------|----------------------------------------------|---------------------------------------|
| 6/30/04 | \$212,484 | 100% | - |
| 6/30/05 | 276,348 | 100 | - |
| 6/30/06 | 317,579 | 100 | - |

Schedule of Funding Progress

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u> | <u>Funded (Unfunded) (AAL) (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll (b-a)/c</u> |
|-----------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------|------------------------------------|------------------------------------------------------------------------|
| 12/31/03 | \$6,341,437 | \$7,922,005 | (1,580,568) | 80.0% | 2,518,863 | (62.7)% |
| 12/31/04 | 6,673,317 | 8,414,951 | (1,741,634) | 80.0 | 2,655,110 | (66.0) |
| 12/31/05 | 7,072,750 | 9,028,424 | (1,955,674) | 78.3 | 2,903,417 | (67.4) |

E. Other post employment benefits

In addition to the pension benefits described in Note 3.D, the City provides post retirement health care benefits for covered employees who retire on or after age 55 with at least 10 years of service and for all other employees, in accordance with a City resolution to all employees who retire on or after age 62 with at least 10 years of service. Currently 26 retirees meet the eligibility requirements. The City pays 100% of the health insurance premiums for these retirees. Expenditures for the premiums are paid and recognized as they become due. During the year, expenditures of \$255,165 were recognized for retiree health insurance premiums.

City of Fenton
Notes to Financial Statements
June 30, 2006

2. Detail notes on all funds – (continued)

E. Other post employment benefits

Upcoming reporting change:

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any “other” postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2010. Management is currently assessing the impact of this new accounting standard on the City’s financial statement for future reporting periods.

F. Leases

Capital leases:

The City entered into a lease agreement during the 2005 fiscal year as lessee for financing the purchase of a grader. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value are as follows:

| Year Ending <u>June 30</u> | <u>Amount</u> |
|-----------------------------------|------------------|
| 2007 | 23,650 |
| 2008 | 23,650 |
| 2009 | <u>23,650</u> |
| Total minimum lease payments | 70,950 |
| Less amount representing interest | <u>6,243</u> |
| Present value | <u>\$ 64,707</u> |

G. Long-term debt

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2006:

| | <u>Beginning Balance</u> | <u>Addition</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---------------------------------------------|------------------------------|------------------|--------------------|---------------------------|------------------------------------|
| Governmental activities: | | | | | |
| Installment purchase agreements | \$ 938,571 | \$ - | \$(145,787) | \$ 792,784 | \$106,933 |
| Capital leases | 84,350 | - | (19,643) | 64,707 | 20,576 |
| Accrued compensation | <u>219,302</u> | <u>57,552</u> | <u>(41,150)</u> | <u>235,704</u> | <u>36,000</u> |
| Governmental activity long-term liabilities | <u>\$1,242,223</u> | <u>\$ 57,522</u> | <u>\$(206,580)</u> | <u>\$1,093,195</u> | <u>\$163,509</u> |

City of Fenton
Notes to Financial Statements
June 30, 2006

2. Detail notes on all funds – (continued)

G. Long-term debt – (continued)

| | <u>Beginning Balance</u> | <u>Addition</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|-------------------------------------------------|------------------------------|-----------------|----------------------|---------------------------|------------------------------------|
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$10,558,781 | \$ - | \$ (676,256) | \$ 9,882,525 | \$ 712,359 |
| Revenue bonds | 9,888,759 | - | (455,000) | 9,433,759 | 470,000 |
| Business-type activity long-term liabilities | <u>\$20,447,540</u> | <u>\$ -0-</u> | <u>\$(1,131,256)</u> | <u>\$19,316,284</u> | <u>\$1,182,359</u> |
| Component unit activities: | | | | | |
| Bonds payable: | | | | | |
| DDA | <u>\$ 5,790,000</u> | <u>\$ -0-</u> | <u>\$ (300,000)</u> | <u>\$ 5,490,000</u> | <u>\$ 305,000</u> |

Significant details regarding the types of debt are presented as follows:

| <u>Bonds and Notes Payable</u> | <u>Fund Servicing Debt</u> | <u>Final Payment Due</u> | <u>Interest Rate or Range</u> | <u>Annual Principal Payment Varies Between</u> | <u>Outstanding Balance June 30, 2006</u> |
|------------------------------------------------------|------------------------------------|----------------------------------|---------------------------------------|----------------------------------------------------------------|------------------------------------------------------|
| Government activities: | | | | | |
| Installment purchase agreements: | | | | | |
| Motorola Communications System | General Fund | March 1, 2010 | 3.52% | \$52,000-57,686 | \$ 219,240 |
| Magnum Fire Truck | Capital Projects | March 1, 2015 | 3.67 | 54,933-73,292 | 573,544 |
| Accrued compensation | | | | | <u>235,704</u> |
| Total governmental activity long-term liabilities | | | | | <u>1,028,488</u> |
| Business-type activities: | | | | | |
| Sewer Fund: | | | | | |
| Contracts with Genesee County: | | | | | |
| Sewage Disposal System #3 Bonds | Sewer Fund | April 1, 2016 | 5.2-7.0 | 545,342-713,949 | 6,778,569 |
| Sewage Disposal System #3 Series 1998 Bonds | Sewer Fund | March 1, 2019 | 4.859-5.000 | 97,641-470,219 | 3,103,956 |

City of Fenton
Notes to Financial Statements
June 30, 2006

2. Detail notes on all funds – (continued)

G. Long-term debt – (continued)

| <u>Bonds and Notes Payable</u> | <u>Fund Servicing Debt</u> | <u>Final Payment Due</u> | <u>Interest Rate or Range</u> | <u>Annual Principal Payment Varies Between</u> | <u>Outstanding Balance June 30, 2006</u> |
|-----------------------------------------------------------------------------------------|------------------------------------|----------------------------------|---------------------------------------|----------------------------------------------------------------|------------------------------------------------------|
| Business-type activities: (continued) | | | | | |
| Water Fund: | | | | | |
| Michigan Municipal Bond Authority-Michigan Drinking Water Revolving Fund Bonds | | | | | |
| | Water Fund | April 1, 2019 | 2.5 | 65,000-98,579 | 988,759 |
| Michigan Municipal Bond Authority-Michigan Drinking Water Revolving Fund Bonds | | | | | |
| | Water Fund | April 1, 2023 | 2.5 | 405,000-600,000 | <u>8,445,000</u> |
| Total business-type activities | | | | | <u>19,316,284</u> |
| Total primary government long-term liabilities | | | | | <u>\$20,344,772</u> |
| Component unit activities: | | | | | |
| General obligation debt: | | | | | |
| 1994 Downtown Development Bonds | | | | | |
| | Capital Projects | May 1, 2009 | 5.150-6.850% | \$70,000-75,000 | \$ 215,000 |
| 2002 General Obligation Limited Tax Development Bonds | | | | | |
| | Capital Projects | April 1, 2021 | 4.2-4.5 | 235,000-465,000 | <u>5,275,000</u> |
| Total component unit long-term liabilities | | | | | <u>\$ 5,490,000</u> |

General obligation debt:

Debt service requirements:

| <u>Year Ended</u> | <u>Governmental Activities</u> | | |
|--------------------|--------------------------------|-------------------|------------------|
| | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
| 6-30-07 | 135,699 | 106,933 | 28,766 |
| 6-30-08 | 135,699 | 110,779 | 24,920 |
| 6-30-09 | 135,698 | 114,763 | 20,935 |
| 6-30-10 | 135,698 | 118,892 | 16,806 |
| 6-30-11 | 75,882 | 63,452 | 12,530 |
| 6-30-12 to 6-30-15 | <u>303,928</u> | <u>277,965</u> | <u>25,963</u> |
| | <u>\$ 922,604</u> | <u>\$ 792,784</u> | <u>\$129,920</u> |

City of Fenton, Michigan
Notes to Financial Statements
Year Ended June 30, 2006

2. Detail notes on all funds – (continued)

G. Long-term debt – (continued)

General obligation debt: - (continued)

Debt service requirements:

| <u>Year Ended</u> | <u>Business-Type Activities</u> | | |
|--------------------|----------------------------------|---------------------|--------------------|
| | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
| 6-30-07 | \$ 1,849,945 | \$ 1,182,359 | \$ 667,586 |
| 6-30-08 | 1,848,096 | 1,215,190 | 632,906 |
| 6-30-09 | 1,848,678 | 1,251,535 | 597,143 |
| 6-30-10 | 1,852,532 | 1,295,515 | 557,017 |
| 6-30-11 | 1,849,608 | 1,334,104 | 515,502 |
| 6-30-12 to 6-30-16 | 9,242,645 | 7,455,875 | 1,786,770 |
| 6-30-17 to 6-30-21 | 4,906,914 | 4,396,706 | 510,208 |
| 6-30-22 to 6-30-23 | 1,229,625 | 1,185,000 | 44,625 |
| | <u>\$24,628,043</u> | <u>\$19,316,284</u> | <u>\$5,311,757</u> |
| <u>Year Ended</u> | <u>Component Unit Activities</u> | | |
| | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
| 6-30-07 | \$ 550,438 | \$ 305,000 | \$ 245,438 |
| 6-30-08 | 545,912 | 315,000 | 230,912 |
| 6-30-09 | 550,898 | 335,000 | 215,898 |
| 6-30-10 | 489,710 | 290,000 | 199,710 |
| 6-30-11 | 492,385 | 305,000 | 187,385 |
| 6-30-12 to 6-30-16 | 2,484,190 | 1,755,000 | 729,190 |
| 6-30-17 to 6-30-21 | 2,487,625 | 2,185,000 | 302,625 |
| | <u>\$7,601,158</u> | <u>\$5,490,000</u> | <u>\$2,111,158</u> |

The City of Fenton was a participant in the county-wide sanitary sewer construction program under Act 342 Michigan Compiled Laws. This program was financed by general obligation bonds issued by Genesee County. The City of Fenton has contracts with Genesee County Water and Waste Services for the cost of the construction of the sewer system within its boundaries. The City of Fenton has pledged the full faith and credit of the City to the prompt payment of the City's share of the principal and interest payments on these contracts as they become due. From information received from Genesee County, the assets relating to those contracts have been recorded in the Sewer Fund of the City to reflect the actual construction cost of the above mentioned systems. The contract principal portion owed by the City of Fenton has been recorded in the Sewer Fund. The Water Revolving Fund Bonds are supported by the revenues of the Water System.

City of Fenton, Michigan
Notes to Financial Statements
Year Ended June 30, 2006

2. Detail notes on all funds – (continued)

G. Long-term debt – (continued)

The Downtown Development Authority of the City of Fenton in 1994 issued tax increment downtown development bonds supported by the limited tax full faith and credit pledge of the City of Fenton in the amount of \$690,000. In 2002, the Downtown Development Authority of the City of Fenton issued general obligation tax development bonds supported by the limited tax full faith and credit pledge of the City of Fenton in the amount of \$9,600,000. The City's limited tax full faith, credit and resources, in addition to the tax increment revenues primarily pledged, shall be pledged secondarily as a first budget obligation for the prompt payment of the principal and interest on the bonds as the same become due.

Interest is payable on all obligations semi-annually, except for the note payable on the fire truck, which is annually. Principal is paid on an annual basis.

Act 279, Public Acts of State 1909, as amended, provides that net indebtedness of cities cannot exceed 10% of the assessed real and personal property in the City. As of June 30, 2006, the City of Fenton has incurred \$5,490,000 of indebtedness which is limited under Act 279 and \$49,467,298 of additional debt may be incurred. The City's other existing long-term obligations are specifically exempted from consideration of the 10% limit computation.

H. Risk management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for property loss, torts, errors and omissions, and medical benefit claims and participants in the Michigan Municipal League (MML) risk pool for claims relating to worker's compensation; the City is uninsured for acts of God and environmental cleanup loss. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

City of Fenton
Notes to Financial Statements
June 30, 2006

2. Detail notes on all funds – (continued)

I. Revenues and expenditures:

Property taxes

Property taxes are levied based on assessed values of property located in the City. Assessed values are established annually and equalized by the state at an estimated 50% of current market value. A comparison of assessed and taxable property values for the 2005 tax levy is as follows:

| | <u>Assessed Value</u> | <u>Taxable Value</u> |
|-------------------|-----------------------|----------------------|
| Real property | \$508,959,582 | \$380,203,804 |
| Personal property | 40,613,400 | 40,613,400 |
| Total | \$549,572,982 | \$420,817,204 |

The City is permitted by charter to levy up to \$13.00 (13 mills) per \$1,000 of taxable value per the City Charter. It is also permitted to levy unlimited amounts for repayment of existing general long term debt obligations, except for Michigan Transportation Fund Act 51 Debt. For the year ended June 30, 2005, \$10.71 per \$1,000 were levied for general governmental services and is recorded in the general fund.

J. Interfund receivables and payables, and transfers:

The composition of interfund balances as of June 30, 2006 is as follows:

Due to/from other funds:

| <u>Receivable</u> <u>Fund</u> | <u>Payable</u> <u>Fund</u> | <u>Amount</u> |
|----------------------------------|-------------------------------|---------------|
| General | Water | \$ 102,587 |
| Other governmental funds | General | 15,000 |
| Other governmental funds | Water | 3,014 |
| Fire Equipment | General | 373,110 |
| Equipment | Sewer | 4,947 |
| | Other governmental funds | 50,623 |
| Sick Pay | Sewer | 595 |
| | Water | 14,001 |
| | General | 2,506 |
| | Other governmental funds | 10,000 |
| Sewer | Water | 1,518,745 |
| | General | 102,587 |
| Water | Sewer | 16,358 |
| Total | | \$2,214,073 |

City of Fenton
Notes to Financial Statements
June 30, 2006

2. Detail notes on all funds – (continued)

J. Interfund receivables and payables, and transfers: – (continued)

Due to/from primary government and component units:

| <u>Receivable Entity</u> | <u>Payable Entity</u> | <u>Amount</u> |
|------------------------------|-----------------------------------|-----------------------|
| Component Unit - DDA | Primary government – general fund | \$ 9 |
| Component Unit – LFDA | Primary government – general fund | <u>5,240</u> |
| Total | | <u><u>\$5,249</u></u> |

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

Interfund transfers reported in the fund financial statements are comprised of the following:

| <u>Fund providing resources</u> | <u>Fund receiving resources</u> | <u>Amount</u> |
|---------------------------------|---------------------------------|---------------------------|
| General | Major Street | \$ 115,000 |
| General | Local Street | 120,000 |
| General | Parks and Recreation | 217,000 |
| General | Cemetery | 30,000 |
| General | Capital Projects | 370,000 |
| General | Fire Equipment | 170,000 |
| General | Sick Pay | 16,400 |
| Major Street | Local Street | 125,000 |
| Capital Projects | Major Street | 150,000 |
| Capital Projects | Local Street | 200,000 |
| Working Capital | General | <u>17,587</u> |
| Total | | <u><u>\$1,530,987</u></u> |

Transfers are for operating purposes.

The transfers from the General Fund to the Fire Equipment and Other Governmental Funds represent the use of unrestricted resources to finance those programs, in accordance with budgetary authorizations; the transfer from the Major Street Fund represents the sharing of gas and weight tax revenues, in accordance with Act 51; the transfer from the Other Governmental Funds to Major and Local Street Funds represents the movement of resources to finance those programs.

3. Summary disclosure of significant contingencies and commitments

Contingent liabilities:

Federal and state grants

Under the terms of certain federal and state grants, periodic audits are required and certain costs may be questioned as not representing appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, would be minimal.

City of Fenton
Notes to Financial Statements
June 30, 2006

4. Construction code revenues/expenditures

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. The rules indicated that if the revenues exceeded the expenditures, the fees collected must be kept in a separate fund with all the revenues and expenditures accounted for in that fund. These rules allowed for monitoring these funds in a separate activity center within the General Fund if the expenditures would normally exceed revenues. The City chose the latter because historically the expenditures have exceeded revenues. The activity related to construction code activity for the year ended June 30, 2006 is as follows:

| | | |
|-----------------------------------|-----------|-------------|
| Beginning balance (shortfall) | | \$(298,401) |
| Construction permit revenue | \$ 89,967 | |
| Expenditures: | | |
| Professional services | 236,199 | |
| Revenue over (under) expenditures | | (146,232) |
| Ending balance (shortfall) | | \$(444,633) |

5. Federal awards

It is required by the Michigan Department of Transportation (MDOT) that governmental units report total federal awards for Highway Research, Planning and Construction pertaining to their unit. However, only the federal awards applicable to force account expenditures are required to be audited for compliance under the Single Audit Act. The reason for this requirement is that the City is required to have accounting and administrative control over the force account portion while the balance is administered by MDOT.

During the year ended June 30, 2006, the City of Fenton did not have \$500,000 in total federal awards. As a result, an audit for compliance under the Single Audit Act has not been performed.

6. Budget compliance

The following funds incurred expenditures in excess of final budget amounts:

| | <u>Actual over Budget</u> |
|------------------------------------------------|---------------------------|
| General Fund – Protective Inspection | \$10,699 |
| General Fund - Transfers out | 26,400 |
| Major Streets - Highways and streets | 50,520 |
| Parks and Recreation – Recreation and cultural | 4,783 |
| Cemetery | 4,239 |
| Emergency 911 – Public safety | 3,437 |

**Required Supplementary
Information Section**

City of Fenton
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
General Fund
Year Ended June 30, 2006

| | <u>Budgeted Amounts</u> | | Actual | Variance- Under (Over) |
|---------------------------------------|-------------------------|---------------------|---------------------|------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 4,375,346 | \$ 4,257,505 | \$ 4,230,989 | \$ (26,516) |
| Licenses and permits | 182,000 | 202,000 | 219,417 | 17,417 |
| Intergovernmental revenue | | | | |
| State | 902,900 | 894,630 | 891,252 | (3,378) |
| Charges for services | 217,050 | 206,050 | 225,268 | 19,218 |
| Fines and forfeits | 88,000 | 88,000 | 100,282 | 12,282 |
| Interest | 50,000 | 70,000 | 84,558 | 14,558 |
| Refunds and reimbursements | 1,000 | 120 | 120 | - |
| Miscellaneous revenue | 18,000 | 37,709 | 46,778 | 9,069 |
| Total revenues | <u>5,834,296</u> | <u>5,756,014</u> | <u>5,798,664</u> | <u>42,650</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Legislative and executive | 209,950 | 213,485 | 197,051 | 16,434 |
| General governmental: | | | | |
| General services administration | 1,466,000 | 1,322,855 | 1,283,627 | 39,228 |
| Public safety: | | | | |
| Police | 1,962,760 | 2,082,760 | 2,052,845 | 29,915 |
| Fire | 658,360 | 744,760 | 715,547 | 29,213 |
| Protective inspection | 254,000 | 225,500 | 236,199 | (10,699) |
| Total public safety | <u>2,875,120</u> | <u>3,053,020</u> | <u>3,004,591</u> | <u>48,429</u> |
| Public works: | | | | |
| Public service | 254,469 | 368,660 | 316,180 | 52,480 |
| Community service | 109,200 | 121,735 | 104,499 | 17,236 |
| Debt Service: | | | | |
| Principal | 59,834 | 50,760 | 50,760 | - |
| Interest and fiscal charges | 9,504 | 7,975 | 7,973 | 2 |
| Total debt service | <u>69,338</u> | <u>58,735</u> | <u>58,733</u> | <u>2</u> |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>4,984,077</u> | <u>5,138,490</u> | <u>4,964,681</u> | <u>173,809</u> |
| Revenues over expenditures | <u>850,219</u> | <u>617,524</u> | <u>833,983</u> | <u>216,459</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 25,000 | 75,000 | 17,587 | (57,413) |
| Transfers out | (980,000) | (1,012,000) | (1,038,400) | (26,400) |
| Total other financing uses | <u>(955,000)</u> | <u>(937,000)</u> | <u>(1,020,813)</u> | <u>(83,813)</u> |
| Net change in fund balance | (104,781) | (319,476) | (186,830) | 132,646 |
| Fund balance - beginning of year | 1,544,754 | 1,544,754 | 1,544,754 | - |
| Fund balance - end of year | <u>\$ 1,439,973</u> | <u>\$ 1,225,278</u> | <u>\$ 1,357,924</u> | <u>\$ 132,646</u> |

Note: Budgetary basis is the same as generally accepted accounting principle:

**Combining Fund and Individual
Financial Statements**

Nonmajor Governmental Funds

**City of Fenton
Combining Balance Sheet
Nonmajor Funds
June 30, 2006**

| | Special Revenue Funds | Debt Service Fund - Sewer | Capital Projects Funds | Totals |
|--------------------------------------|--------------------------------------|----------------------------------------------|---------------------------------------|---------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 593,193 | \$ - | \$ 139,417 | \$ 732,610 |
| Accounts receivable | 83,072 | - | - | 83,072 |
| Special assessment receivables | - | - | 71,561 | 71,561 |
| Accrued interest | 2,680 | - | 891 | 3,571 |
| Due from other funds | 18,014 | - | - | 18,014 |
| Due from other governments | 16,000 | - | - | 16,000 |
| Inventory | 5,875 | - | - | 5,875 |
| | <hr/> | | | |
| Total assets | \$ 718,834 | \$ - | \$ 211,869 | \$ 930,703 |
| <hr/> | | | | |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 66,002 | \$ - | \$ - | \$ 66,002 |
| Accrued liabilities | 9,350 | - | - | 9,350 |
| Deposits payable | 4,071 | - | - | 4,071 |
| Due to other funds | 60,623 | - | - | 60,623 |
| Deferred revenue | 5,000 | - | 71,561 | 76,561 |
| | <hr/> | | | |
| Total liabilities | 145,046 | - | 71,561 | 216,607 |
| <hr/> | | | | |
| Fund balances: | | | | |
| Reserved: | | | | |
| Reserved for inventory | 5,875 | - | - | 5,875 |
| Unreserved | 567,913 | - | 140,308 | 708,221 |
| | <hr/> | | | |
| Total fund balance | 573,788 | - | 140,308 | 714,096 |
| | <hr/> | | | |
| Total liabilities and fund balances | \$ 718,834 | \$ - | \$ 211,869 | \$ 930,703 |
| <hr/> | | | | |

City of Fenton
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Funds
Year Ended June 30, 2006

| | Special Revenue Funds | Debt Service Fund - Sewer | Capital Projects Funds | Totals |
|----------------------------------------|--------------------------------------|----------------------------------------------|---------------------------------------|-------------------|
| Revenues: | | | | |
| Intergovernmental revenue: | | | | |
| Federal | \$ 34,600 | \$ - | \$ - | \$ 34,600 |
| State | 715,917 | - | - | 715,917 |
| Special assessments | - | - | 9,630 | 9,630 |
| Charges for services | 704,656 | - | - | 704,656 |
| Interest | 19,488 | - | 14,273 | 33,761 |
| Miscellaneous revenue | 8,088 | - | - | 8,088 |
| | <hr/> | | | |
| Total revenues | 1,482,749 | - | 23,903 | 1,506,652 |
| | <hr/> | | | |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 219,241 | - | - | 219,241 |
| Public works: | | | | |
| Highways and streets | 1,322,168 | - | - | 1,322,168 |
| Garbage collection | 420,013 | - | - | 420,013 |
| Recreation and cultural | 283,083 | - | - | 283,083 |
| Cemetery | 72,109 | - | - | 72,109 |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal payments | - | - | - | - |
| Interest and fiscal charges | - | 1,232 | - | 1,232 |
| | <hr/> | | | |
| Total expenditures | 2,316,614 | 1,232 | - | 2,317,846 |
| | <hr/> | | | |
| Revenues under expenditures | (833,865) | (1,232) | 23,903 | (811,194) |
| | <hr/> | | | |
| Other financing sources (uses): | | | | |
| Transfers in | 957,000 | - | 370,000 | 1,327,000 |
| Transfers out | (125,000) | - | (367,587) | (492,587) |
| | <hr/> | | | |
| Total other financing sources | 832,000 | - | 2,413 | 834,413 |
| | <hr/> | | | |
| Net change in fund balances | (1,865) | (1,232) | 26,316 | 23,219 |
| | <hr/> | | | |
| Fund balances - beginning of year | 575,653 | 1,232 | 113,992 | 690,877 |
| | <hr/> | | | |
| Fund balances - end of year | \$ 573,788 | \$ - | \$ 140,308 | \$ 714,096 |
| | <hr/> <hr/> | | | |

Nonmajor Governmental Funds

Special Revenue Funds

Major and Local Street Funds – To account for the City’s share of proceeds from gas and weight taxes levied by the State and distributed to local governmental units. State law requires that these taxes be used for street maintenance and construction.

Budget Stabilization Fund – To account for those funds appropriated by the governing body of the municipality for budget stabilization purposes. Money in the budget stabilization fund may be appropriated by an ordinance or resolution for the following purposes: 1) to cover a general fund deficit; 2) to prevent a reduction in the level of public services or in the number of employees at any time in a fiscal year when budgeted revenue is not being collected in an amount sufficient to cover budgeted expenses; 3) to prevent a reduction in the level of public services or in the number of employees when, in preparing the budget for the next fiscal year, the estimated revenue does not appear sufficient to cover estimated expenses; and 4) to cover expenses arising because of a natural disaster.

Parks and Recreation – To account for the activity related to the operation of the City’s parks and recreation programs which are funded through user charges and donations.

Cemetery Fund – To account for the operation of the City’s cemetery which is financed primarily through charges for services.

Community Development Fund – To account for revenues earned and expenditures incurred by the City as a sub-grantee of the Community Development Block Grant Program. The program includes projects for street paving, sidewalk construction, waterline improvements, and other community services.

Emergency 911 Fund – To account for the monthly telephone surcharges assessed for emergency services that are received from Genesee County which are used to cover the costs related to the operation of the City’s 911 system.

Garbage Collection Fund – To account for quarterly customer charges and charges for bags and tags which are to be used to pay contracted services for garbage collection.

Narcotics Enforcement Fund – To account for confiscated funds which are used by the Police Department to enhance local narcotics enforcement.

D.A.R.E. Fund – To account for the activity of the Drug Abuse Resistance Education Program. The City Police Department has set up the program to provide drug education to local elementary school students.

**City of Fenton
Combining Balance Sheet
Nonmajor Special Revenue Funds
38898**

| | Major Street | Local Street | Budget Stabilization |
|-----------------------------------------|-------------------------|-------------------------|---------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 31,306 | \$ 44,424 | \$ 299,524 |
| Accounts receivable | | | - |
| Accrued interest | 666 | - | - |
| Due from other funds | 15,000 | - | - |
| Due from other government: | 16,000 | - | - |
| Inventory | - | - | - |
| | | | |
| Total assets | <u>\$ 62,972</u> | <u>\$ 44,424</u> | <u>\$ 299,524</u> |
| Liabilities and Fund Balance | | | |
| Liabilities: | | | |
| Accounts payable | \$ 50,104 | \$ 4,773 | \$ - |
| Accrued liabilities | 2,161 | 3,570 | - |
| Deposits payable | - | - | - |
| Due to other funds | - | - | - |
| Deferred revenue | - | - | - |
| | | | |
| Total liabilities | <u>52,265</u> | <u>8,343</u> | <u>-</u> |
| Fund balances: | | | |
| Reserved: | | | |
| Reserved for inventory | - | - | - |
| Unreserved | 10,707 | 36,081 | 299,524 |
| | | | |
| Total fund balance | <u>10,707</u> | <u>36,081</u> | <u>299,524</u> |
| | | | |
| Total liabilities and fund balances | <u>\$ 62,972</u> | <u>\$ 44,424</u> | <u>\$ 299,524</u> |

| Parks and Recreation | Cemetery | Community Development | Emergency 911 | Garbage Collection | Narcotics Enforcement |
|-----------------------------|-------------------|------------------------------|----------------------|---------------------------|------------------------------|
| \$ 15,383 | \$ 170,376 | \$ - | \$ - | \$ - | \$ 7,743 |
| - | 3,099 | - | - | 79,973 | - |
| 88 | 1,725 | - | - | - | 47 |
| - | - | - | - | 3,014 | - |
| - | - | - | - | - | - |
| - | - | - | - | 5,875 | - |
| \$ 15,471 | \$ 175,200 | \$ - 0 - | \$ - 0 - | \$ 88,862 | \$ 7,790 |

| | | | | | |
|---------------|---------------|----------|----------|---------------|-----------|
| \$ 3,663 | \$ 7,391 | \$ - | \$ - | \$ - | \$ 71 |
| 3,619 | - | - | - | - | - |
| 3,710 | 361 | - | - | - | - |
| - | - | - | - | 60,623 | - |
| - | 5,000 | - | - | - | - |
| 10,992 | 12,752 | - | - | 60,623 | 71 |

| | | | | | |
|------------------|-------------------|-----------------|-----------------|------------------|-----------------|
| - | - | - | - | 5,875 | - |
| 4,479 | 162,448 | - | - | 22,364 | 7,719 |
| 4,479 | 162,448 | - | - | 28,239 | 7,719 |
| \$ 15,471 | \$ 175,200 | \$ - 0 - | \$ - 0 - | \$ 88,862 | \$ 7,790 |

(continued)

City of Fenton
Combining Balance Sheet (continued)
Nonmajor Special Revenue Funds
38898

| | D.A.R.E. | Total |
|-------------------------------------|-----------------|--------------|
| Assets | | |
| Cash and cash equivalents | \$ 24,437 | \$ 593,193 |
| Accounts receivable | - | 83,072 |
| Accrued interest | 154 | 2,680 |
| Due from other funds | - | 18,014 |
| Due from other government: | - | 16,000 |
| Inventory | - | 5,875 |
| | | |
| Total assets | \$ 24,591 | \$ 718,834 |
| | | |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ - | \$ 66,002 |
| Accrued liabilities | - | 9,350 |
| Deposits payable | - | 4,071 |
| Due to other funds | - | 60,623 |
| Deferred revenue | - | 5,000 |
| | | |
| Total liabilities | - | 145,046 |
| | | |
| Fund balances: | | |
| Reserved: | | |
| Reserved for inventory | - | 5,875 |
| Unreserved | 24,591 | 567,913 |
| | | |
| Total fund balance | 24,591 | 573,788 |
| | | |
| Total liabilities and fund balances | \$ 24,591 | \$ 718,834 |
| | | |

City of Fenton
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2006

| | Major Street | Local Street | Budget Stabilization |
|---------------------------------------|-------------------------|-------------------------|---------------------------------|
| Revenues: | | | |
| Intergovernmental revenue | | | |
| Federal | \$ - | \$ - | \$ - |
| State | 497,473 | 218,444 | - |
| Charges for services | - | - | - |
| Interest | 5,310 | 2,774 | - |
| Miscellaneous revenue | 3,781 | - | - |
| | <hr/> | | |
| Total revenues | 506,564 | 221,218 | - |
| | <hr/> | | |
| Expenditures: | | | |
| Current: | | | |
| Public safety | - | - | - |
| Public works: | | | |
| Highways and streets | 680,450 | 641,718 | - |
| Garbage collection | - | - | - |
| Recreation and cultural | - | - | - |
| Cemetery | - | - | - |
| | <hr/> | | |
| Total expenditures | 680,450 | 641,718 | - |
| | <hr/> | | |
| Revenues over (under) expenditures | (173,886) | (420,500) | - |
| | <hr/> | | |
| Other financing sources (uses) | | | |
| Transfers in | 265,000 | 445,000 | - |
| Transfers out | (125,000) | - | - |
| | <hr/> | | |
| Total other financing sources | 140,000 | 445,000 | - |
| | <hr/> | | |
| Net change in fund balances: | (33,886) | 24,500 | - |
| | <hr/> | | |
| Fund balances - beginning of year | 44,593 | 11,581 | 299,524 |
| | <hr/> | | |
| Fund balances - end of year | \$ 10,707 | \$ 36,081 | \$ 299,524 |
| | <hr/> <hr/> | | |

| Parks and Recreation | Cemetery | Community Development | Emergency 911 | Garbage Collection | Narcotics Enforcement |
|-----------------------------|-----------------|------------------------------|----------------------|---------------------------|------------------------------|
| \$ - | \$ - | \$ 34,600 | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| 24,859 | 31,887 | - | 206,437 | 441,473 | - |
| 2,788 | 7,060 | - | - | - | 487 |
| 2,500 | - | - | - | - | 1,491 |
| 30,147 | 38,947 | 34,600 | 206,437 | 441,473 | 1,978 |
| - | - | - | 206,437 | - | 11,805 |
| - | - | - | - | - | - |
| - | - | - | - | 420,013 | - |
| 248,483 | - | 34,600 | - | - | - |
| - | 72,109 | - | - | - | - |
| 248,483 | 72,109 | 34,600 | 206,437 | 420,013 | 11,805 |
| (218,336) | (33,162) | - | - | 21,460 | (9,827) |
| 217,000 | 30,000 | - | - | - | - |
| - | - | - | - | - | - |
| 217,000 | 30,000 | - | - | - | - |
| (1,336) | (3,162) | - | - | 21,460 | (9,827) |
| 5,815 | 165,610 | - | - | 6,779 | 17,546 |
| \$ 4,479 | \$ 162,448 | \$ - 0 - | \$ - 0 - | \$ 28,239 | \$ 7,719 |

(continued)

City of Fenton
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
Year Ended June 30, 2006

| | D.A.R.E. | Total |
|---------------------------------------|------------------|-------------------|
| Revenues: | | |
| Intergovernmental revenue | | |
| Federal | \$ - | \$ 34,600 |
| State | - | 715,917 |
| Charges for services | - | 704,656 |
| Interest | 1,069 | 19,488 |
| Miscellaneous revenue | 316 | 8,088 |
| | | |
| Total revenues | 1,385 | 1,482,749 |
| | | |
| Expenditures: | | |
| Current: | | |
| Public safety | 999 | 219,241 |
| Public works: | | |
| Highways and streets | - | 1,322,168 |
| Garbage collection | - | 420,013 |
| Recreation and cultural | - | 283,083 |
| Cemetery | - | 72,109 |
| | | |
| Total expenditures | 999 | 2,316,614 |
| | | |
| Revenues over (under) expenditures | 386 | (833,865) |
| | | |
| Other financing sources (uses) | | |
| Transfers in | - | 957,000 |
| Transfers out | - | (125,000) |
| | | |
| Total other financing sources | - | 832,000 |
| | | |
| Net change in fund balances: | 386 | (1,865) |
| Fund balances - beginning of year | 24,205 | 575,653 |
| | | |
| Fund balances - end of year | \$ 24,591 | \$ 573,788 |
| | | |

City of Fenton
Combining Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2006

| Major Street | | | | |
|---------------------------------------|--------------------|------------------|------------------|------------------------------|
| Budgeted Amounts | | | | |
| | Original | Final | Actual | Variance- Under (Over) |
| Revenues: | | | | |
| Intergovernmental revenue | | | | |
| Federal | \$ - | \$ - | \$ - | \$ - |
| State | 543,600 | 534,900 | 497,473 | (37,427) |
| Charges for services | - | - | - | - |
| Interest | 1,500 | 1,000 | 5,310 | 4,310 |
| Miscellaneous revenue | - | 3,800 | 3,781 | (19) |
| | | | | |
| Total revenues | 545,100 | 539,700 | 506,564 | (33,136) |
| | | | | |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | - | - | - |
| Public works: | | | | |
| Highways and streets | 709,400 | 629,930 | 680,450 | (50,520) |
| Garbage collection | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Cemetery | - | - | - | - |
| | | | | |
| Total expenditures | 709,400 | 629,930 | 680,450 | (50,520) |
| | | | | |
| Revenues over (under) expenditures | (164,300) | (90,230) | (173,886) | (83,656) |
| | | | | |
| Other financing sources (uses) | | | | |
| Transfers in | 230,000 | 230,000 | 265,000 | 35,000 |
| Transfers out | (150,000) | (125,000) | (125,000) | - |
| | | | | |
| Total other financing sources | 80,000 | 105,000 | 140,000 | 35,000 |
| | | | | |
| Net change in fund balances: | (84,300) | 14,770 | (33,886) | (48,656) |
| | | | | |
| Fund balances - beginning of year: | 44,593 | 44,593 | 44,593 | - |
| | | | | |
| Fund balances - end of year: | \$ (39,707) | \$ 59,363 | \$ 10,707 | \$ (48,656) |
| | | | | |

| Local Street | | | | Budget Stabilizator | | | |
|------------------|-----------|------------------|------------------------------|---------------------|------------|-------------------|------------------------------|
| Budgeted Amounts | | | Variance- Under (Over) | Budgeted Amounts | | | Variance- Under (Over) |
| Original | Final | Actual | | Original | Final | Actual | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 225,900 | 224,700 | 218,444 | (6,256) | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 1,000 | 1,500 | 2,774 | 1,274 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 226,900 | 226,200 | 221,218 | (4,982) | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 692,230 | 654,050 | 641,718 | 12,332 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 692,230 | 654,050 | 641,718 | 12,332 | - | - | - | - |
| (465,330) | (427,850) | (420,500) | 7,350 | - | - | - | - |
| 470,000 | 445,000 | 445,000 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 470,000 | 445,000 | 445,000 | - | - | - | - | - |
| 4,670 | 17,150 | 24,500 | 7,350 | - | - | - | - |
| 11,581 | 11,581 | 11,581 | - | 299,524 | 299,524 | 299,524 | - |
| \$ 16,251 | \$ 28,731 | \$ 36,081 | \$ 7,350 | \$ 299,524 | \$ 299,524 | \$ 299,524 | \$ - 0 - |

(continued)

City of Fenton
Combining Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (continued)
Nonmajor Special Revenue Funds
Year Ended June 30, 2006

| | Parks and Recreation | | | |
|---------------------------------------|-----------------------------|-----------------|------------------|---------------------------------------|
| | Budgeted Amounts | | | Variance- Under (Over) |
| | Original | Final | Actual | |
| Revenues: | | | | |
| Intergovernmental revenue | | | | |
| Federal | \$ - | \$ - | \$ - | \$ - |
| State | - | - | - | - |
| Charges for services | 24,000 | 23,000 | 24,859 | 1,859 |
| Interest | 1,000 | 500 | 2,788 | 2,288 |
| Miscellaneous revenue | - | 2,500 | 2,500 | - |
| | <hr/> | | | |
| Total revenues | 25,000 | 26,000 | 30,147 | 4,147 |
| | <hr/> | | | |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | - | - | - |
| Public works: | | | | |
| Highways and streets | - | - | - | - |
| Garbage collection | - | - | - | - |
| Recreation and cultural | 219,850 | 243,700 | 248,483 | (4,783) |
| Cemetery | - | - | - | - |
| | <hr/> | | | |
| Total expenditures | 219,850 | 243,700 | 248,483 | (4,783) |
| | <hr/> | | | |
| Revenues over (under) expenditures | (194,850) | (217,700) | (218,336) | (636) |
| | <hr/> | | | |
| Other financing sources (uses) | | | | |
| Transfers in | 185,000 | 217,000 | 217,000 | - |
| Transfers out | - | - | - | - |
| | <hr/> | | | |
| Total other financing sources | 185,000 | 217,000 | 217,000 | - |
| | <hr/> | | | |
| Net change in fund balances: | (9,850) | (700) | (1,336) | (636) |
| | <hr/> | | | |
| Fund balances - beginning of year: | 5,815 | 5,815 | 5,815 | - |
| | <hr/> | | | |
| Fund balances - end of year: | \$ (4,035) | \$ 5,115 | \$ 4,479 | \$ (636) |
| | <hr/> | | | |

| Cemetery | | | | Community Block Grant Fund | | | |
|------------------|------------|-------------------|------------------------------|----------------------------|-----------|---------------|------------------------------|
| Budgeted Amounts | | Actual | Variance- Under (Over) | Budgeted Amounts | | Actual | Variance- Under (Over) |
| Original | Final | | | Original | Final | | |
| \$ - | \$ - | \$ - | \$ - | \$ 79,730 | \$ 86,580 | \$ 34,600 | \$ (51,980) |
| - | - | - | - | - | - | - | - |
| 30,000 | 25,100 | 31,887 | 6,787 | - | - | - | - |
| 200 | 200 | 7,060 | 6,860 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 30,200 | 25,300 | 38,947 | 13,647 | 79,730 | 86,580 | 34,600 | (51,980) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 79,730 | 35,000 | 34,600 | 400 |
| 66,070 | 67,870 | 72,109 | (4,239) | - | - | - | - |
| 66,070 | 67,870 | 72,109 | (4,239) | 79,730 | 35,000 | 34,600 | 400 |
| (35,870) | (42,570) | (33,162) | 9,408 | - | 51,580 | - | (51,580) |
| 30,000 | 30,000 | 30,000 | - | - | - | - | - |
| (2,060) | (1,000) | - | 1,000 | - | - | - | - |
| 27,940 | 29,000 | 30,000 | 1,000 | - | - | - | - |
| (7,930) | (13,570) | (3,162) | 10,408 | - | 51,580 | - | (51,580) |
| 165,610 | 165,610 | 165,610 | - | - | - | - | - |
| \$ 157,680 | \$ 152,040 | \$ 162,448 | \$ 10,408 | \$ - 0 - | \$ 51,580 | \$ - 0 - | \$ (51,580) |

(continued)

City of Fenton
Combining Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (continued)
Nonmajor Special Revenue Funds
Year Ended June 30, 2006

| | <u>Emergency 911</u> | | | |
|---------------------------------------|-------------------------|-----------------|-----------------|------------------------------|
| | <u>Budgeted Amounts</u> | | Actual | Variance- Under (Over) |
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental revenue | | | | |
| Federal | \$ - | \$ - | \$ - | \$ - |
| State | - | - | - | - |
| Charges for services | 203,000 | 203,000 | 206,437 | 3,437 |
| Interest | - | - | - | - |
| Miscellaneous revenue | - | - | - | - |
| | <hr/> | | | |
| Total revenues | 203,000 | 203,000 | 206,437 | 3,437 |
| | <hr/> | | | |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 203,000 | 203,000 | 206,437 | (3,437) |
| Public works: | | | | |
| Highways and streets | - | - | - | - |
| Garbage collection | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Cemetery | - | - | - | - |
| | <hr/> | | | |
| Total expenditures | 203,000 | 203,000 | 206,437 | (3,437) |
| | <hr/> | | | |
| Revenues over (under) expenditures | - | - | - | - |
| | <hr/> | | | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| | <hr/> | | | |
| Total other financing sources | - | - | - | - |
| | <hr/> | | | |
| Net change in fund balances: | - | - | - | - |
| Fund balances - beginning of year: | - | - | - | - |
| | <hr/> | | | |
| Fund balances - end of year: | \$ - 0 - | \$ - 0 - | \$ - 0 - | \$ - 0 - |
| | <hr/> | | | |

| Garbage Collection Fund | | | | Narcotics Enforcement | | | |
|-------------------------|-----------|------------------|------------------------------|-----------------------|----------|-----------------|------------------------------|
| Budgeted Amounts | | Actual | Variance- Under (Over) | Budgeted Amounts | | Actual | Variance- Under (Over) |
| Original | Final | | | Original | Final | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| 470,000 | 440,000 | 441,473 | 1,473 | - | - | - | - |
| - | - | - | - | 200 | 200 | 487 | 287 |
| - | - | - | - | 10,000 | 1,000 | 1,491 | 491 |
| 470,000 | 440,000 | 441,473 | 1,473 | 10,200 | 1,200 | 1,978 | 778 |
| - | - | - | - | 7,500 | 12,000 | 11,805 | 195 |
| - | - | - | - | - | - | - | - |
| 430,250 | 425,250 | 420,013 | 5,237 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 430,250 | 425,250 | 420,013 | 5,237 | 7,500 | 12,000 | 11,805 | 195 |
| 39,750 | 14,750 | 21,460 | 6,710 | 2,700 | (10,800) | (9,827) | 973 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 39,750 | 14,750 | 21,460 | 6,710 | 2,700 | (10,800) | (9,827) | 973 |
| 6,779 | 6,779 | 6,779 | - | 17,546 | 17,546 | 17,546 | - |
| \$ 46,529 | \$ 21,529 | \$ 28,239 | \$ 6,710 | \$ 20,246 | \$ 6,746 | \$ 7,719 | \$ 973 |

(continued)

City of Fenton
Combining Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (continued)
Nonmajor Special Revenue Funds
Year Ended June 30, 2006

| | D.A.R.E. | | | |
|---------------------------------------|-------------------------|------------------|------------------|---------------------------------------|
| | Budgeted Amounts | | Actual | Variance- Under (Over) |
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental revenue | | | | |
| Federal | \$ - | \$ - | \$ - | \$ - |
| State | - | - | - | - |
| Charges for services | - | - | - | - |
| Interest | 350 | 350 | 1,069 | 719 |
| Miscellaneous revenue | 600 | 600 | 316 | (284) |
| | <hr/> | | | |
| Total revenues | 950 | 950 | 1,385 | 435 |
| | <hr/> | | | |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 1,500 | 1,500 | 999 | 501 |
| Public works: | | | | |
| Highways and streets | - | - | - | - |
| Garbage collection | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Cemetery | - | - | - | - |
| | <hr/> | | | |
| Total expenditures | 1,500 | 1,500 | 999 | 501 |
| | <hr/> | | | |
| Revenues over (under) expenditures | (550) | (550) | 386 | 936 |
| | <hr/> | | | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| | <hr/> | | | |
| Total other financing sources | - | - | - | - |
| | <hr/> | | | |
| Net change in fund balances: | (550) | (550) | 386 | 936 |
| | <hr/> | | | |
| Fund balances - beginning of year: | 24,205 | 24,205 | 24,205 | - |
| | <hr/> | | | |
| Fund balances - end of year: | \$ 23,655 | \$ 23,655 | \$ 24,591 | \$ 936 |
| | <hr/> | | | |

Totals

| Budgeted Amounts | | | Variance- Under (Over) |
|-------------------------|-------------------|-------------------|---------------------------------------|
| Original | Final | Actual | |
| \$ 79,730 | \$ 86,580 | \$ 34,600 | \$ (51,980) |
| 769,500 | 759,600 | 715,917 | (43,683) |
| 727,000 | 691,100 | 704,656 | 13,556 |
| 4,250 | 3,750 | 19,488 | 15,738 |
| 10,600 | 7,900 | 8,088 | 188 |
| 1,591,080 | 1,548,930 | 1,482,749 | (66,181) |
| 212,000 | 216,500 | 219,241 | (2,741) |
| 1,401,630 | 1,283,980 | 1,322,168 | (38,188) |
| 430,250 | 425,250 | 420,013 | 5,237 |
| 299,580 | 278,700 | 283,083 | (4,383) |
| 66,070 | 67,870 | 72,109 | (4,239) |
| 2,409,530 | 2,272,300 | 2,316,614 | (44,314) |
| (818,450) | (723,370) | (833,865) | (110,495) |
| 915,000 | 922,000 | 957,000 | 35,000 |
| (152,060) | (126,000) | (125,000) | 1,000 |
| 762,940 | 796,000 | 832,000 | 36,000 |
| (55,510) | 72,630 | (1,865) | (74,495) |
| 575,653 | 575,653 | 575,653 | - |
| \$ 520,143 | \$ 648,283 | \$ 573,788 | \$ (74,495) |

Capital Project Funds

Capital Improvement Projects (C.I.P.) Fund – To account for contributions from the General Fund equaling 1.5 mills of the City’s total tax levy. These funds are primarily used for Major and Local Street Fund capital improvement projects and storm drain construction.

Working Capital Fund – To account for financial resources to be used for the acquisition or construction of major capital projects.

**City of Fenton
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2006**

| | C.I.P. Fund | Working Capital Fund | Total |
|-----------------------------------------|------------------------|-------------------------------------|--------------|
| Assets | | | |
| Cash and cash equivalents | \$ 25,222 | \$ 114,195 | \$ 139,417 |
| Special assessments receivable | | | |
| Current | - | - | - |
| Long-term | - | 71,561 | 71,561 |
| Accrued interest | 149 | 742 | 891 |
| Due from other funds | - | - | - |
| | | | |
| Total assets | \$ 25,371 | \$ 186,498 | \$ 211,869 |
| Liabilities and Fund Balance | | | |
| Liabilities: | | | |
| Deferred revenue | \$ - | \$ 71,561 | \$ 71,561 |
| | | | |
| Total liabilities | - | 71,561 | 71,561 |
| Fund balances: | | | |
| Unreserved | 25,371 | 114,937 | 140,308 |
| | | | |
| Total liabilities and fund balances | \$ 25,371 | \$ 186,498 | \$ 211,869 |

City of Fenton
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
Year Ended June 30, 2006

| | C.I.P. Fund | Working Capital Fund | Total |
|---------------------------------------|------------------------|-------------------------------------|-------------------|
| Revenues: | | | |
| Special assessments | \$ - | \$ 9,630 | \$ 9,630 |
| Interest | 3,522 | 10,751 | 14,273 |
| Total revenues | 3,522 | 20,381 | 23,903 |
| Expenditures: | | | |
| Capital outlay | - | - | - |
| Debt service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total expenditures | - | - | - |
| Revenues over (under) expenditures | 3,522 | 20,381 | 23,903 |
| Other financing sources (uses) | | | |
| Transfers in | 370,000 | - | 370,000 |
| Transfers out | (350,000) | (17,587) | (367,587) |
| Total other financing sources (uses) | 20,000 | (17,587) | 2,413 |
| Net change in fund balances: | 23,522 | 2,794 | 26,316 |
| Fund balances - beginning of year: | 1,849 | 112,143 | 113,992 |
| Fund balances - end of year: | \$ 25,371 | \$ 114,937 | \$ 140,308 |

Internal Service Funds

Equipment Fund – To account for the costs of operating and maintaining certain automotive and street maintenance equipment used by other City departments. Such costs are billed to the other departments based on rental rates established by the State of Michigan Department of Highways and Transportation. Actual costs include depreciation on the machinery and equipment used to provide the service. The majority of the machinery and equipment maintained in this fund was purchased by other City departments. Replacement of the assets will be financed by Equipment Fund resources and continued contributions from other funds.

Sick Pay Fund – To account for the financing of accumulated sick pay earned by City employees. City funds contribute resources equal to the amounts earned by the employees during the current period.

City of Fenton
Combining Statement of Net Assets
Internal Service Funds
June 30, 2006

| | <u>Equipment</u> | <u>Sick Pay</u> | <u>Total</u> |
|--------------------------------------------------------|------------------|-----------------|--------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 326,446 | \$ 203,781 | \$ 530,227 |
| Investments | - | 176 | 176 |
| Accrued interest | 2,185 | 4,645 | 6,830 |
| Due from other funds | 55,570 | 27,102 | 82,672 |
| | <hr/> | | |
| Total current assets | 384,201 | 235,704 | 619,905 |
| <hr/> | | | |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Machinery and equipment | 1,509,852 | - | 1,509,852 |
| Less accumulated depreciation | (1,043,777) | - | (1,043,777) |
| | <hr/> | | |
| Total capital assets (net of accumulated depreciation) | 466,075 | - | 466,075 |
| | <hr/> | | |
| Total assets | 850,276 | 235,704 | 1,085,980 |
| <hr/> | | | |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 14,682 | - | 14,682 |
| Accrued liabilities | 40 | - | 40 |
| Compensated absences | - | 235,704 | 235,704 |
| Capital leases payable - current | 20,576 | - | 20,576 |
| | <hr/> | | |
| Total current liabilities | 35,298 | 235,704 | 271,002 |
| <hr/> | | | |
| Noncurrent liabilities | | | |
| Capital leases payable | 44,131 | - | 44,131 |
| | <hr/> | | |
| Total liabilities | 79,429 | 235,704 | 315,133 |
| <hr/> | | | |
| Net Assets | | | |
| Invested in capital assets | 401,368 | - | 401,368 |
| Unrestricted | 369,479 | - | 369,479 |
| | <hr/> | | |
| Total net assets | \$ 770,847 | \$ - 0 - | \$ 770,847 |
| | <hr/> <hr/> | | |

City of Fenton
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
Year Ended June 30, 2006

| | Equipment | Sick Pay | Total |
|-----------------------------------------|-------------------|-----------------|-------------------|
| Operating revenues: | | | |
| Charges for service | \$ 374,789 | \$ - | \$ 374,789 |
| Other income | - | - | - |
| | <hr/> | | |
| Total operating revenue | 374,789 | - | 374,789 |
| <hr/> | | | |
| Operating expenses: | | | |
| Wages and salaries | 17,264 | 24,825 | 42,089 |
| Supplies | 5,395 | - | 5,395 |
| Gas and oil | 47,855 | - | 47,855 |
| Heat, power, and lights | 41,163 | - | 41,163 |
| Accrued interest | 100,824 | - | 100,824 |
| Equipment rent | 164 | - | 164 |
| Depreciation | 134,179 | - | 134,179 |
| Insurance | 31,818 | - | 31,818 |
| Miscellaneous | 1,039 | - | 1,039 |
| | <hr/> | | |
| Total operating expenses | 379,701 | 24,825 | 404,526 |
| | <hr/> | | |
| Operating income (loss) | (4,912) | (24,825) | (29,737) |
| <hr/> | | | |
| Nonoperating revenues (expenses) | | | |
| Interest on investments | 13,520 | 8,425 | 21,945 |
| Interest expense | (4,007) | - | (4,007) |
| Gain on sale of fixed assets | 30,564 | - | 30,564 |
| | <hr/> | | |
| Total non-operating revenues | 40,077 | 8,425 | 48,502 |
| | <hr/> | | |
| Income (loss) before transfers | 35,165 | (16,400) | 18,765 |
| | <hr/> | | |
| Transfers in | - | 16,400 | 16,400 |
| | <hr/> | | |
| Change in net assets | 35,165 | - | 35,165 |
| | <hr/> | | |
| Net assets - beginning of year | 735,682 | - | 735,682 |
| | <hr/> | | |
| Net assets - end of year | \$ 770,847 | \$ - 0 - | \$ 770,847 |
| | <hr/> <hr/> | | |

City of Fenton
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2006

| | Equipment | Sick Pay | Total |
|------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Cash flows from operating activities | | | |
| Receipts from quasi-external transactions | \$ 374,715 | \$ - | \$ 374,715 |
| Payments to suppliers | (282,446) | - | (282,446) |
| Payments to employees | (17,476) | (16,399) | (33,875) |
| Net cash provided in (used in) operating activities | 74,793 | (16,399) | 58,394 |
| Cash flows from noncapital financing activities: | | | |
| Transfers in | - | 16,400 | 16,400 |
| Net cash provided by noncapital financing activities | - | 16,400 | 16,400 |
| Cash flows from capital and related financing activities | | | |
| Proceeds from sale of capital assets | 42,938 | - | 42,938 |
| Acquisition of capital assets | (277,004) | - | (277,004) |
| Principal paid on capital lease | (23,650) | - | (23,650) |
| Net cash used in capital and related financing activities | (257,716) | - | (257,716) |
| Cash flows from investing activities | | | |
| Interest earned | 13,932 | 3,780 | 17,712 |
| Net cash provided by investing activities | 13,932 | 3,780 | 17,712 |
| Net increase (decrease) in cash and cash equivalent | (168,991) | 3,781 | (165,210) |
| Cash and cash equivalents - beginning of year | 495,437 | 200,000 | 695,437 |
| Cash and cash equivalents - end of year | \$ 326,446 | \$ 203,781 | \$ 530,227 |
| Reconciliation of operating loss to net cash provided by (used in) operating activities | | | |
| Operating loss | \$ (4,912) | \$ (24,825) | \$ (29,737) |
| Adjustments to reconcile operating loss to net cash provided by (used in) operating activities | | | |
| Depreciation | 134,179 | - | 134,179 |
| (Increase) decrease in assets | | | |
| Due from other funds | (50,697) | (7,976) | (58,673) |
| Due from component units | - | - | - |
| Increase (decrease) in liabilities | | | |
| Accounts payable | (3,565) | - | (3,565) |
| Accrued liabilities | (212) | 16,402 | 16,190 |
| Total adjustments | 79,705 | 8,426 | 88,131 |
| Net cash provided in (used in) operating activities | \$ 74,793 | \$ (16,399) | \$ 58,394 |

Fiduciary Funds

Agency Funds

Current Tax Collection Fund – To account for the collection and payment to the county, school districts, and other City funds of property taxes collected by the City on their behalf.

Employees Union – To account for amounts withheld from City employee payroll related to union dues and related payments.

**City of Fenton
Combining Balance Sheet
Fiduciary Funds
June 30, 2006**

| | Agency Funds | | |
|---------------------------------|---------------------------|----------------------------|--------------|
| | Tax Collection | Employees Union | Total |
| Assets | | | |
| Cash and cash equivalents | \$ 15,569 | \$ 7,220 | \$ 22,789 |
| Total assets | \$ 15,569 | \$ 7,220 | \$ 22,789 |
| Liabilities | | | |
| Liabilities: | | | |
| Accounts payable | \$ 1,984 | \$ - | \$ 1,984 |
| Due to other governments | 13,585 | - | 13,585 |
| Due to employees - union groups | - | 7,220 | 7,220 |
| Total liabilities | \$ 15,569 | \$ 7,220 | \$ 22,789 |

City of Fenton
Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2006

| | Balance July 1, 2005 | Additions | Deductions | Balance June 30, 2006 |
|------------------------------------------|---------------------------------|----------------------|----------------------|----------------------------------|
| <u>Tax Collection Fund</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 10,158 | \$ 18,836,647 | \$ 18,831,236 | \$ 15,569 |
| Total assets | <u>\$ 10,158</u> | <u>\$ 18,836,647</u> | <u>\$ 18,831,236</u> | <u>\$ 15,569</u> |
| Liabilities | | | | |
| Accounts payable | \$ 3,136 | \$ 2,368 | \$ 3,520 | \$ 1,984 |
| Due to other government: | 7,022 | 18,840,167 | 18,833,604 | 13,585 |
| Total liabilities | <u>\$ 10,158</u> | <u>\$ 18,842,535</u> | <u>\$ 18,837,124</u> | <u>\$ 15,569</u> |
| <u>Employees' Union</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 7,220 | \$ - 0 - | \$ - 0 - | \$ 7,220 |
| Liabilities | | | | |
| Due to employees - union group: | \$ 7,220 | \$ - 0 - | \$ - 0 - | \$ 7,220 |
| <u>Total All Agency Funds</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 17,378 | \$ 18,836,647 | \$ 18,831,236 | \$ 22,789 |
| Total assets | <u>\$ 17,378</u> | <u>\$ 18,836,647</u> | <u>\$ 18,831,236</u> | <u>\$ 22,789</u> |
| Liabilities | | | | |
| Accounts payable | \$ 3,136 | \$ 2,368 | \$ 3,520 | \$ 1,984 |
| Due to other government: | 7,022 | 18,840,167 | 18,833,604 | 13,585 |
| Due to employees-union group: | 7,220 | - | - | 7,220 |
| Total liabilities | <u>\$ 17,378</u> | <u>\$ 18,842,535</u> | <u>\$ 18,837,124</u> | <u>\$ 22,789</u> |

**Capital Assets used in the Operation of
Governmental Funds**

City of Fenton
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source¹
June 30, 2006

| | |
|------------------------------------------------------------|-----------------------------|
| Governmental funds capital assets | |
| Land | \$ 1,605,104 |
| Buildings | 6,007,171 |
| Improvements - other than buildings | 546,530 |
| Vehicles | 1,611,208 |
| Office equipment | 84,926 |
| Machinery and other equipment | 743,806 |
| Infrastructure | 2,034,020 |
| Construction in progress | <u>1,458,614</u> |
| Total governmental funds capital assets | <u><u>\$ 14,091,379</u></u> |
| | |
| Investments in governmental funds capital assets by source | |
| General fund | \$ 12,119,987 |
| Special revenue funds | <u>1,971,392</u> |
| Total governmental funds capital assets | <u><u>\$ 14,091,379</u></u> |

¹This schedule presents only the capital asset balances related to governmental fund. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Fenton
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity¹
June 30, 2006

| | Total | Land | Buildings |
|--------------------------------------------|---------------|--------------|------------------|
| General government | | | |
| City hall and grounds | \$ 568,677 | \$ 16,000 | \$ 316,405 |
| Other city property | 3,891,893 | 1,327,307 | 2,421,638 |
| Total general government | 4,460,570 | 1,343,307 | 2,738,043 |
| Public safety: | | | |
| Police | 862,837 | 112,894 | 348,315 |
| Fire | 4,681,200 | 15,000 | 2,774,939 |
| Total public safety | 5,544,037 | 127,894 | 3,123,254 |
| Public works: | | | |
| Streets | 3,492,634 | - | - |
| Culture and recreation | 594,138 | 133,903 | 145,874 |
| Total governmental funds capital assets | \$ 14,091,379 | \$ 1,605,104 | \$ 6,007,171 |

¹This schedule presents only the capital asset balances related to governmental fund. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

| Improvements other than Buildings | Vehicles | Office Equipment | Infrastructure | Construction in progress | Machinery and Equipment |
|--------------------------------------------------|-----------------|-----------------------------|-----------------------|-------------------------------------|----------------------------------------|
| \$ 176,061 | \$ - | \$ 60,211 | \$ - | \$ - | \$ - |
| 96,118 | - | 17,788 | - | - | 29,042 |
| 272,179 | - | 77,999 | - | - | 29,042 |
| 6,420 | - | 6,927 | - | - | 388,281 |
| 14,900 | 1,611,208 | - | - | - | 265,153 |
| 21,320 | 1,611,208 | 6,927 | - | - | 653,434 |
| - | - | - | 2,034,020 | 1,458,614 | - |
| 253,031 | - | - | - | - | 61,330 |
| \$ 546,530 | \$ 1,611,208 | \$ 84,926 | \$ 2,034,020 | \$ 1,458,614 | \$ 743,806 |

City of Fenton
Capital Assets Used in the Operation of Governmental Fund
Schedule of Changes By Function and Activity¹
Year Ended June 30, 2006

| <u>Function and Activity</u> | Governmental Funds Capital Assets June 30, 2005 | Additions | Deletions | Governmental Funds Capital Assets June 30, 2006 |
|---------------------------------------------|--------------------------------------------------------------------|------------------|------------------|--------------------------------------------------------------------|
| General government | | | | |
| City hall and grounds | \$ 568,677 | \$ - | \$ - | \$ 568,677 |
| Other city property | 3,891,893 | - | - | 3,891,893 |
| Total general government | 4,460,570 | - | - | 4,460,570 |
| Public safety: | | | | |
| Police | 716,664 | 146,173 | - | 862,837 |
| Fire | 3,715,026 | 966,174 | - | 4,681,200 |
| Total public safety | 4,431,690 | 1,112,347 | - | 5,544,037 |
| Public works: | | | | |
| Streets | 2,051,392 | 1,532,873 | 91,631 | 3,492,634 |
| Culture and recreation | 594,138 | - | - | 594,138 |
| Total governmental funds: capital assets | \$ 11,537,790 | \$ 2,645,220 | \$ 91,631 | \$ 14,091,379 |

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**Long Term Debt Schedules
Governmental Funds,
Business Type Funds, and
Component Unit**

**City of Fenton
Annual Debt Service Requiremen
on Long-Term Debt
June 30, 2006**

**Fiscal Year
Ended June 30**

| | |
|------|--------------|
| 2007 | \$ 2,536,082 |
| 2008 | 2,529,707 |
| 2009 | 2,535,274 |
| 2010 | 2,477,940 |
| 2011 | 2,417,973 |
| 2012 | 2,427,863 |
| 2013 | 2,424,860 |
| 2014 | 2,420,555 |
| 2015 | 2,425,788 |
| 2016 | 2,331,698 |
| 2017 | 1,740,452 |
| 2018 | 1,721,908 |
| 2019 | 1,712,878 |
| 2020 | 1,119,500 |
| 2021 | 1,099,800 |
| 2022 | 614,625 |
| 2023 | 615,000 |

\$ 33,151,903

| | |
|-----------|------------------|
| Principal | \$ 25,599,068 |
| Interest | <u>7,552,835</u> |

\$ 33,151,903

**City of Fenton
Governmental
Schedule of Debt Service Requirements
Motorola Communications System
June 30, 2006**

| <u>Fiscal Year Ended June 30</u> | <u>Interest September 1</u> | <u>Principal September 1</u> | <u>Total Requirements</u> |
|---------------------------------------------|----------------------------------------|-----------------------------------------|--------------------------------------|
| 2007 | \$ 7,717 | \$ 52,000 | \$ 59,717 |
| 2008 | 5,887 | 53,830 | 59,717 |
| 2009 | 3,992 | 55,724 | 59,716 |
| 2010 | 2,030 | 57,686 | 59,716 |
| | <u>\$ 19,626</u> | <u>\$ 219,240</u> | <u>\$ 238,866</u> |

**City of Fenton
Governmental
Schedule of Debt Service Requirements
Magnum Firetruck
June 30, 2006**

| <u>Fiscal Year Ended June 30</u> | <u>Interest September 1</u> | <u>Principal September 1</u> | <u>Total Requirements</u> |
|---------------------------------------------|----------------------------------------|-----------------------------------------|--------------------------------------|
| 2007 | \$ 21,049 | \$ 54,933 | \$ 75,982 |
| 2008 | 19,033 | 56,949 | 75,982 |
| 2009 | 16,943 | 59,039 | 75,982 |
| 2010 | 14,776 | 61,206 | 75,982 |
| 2011 | 12,530 | 63,452 | 75,982 |
| 2012 | 10,201 | 65,781 | 75,982 |
| 2013 | 7,787 | 68,195 | 75,982 |
| 2014 | 5,285 | 70,697 | 75,982 |
| 2015 | 2,690 | 73,292 | 75,982 |
| | <u>\$ 110,294</u> | <u>\$ 573,544</u> | <u>\$ 683,838</u> |

City of Fenton
Enterprise Fund - Sewer
Schedule of 1997 Sewage Disposal System No. 3 Bonds
June 30, 2006

| <u>Fiscal Year</u> <u>Ended June 30</u> | Interest October 1 | Interest April 1 | Principal April 1 | Total Requirements |
|----------------------------------------------------------|-------------------------------------|-----------------------------------|------------------------------------|-------------------------------------|
| 2007 | \$ 139,684 | \$ 139,685 | \$ 545,342 | \$ 824,711 |
| 2008 | 132,186 | 132,186 | 637,549 | 901,921 |
| 2009 | 122,623 | 122,623 | 663,894 | 909,140 |
| 2010 | 111,005 | 111,004 | 692,874 | 914,883 |
| 2011 | 98,880 | 98,879 | 706,046 | 903,805 |
| 2012 | 83,876 | 83,876 | 711,315 | 879,067 |
| 2013 | 68,761 | 68,760 | 713,949 | 851,470 |
| 2014 | 51,804 | 51,804 | 708,681 | 812,289 |
| 2015 | 34,973 | 34,973 | 700,776 | 770,722 |
| 2016 | 17,454 | 17,453 | 698,143 | 733,050 |
| | \$ 861,246 | \$ 861,243 | \$ 6,778,569 | \$ 8,501,058 |

Contract with Genesee County
Date of issue: September 11, 1996

City of Fenton
Enterprise Fund - Sewer
Schedule of Sewage Disposal System No. 3 Series 1998 Bonds
June 30, 2006

| <u>Fiscal Year</u> <u>Ended June 30</u> | <u>Interest</u> <u>September 1</u> | <u>Interest</u> <u>March 1</u> | <u>Principal</u> <u>March 1</u> | <u>Total</u> <u>Requirements</u> |
|--------------------------------------------|---------------------------------------|-----------------------------------|------------------------------------|-------------------------------------|
| 2007 | \$ 76,186 | \$ 76,186 | \$ 167,017 | \$ 319,389 |
| 2008 | 72,220 | 72,220 | 97,641 | 242,081 |
| 2009 | 69,901 | 69,901 | 97,641 | 237,443 |
| 2010 | 67,582 | 67,582 | 97,641 | 232,805 |
| 2011 | 65,262 | 65,262 | 113,058 | 243,582 |
| 2012 | 62,578 | 62,578 | 143,892 | 269,048 |
| 2013 | 59,160 | 59,160 | 177,296 | 295,616 |
| 2014 | 54,905 | 54,905 | 223,546 | 333,356 |
| 2015 | 49,484 | 49,484 | 274,937 | 373,905 |
| 2016 | 42,782 | 42,782 | 308,340 | 393,904 |
| 2017 | 35,074 | 35,074 | 462,510 | 532,658 |
| 2018 | 23,511 | 23,510 | 470,219 | 517,240 |
| 2019 | 11,754 | 11,754 | 470,218 | 493,726 |
| | <u>\$ 690,399</u> | <u>\$ 690,398</u> | <u>\$ 3,103,956</u> | <u>\$ 4,484,753</u> |

Contract with Genesee County
Date of issue: June 8, 1998

City of Fenton
Enterprise Fund - Water
Schedule of Michigan Municipal Bond Authority
Michigan Drinking Water Revolving Fund Bond
June 30, 2006

| Fiscal Year Ended June 30 | Interest October 1 | Interest April 1 | Principal April 1 | Total Requirements |
|--------------------------------------|-------------------------------|-----------------------------|------------------------------|-------------------------------|
| 2007 | \$ 12,360 | \$ 12,360 | \$ 65,000 | \$ 89,720 |
| 2008 | 11,547 | 11,547 | 65,000 | 88,094 |
| 2009 | 10,735 | 10,735 | 65,000 | 86,470 |
| 2010 | 9,922 | 9,922 | 70,000 | 89,844 |
| 2011 | 9,047 | 9,047 | 70,000 | 88,094 |
| 2012 | 8,172 | 8,171 | 75,000 | 91,343 |
| 2013 | 7,235 | 7,234 | 75,000 | 89,469 |
| 2014 | 6,297 | 6,296 | 75,000 | 87,593 |
| 2015 | 5,360 | 5,359 | 80,000 | 90,719 |
| 2016 | 4,360 | 4,359 | 80,000 | 88,719 |
| 2017 | 3,360 | 3,359 | 85,000 | 91,719 |
| 2018 | 2,297 | 2,296 | 85,000 | 89,593 |
| 2019 | 1,235 | 1,234 | 98,759 | 101,228 |
| | \$ 91,927 | \$ 91,919 | \$ 988,759 | \$ 1,172,605 |

Michigan Municipal Bond Authority
Date of issue: April 1, 1999
Interest rate: 2.5%

City of Fenton
Enterprise Fund - Water
Schedule of Michigan Municipal Bond Authority
Michigan Drinking Water Revolving Fund Bond
June 30, 2006

| Fiscal Year Ended June 30 | Interest October 1 | Interest April 1 | Principal April 1 | Total Requirements |
|--------------------------------------|-------------------------------|-----------------------------|------------------------------|-------------------------------|
| 2007 | \$ 105,563 | \$ 105,562 | \$ 405,000 | \$ 616,125 |
| 2008 | 100,500 | 100,500 | 415,000 | 616,000 |
| 2009 | 95,312 | 95,313 | 425,000 | 615,625 |
| 2010 | 90,000 | 90,000 | 435,000 | 615,000 |
| 2011 | 84,563 | 84,562 | 445,000 | 614,125 |
| 2012 | 79,000 | 79,000 | 460,000 | 618,000 |
| 2013 | 73,250 | 73,250 | 470,000 | 616,500 |
| 2014 | 67,375 | 67,375 | 480,000 | 614,750 |
| 2015 | 61,375 | 61,375 | 495,000 | 617,750 |
| 2016 | 55,187 | 55,188 | 505,000 | 615,375 |
| 2017 | 48,875 | 48,875 | 520,000 | 617,750 |
| 2018 | 42,375 | 42,375 | 530,000 | 614,750 |
| 2019 | 35,750 | 35,750 | 545,000 | 616,500 |
| 2020 | 28,938 | 28,937 | 560,000 | 617,875 |
| 2021 | 21,937 | 21,938 | 570,000 | 613,875 |
| 2022 | 14,813 | 14,812 | 585,000 | 614,625 |
| 2023 | 7,500 | 7,500 | 600,000 | 615,000 |
| | \$ 1,012,313 | \$ 1,012,312 | \$ 8,445,000 | \$ 10,469,625 |

Michigan Municipal Bond Authority
Date of issue: December 19, 2002
Interest rate: 2.5%

Component Unit Combining Statements

**City of Fenton
Component Unit DDA
Schedule of 1994 Downtown Development Bond
June 30, 2006**

| <u>Fiscal Year Ended June 30</u> | Interest November 1 | Interest May 1 | Principal May 1 | Total Requirements |
|---------------------------------------------|--------------------------------|---------------------------|----------------------------|-------------------------------|
| 2007 | \$ 7,259 | \$ 7,259 | \$ 70,000 | \$ 84,518 |
| 2008 | 4,931 | 4,931 | 70,000 | 79,862 |
| 2009 | 2,569 | 2,569 | 75,000 | 80,138 |
| | \$ 14,759 | \$ 14,759 | \$ 215,000 | \$ 244,518 |

City of Fenton
Component Unit DDA
Schedule of 2002 General Obligation Limited Tax Development Bond
June 30, 2006

| <u>Fiscal Year</u> <u>Ended June 30</u> | Interest October 1 | Interest April 1 | Principal April 1 | Total Requirements |
|----------------------------------------------------------|-------------------------------------|-----------------------------------|------------------------------------|-------------------------------------|
| 2007 | \$ 115,460 | \$ 115,460 | \$ 235,000 | \$ 465,920 |
| 2008 | 110,525 | 110,525 | 245,000 | 466,050 |
| 2009 | 105,380 | 105,380 | 260,000 | 470,760 |
| 2010 | 99,855 | 99,855 | 290,000 | 489,710 |
| 2011 | 93,693 | 93,692 | 305,000 | 492,385 |
| 2012 | 87,211 | 87,212 | 320,000 | 494,423 |
| 2013 | 80,411 | 80,412 | 335,000 | 495,823 |
| 2014 | 73,293 | 73,292 | 350,000 | 496,585 |
| 2015 | 65,855 | 65,855 | 365,000 | 496,710 |
| 2016 | 57,825 | 57,825 | 385,000 | 500,650 |
| 2017 | 49,163 | 49,162 | 400,000 | 498,325 |
| 2018 | 40,163 | 40,162 | 420,000 | 500,325 |
| 2019 | 30,712 | 30,712 | 440,000 | 501,424 |
| 2020 | 20,813 | 20,812 | 460,000 | 501,625 |
| 2021 | 10,463 | 10,462 | 465,000 | 485,925 |
| | \$ 1,040,822 | \$ 1,040,818 | \$ 5,275,000 | \$ 7,356,640 |

City of Fenton
Governmental Funds Balance Sheet/Statement of Net Assets
Component Unit DDA
June 30, 2006

| | Special Revenue Fund | Capital Projects Fund | Totals | Adjustments | Statement of Net Assets |
|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------|---------------------|-----------------------|----------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 1,884,298 | \$ 30,388 | \$ 1,914,686 | \$ - | \$ 1,914,686 |
| Accounts receivable | 19,402 | - | 19,402 | - | 19,402 |
| Due from other funds | - | 30,400 | 30,400 | (30,400) | - |
| Due from primary government | 9 | - | 9 | - | 9 |
| Capital assets not depreciated | - | - | - | 295,000 | 295,000 |
| Total assets | <u>\$ 1,903,709</u> | <u>\$ 60,788</u> | <u>\$ 1,964,497</u> | 264,600 | 2,229,097 |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ 53,047 | \$ 53,047 | - | 53,047 |
| Accrued liabilities | - | 854 | 854 | - | 854 |
| Due to other funds | 30,400 | - | 30,400 | (30,400) | - |
| Noncurrent liabilities: | | | | | |
| Current portion of debt | - | - | - | 305,000 | 305,000 |
| Long term portion of debt | - | - | - | 5,185,000 | 5,185,000 |
| Total liabilities | <u>30,400</u> | <u>53,901</u> | <u>84,301</u> | 5,459,600 | 5,543,901 |
| Fund Balances/Net Assets | | | | | |
| Fund balances: | | | | | |
| Unreserved: | | | | | |
| Special revenue fund | 1,873,309 | - | 1,873,309 | (1,873,309) | - |
| Capital projects fund | - | 6,887 | 6,887 | (6,887) | - |
| Total fund balances | <u>1,873,309</u> | <u>6,887</u> | <u>1,880,196</u> | (1,880,196) | - |
| Total liabilities and fund balances | <u>\$ 1,903,709</u> | <u>\$ 60,788</u> | <u>\$ 1,964,497</u> | | |
| Net assets: | | | | | |
| Invested in capital assets | | | | 295,000 | 295,000 |
| Unrestricted | | | | (3,609,804) | (3,609,804) |
| Total net assets | | | | <u>\$ (3,314,804)</u> | <u>\$ (3,314,804)</u> |
| Explanation of adjustments: | | | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | | \$ 295,000 | |
| Long-term liabilities, including bonds payable, are not due an payable in the current period and therefore are not reported in the funds. | | | | <u>(5,490,000)</u> | |
| | | | | <u>\$ (5,195,000)</u> | |

City of Fenton
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances/Statement of Activities
Component Unit DDA
Year Ended June 30, 2006

| | Special Revenue Fund | Capital Projects Fund | Totals | Adjusments | Statement of Activities |
|-----------------------------------------------------------------------------------------------|----------------------------|-----------------------------|---------------------|------------|----------------------------|
| Revenues: | | | | | |
| Taxes | \$ 1,129,759 | \$ - | \$ 1,129,759 | \$ - | \$ 1,129,759 |
| Interest | 79,259 | 34 | 79,293 | - | 79,293 |
| | <hr/> | | | | |
| Total revenues | 1,209,018 | 34 | 1,209,052 | - | 1,209,052 |
| | <hr/> | | | | |
| Expenditures/expenses: | | | | | |
| Current: | | | | | |
| General government | - | 813,690 | 813,690 | - | 813,690 |
| Debt service: | | | | | |
| Principal payments | 300,000 | - | 300,000 | (300,000) | - |
| Interest and fiscal charges | 260,240 | - | 260,240 | - | 260,240 |
| | <hr/> | | | | |
| Total expenditures/ expenses | 560,240 | 813,690 | 1,373,930 | (300,000) | 1,073,930 |
| | <hr/> | | | | |
| Revenues under (over) expenditures/expenses | 648,778 | (813,656) | (164,878) | 300,000 | 135,122 |
| | <hr/> | | | | |
| Other financing sources (uses): | | | | | |
| Transfers in | - | 763,911 | 763,911 | (763,911) | - |
| Transfers out | (763,911) | - | (763,911) | 763,911 | - |
| | <hr/> | | | | |
| Total other financing sources (uses) | (763,911) | 763,911 | - | - | - |
| | <hr/> | | | | |
| Revenues and other financing sources under (over) expenditures and other financing uses | (115,133) | (49,745) | (164,878) | 164,878 | - |
| Change in net assets | - | - | - | 135,122 | 135,122 |
| Fund balances/net assets - beginning of year | 1,988,442 | 56,632 | 2,045,074 | - | (3,449,926) |
| | <hr/> | | | | |
| Fund balances/net assets - end of year | <u>\$ 1,873,309</u> | <u>\$ 6,887</u> | <u>\$ 1,880,196</u> | | <u>\$ (3,314,804)</u> |

Explanation of adjustments:

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. These are the effects of these differences in the treatment of long-term debt and related items.

\$ 300,000

City of Fenton
Governmental Funds Balance Sheet/Statement of Net Assets
Component Unit LDFA
June 30, 2006

| | Special Revenue Fund | Capital Projects Fund | Totals | Adjustments | Statement of Net Assets |
|----------------------------------------|-------------------------------------|--------------------------------------|-------------------|--------------------|------------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 542,392 | \$ 23,769 | \$ 566,161 | \$ - | \$ 566,161 |
| Accounts receivable | 1,080 | - | 1,080 | - | 1,080 |
| Accrued interest | 3,048 | - | 3,048 | - | 3,048 |
| Due from primary government | - | 5,240 | 5,240 | - | 5,240 |
| Total assets | <u>\$ 546,520</u> | <u>\$ 29,009</u> | <u>\$ 575,529</u> | - | 575,529 |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ 1,839 | \$ 1,839 | - | 1,839 |
| Accrued liabilities | - | 285 | 285 | - | 285 |
| Total liabilities | - | 2,124 | 2,124 | - | 2,124 |
| Fund Balances/Net Assets | | | | | |
| Fund balances: | | | | | |
| Unreserved: | | | | | |
| Special revenue fund | 546,520 | - | 546,520 | (546,520) | - |
| Capital projects fund | - | 26,885 | 26,885 | (26,885) | - |
| Total fund balances | <u>546,520</u> | <u>26,885</u> | <u>573,405</u> | <u>(573,405)</u> | - |
| Total liabilities and fund balances | <u>\$ 546,520</u> | <u>\$ 29,009</u> | <u>\$ 575,529</u> | | |
| Net assets: | | | | | |
| Unrestricted | | | | <u>573,405</u> | <u>573,405</u> |
| Total net assets | | | | <u>\$ 573,405</u> | <u>\$ 573,405</u> |

City of Fenton
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances/Statement of Activities
Component Unit LDFA
Year Ended June 30, 2006

| | Special Revenue Fund | Capital Fund - Sewer | Totals | Adjusments | Statement of Activities |
|-----------------------------------------------------------------------------------------------|----------------------------|----------------------------|-------------------|-------------|----------------------------|
| Revenues: | | | | | |
| Taxes | \$ 232,302 | \$ - | \$ 232,302 | \$ - | \$ 232,302 |
| Interest | 16,686 | 156 | 16,842 | - | 16,842 |
| | | | | | |
| Total revenues | 248,988 | 156 | 249,144 | - | 249,144 |
| Expenditures/expenses: | | | | | |
| Current: | | | | | |
| General government | - | 25,443 | 25,443 | - | 25,443 |
| Capital outlay | - | 207,280 | 207,280 | - | 207,280 |
| | | | | | |
| Total expenditures/ expenses | - | 232,723 | 232,723 | - | 232,723 |
| | | | | | |
| Revenues under (over) expenditures/expenses | 248,988 | (232,567) | 16,421 | - | 16,421 |
| Other financing sources (uses): | | | | | |
| Transfers in | - | 249,783 | 249,783 | (249,783) | - |
| Transfers out | (249,783) | - | (249,783) | 249,783 | - |
| | | | | | |
| Total other financing sources (uses) | (249,783) | 249,783 | - | - | - |
| | | | | | |
| Revenues and other financing sources under (over) expenditures and other financing uses | (795) | 17,216 | 16,421 | (16,421) | - |
| Change in net assets | - | - | - | 16,421 | 16,421 |
| Fund balances - beginning of year | 547,315 | 9,669 | 556,984 | - | 556,984 |
| Fund balances - end of year | \$ 546,520 | \$ 26,885 | \$ 573,405 | \$ - | \$ 573,405 |

Statistical Section

City of Fenton
Net Assets by Component (Unaudited)

| | 2004 | 2005 | 2006 |
|-------------------------------------------------|------------|------------|------------|
| Governmental Activities: | | | |
| Invested in capital assets, net of related debt | 8,988,512 | 9,544,656 | 11,081,127 |
| Restricted | 201,560 | 528,750 | 161,725 |
| Unrestricted | 2,776,459 | 2,547,711 | 2,764,533 |
| | <hr/> | | |
| Total net assets | 11,966,531 | 12,621,117 | 14,007,385 |
| Business Type Activities: | | | |
| Invested in capital assets, net of related debt | 17,324,297 | 18,676,883 | 19,387,156 |
| Restricted | 879,539 | 891,239 | 919,808 |
| Unrestricted | 5,130,347 | 3,505,141 | 2,943,468 |
| | <hr/> | | |
| Total net assets | 23,334,183 | 23,073,263 | 23,250,432 |
| Primary government in total: | | | |
| Invested in capital assets, net of related debt | 26,312,809 | 28,221,539 | 30,468,283 |
| Restricted | 1,081,099 | 1,419,989 | 1,081,533 |
| Unrestricted | 7,906,806 | 6,052,852 | 5,708,001 |
| | <hr/> | | |
| Total net assets | 35,300,714 | 35,694,380 | 37,257,817 |

City of Fenton
Changes in Governmental Net Assets (Unaudited)

| | 2004 | 2005 | 2006 |
|------------------------------------|--------------------|--------------------|---------------------|
| Expenses | | | |
| Legislative and executive | \$168,023 | \$180,253 | \$197,051 |
| General government | 1,187,463 | 1,309,602 | 1,223,414 |
| Public safety | 2,751,891 | 2,966,655 | 3,128,752 |
| Public works | 1,545,260 | 1,753,694 | 2,345,278 |
| Parks and recreation | 149,241 | 154,860 | 170,906 |
| Community Service | 135,106 | 142,844 | 139,098 |
| Cemetery | 51,607 | 47,949 | 72,109 |
| Interest on long-term debt | 354,504 | 3,305 | 34,296 |
| | | | |
| Total governmental activities | 6,343,095 | 6,559,162 | 7,310,904 |
| Program revenues: | | | |
| Charges for services | | | |
| General government | 10,438 | 99,340 | 89,408 |
| Public safety | 584,786 | 505,469 | 601,299 |
| Public works | 457,505 | 419,347 | 441,473 |
| Parks and recreation | 23,448 | 26,737 | 24,859 |
| Cemetery | 32,057 | 15,545 | 31,887 |
| | | | |
| Total charges for services | 1,108,234 | 1,066,438 | 1,188,926 |
| Operating grants and contributions | 208,061 | 892,297 | 893,444 |
| Capital grants and contributions | 940,343 | 307,150 | 1,303,418 |
| | | | |
| Total program revenue | 2,256,638 | 2,265,885 | 3,385,788 |
| | | | |
| Net (expense) revenue | (4,086,457) | (4,293,277) | (3,925,116) |
| General revenues: | | | |
| Property taxes | 3,471,199 | 3,945,739 | 4,230,989 |
| State-shared revenues | 911,537 | 898,721 | 891,252 |
| Investment earnings | 63,613 | 92,820 | 158,579 |
| Gain on sale of capital assets | 11,616 | 10,583 | 30,564 |
| | | | |
| Total general revenues | 4,457,965 | 4,947,863 | 5,311,384 |
| | | | |
| Change in net assets | \$ 371,508 | \$ 654,586 | \$ 1,386,268 |
| | | | |

City of Fenton
Changes in Business Type Net assets (Unaudited)

| | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|------------------------------------------------------|-------------------|---------------------|-------------------|
| Operating Revenue | | | |
| Sale of water | \$ 1,410,117 | \$ 1,716,315 | \$ 2,054,055 |
| Sewage disposal charges | 1,794,138 | 1,668,823 | 1,640,425 |
| Other charges for services | 33,257 | 32,679 | 79,600 |
| | | | |
| Total operating revenue | 3,237,512 | 3,417,817 | 3,774,080 |
| | | | |
| Operating Expenses | | | |
| Cost of water produced/purchased | 207,699 | 689,608 | 776,897 |
| Cost of sewage treatment | 882,707 | 884,521 | 862,022 |
| Other operation and maintenance costs | 800,178 | 674,538 | 762,450 |
| Billing and administrative costs | 448,299 | 450,653 | 448,066 |
| Depreciation | 486,631 | 680,141 | 734,742 |
| | | | |
| Total operating expenses | 2,825,514 | 3,379,461 | 3,584,177 |
| | | | |
| Operating Income (Loss) | 411,998 | 38,356 | 189,903 |
| | | | |
| Nonoperating Revenue (Expenses) | | | |
| Property taxes | | | |
| Investment income | 122,291 | 113,604 | 128,526 |
| Interest expense | (868,329) | (787,304) | (760,348) |
| Gain (loss) on disposal of assets | | (63,706) | - |
| | | | |
| Income (Loss) - Before contributions and other items | (334,040) | (699,050) | (441,919) |
| | | | |
| Capital Contributions | 567,750 | 438,130 | 619,088 |
| | | | |
| Change in Net Assets | <u>\$ 233,710</u> | <u>\$ (260,920)</u> | <u>\$ 177,169</u> |

City of Fenton

Fund Balances, Governmental Funds (Unaudited)

| | As of June 30, | | | | | | | | | |
|-------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| General Fund: | | | | | | | | | | |
| Reserved | \$ 68,305 | \$ 210,485 | \$ 36,355 | \$ 35,070 | \$ 33,021 | \$ 34,487 | \$ - | \$ - | \$ 360,433 | \$ 97,770 |
| Unreserved | 1,632,528 | 1,580,171 | 1,867,124 | 1,098,160 | 986,362 | 1,100,651 | 1,137,215 | 1,192,859 | 1,184,321 | 1,260,154 |
| Total general fund | 1,700,833 | 1,790,656 | 1,903,479 | 1,133,230 | 1,019,383 | 1,135,138 | 1,137,215 | 1,192,859 | 1,544,754 | 1,357,924 |
| All other governmental funds: | | | | | | | | | | |
| Reserved | - | - | - | - | - | - | - | - | - | 5,875 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 1,105,577 | 697,823 | 721,301 | 934,074 | 835,036 | 924,129 | 709,924 | 693,125 | 575,654 | 567,913 |
| Capital project funds | 676,763 | 913,386 | 360,812 | 547,543 | 282,243 | 345,291 | 381,480 | 607,729 | 1,274,366 | 536,764 |
| Debt service funds | 251,984 | 248,260 | 260,389 | 185,453 | 137,313 | 86,847 | 1,231 | 1,231 | 1,231 | - |
| Total all other governmental funds | \$ 2,034,324 | \$ 1,859,469 | \$ 1,342,502 | \$ 1,667,070 | \$ 1,254,592 | \$ 1,356,267 | \$ 1,092,635 | \$ 1,302,085 | \$ 1,851,251 | \$ 1,110,552 |

City of Fenton

Changes in Fund Balances, Governmental Funds (Unaudited)

| | Year Ended June 30, | | | | | | | | | |
|----------------------------------------------------|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Revenue | | | | | | | | | | |
| Property taxes | \$2,304,901 | \$2,372,044 | \$2,548,531 | \$2,537,026 | \$2,680,851 | \$2,992,277 | \$3,331,320 | \$3,471,199 | \$3,945,739 | \$4,230,989 |
| Special assessments | 36,458 | 22,026 | 18,567 | 23,935 | 51,813 | 37,404 | 31,234 | 21,592 | 16,940 | 9,630 |
| Licenses and permits | 193,355 | 121,678 | 151,112 | 175,728 | 201,462 | 189,527 | 207,890 | 199,950 | 188,548 | 219,417 |
| Intergovernmental | 1,481,959 | 1,496,512 | 2,109,264 | 1,846,859 | 1,890,045 | 1,798,813 | 1,745,502 | 1,643,819 | 1,636,084 | 1,641,769 |
| Charges for services | 596,982 | 707,626 | 738,598 | 781,073 | 757,617 | 807,434 | 853,325 | 890,454 | 850,713 | 929,924 |
| Fines and forfeitures | 47,955 | 48,262 | 48,378 | 29,844 | 32,016 | 48,652 | 52,113 | 87,889 | 75,657 | 100,282 |
| Interest | 163,494 | 194,246 | 172,323 | 209,964 | 149,806 | 60,945 | 41,026 | 57,980 | 72,177 | 136,634 |
| Other | 70,782 | 310,648 | 86,381 | 139,149 | 163,663 | 101,277 | 137,620 | 120,172 | 90,817 | 54,986 |
| Total revenue | \$4,895,886 | \$5,273,042 | \$5,873,154 | \$5,743,578 | \$5,927,273 | \$6,036,329 | \$6,400,030 | \$6,493,055 | \$6,876,675 | \$7,323,631 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Legislative and executive | 85,843 | 107,923 | 119,817 | 136,428 | 94,977 | 101,242 | 165,196 | 168,023 | 180,249 | 197,051 |
| General government | 915,532 | 971,681 | 1,370,550 | 2,031,287 | 1,446,025 | 1,602,382 | 1,114,972 | 1,110,618 | 1,187,861 | 1,283,627 |
| Public safety | 1,302,153 | 1,648,956 | 1,667,005 | 1,921,844 | 2,183,186 | 1,895,435 | 2,594,115 | 2,686,839 | 2,871,127 | 3,223,832 |
| Public works | 1,237,978 | 1,499,286 | 2,242,031 | 1,613,052 | 2,246,069 | 1,619,268 | 2,163,482 | 1,771,524 | 2,109,046 | 2,058,361 |
| Recreation and cultural | 281,583 | 154,928 | 189,967 | 196,792 | 299,346 | 326,765 | 266,667 | 196,359 | 225,450 | 283,553 |
| Other | 157,784 | 115,230 | 183,952 | 243,025 | 180,881 | 183,306 | 177,293 | 186,713 | 190,793 | 176,138 |
| Capital outlay | 14,052 | 23,421 | 375,700 | 92,004 | 205,756 | - | 31,570 | 49,995 | 62,203 | 836,131 |
| Debt service | 289,737 | 224,258 | 204,276 | 201,240 | 168,035 | 94,247 | 93,014 | 40,258 | 40,259 | 176,067 |
| Total Expenditures | 4,284,662 | 4,745,683 | 6,353,298 | 6,435,672 | 6,824,275 | 5,822,645 | 6,606,309 | 6,210,329 | 6,866,988 | 8,234,760 |
| Excess of Revenue Over (Under) Expenditures | 611,224 | 527,359 | (480,144) | (692,094) | (897,002) | 213,684 | (206,279) | 282,726 | 9,687 | (911,129) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Debt issuance | | | | | | | | | 900,000 | |
| Debt premium or discount | | | | | | | | | | |
| Sale of fixed assets | | | | | 296,155 | 7,800 | | | 8,600 | |
| Transfers in | 938,204 | 944,260 | 1,549,319 | 1,290,713 | 1,613,301 | 1,218,589 | 1,484,847 | 604,492 | 1,432,490 | 1,514,587 |
| Transfers out | (854,682) | (878,350) | (1,473,322) | (1,141,917) | (1,548,565) | (1,228,600) | (1,545,622) | (622,120) | (1,449,716) | (1,530,987) |
| Debt defeasance | | | | | | | | | | |
| Total other financing sources (uses) | 83,522 | 65,910 | 75,997 | 148,796 | 360,891 | (2,211) | (60,775) | (17,628) | 891,374 | (16,400) |
| Special item | | | | | | | | 118,855 | | |
| Extraordinary item | | | | | | | | | | |
| Net change in fund balances | 694,746 | 593,269 | (404,147) | (543,298) | (536,111) | 211,473 | (267,054) | 265,098 | 901,061 | (927,529) |
| Fund Balances - Beginning of year | 2,362,113 | 3,056,859 | 3,650,128 | 3,245,981 | 2,702,683 | 2,166,572 | 2,378,045 | 2,110,991 | 2,494,944 | 3,396,005 |
| Fund Balances - End of year | 3,056,859 | 3,650,128 | 3,245,981 | 2,702,683 | 2,166,572 | 2,378,045 | 2,110,991 | 2,494,944 | 3,396,005 | 2,468,476 |

Debt service as a percentage of noncapital expenditures

City of Fenton

Taxable Value and Actual Value of Taxable Property (Unaudited)

| Tax Year | Fiscal year ended June 30, | Taxable Value by Property Type: | | | | | Total Value | Tax rate (mills) | Estimated Actual Value | Taxable Value as a % of Actual |
|----------|----------------------------|---------------------------------|---------------|---------------|-------------------|----------------|-------------|------------------|------------------------|--------------------------------|
| | | Real property: | | | Personal property | | | | | |
| | | Residential | Commercial | Industrial | | | | | | |
| 1996 | 1997 | \$ 120,193,311 | \$ 53,131,490 | \$ 11,621,720 | \$ 21,679,950 | \$ 206,626,471 | 11.00 | \$ 427,417,942 | 48.34% | |
| 1997 | 1998 | 126,736,715 | 59,335,781 | 13,709,610 | 23,305,150 | 223,087,256 | 11.00 | 470,611,650 | 47.40% | |
| 1998 | 1999 | 132,407,780 | 68,650,080 | 15,464,090 | 31,082,400 | 247,604,350 | 11.00 | 537,070,400 | 46.10% | |
| 1999 | 2000 | 138,013,250 | 73,866,830 | 17,035,180 | 32,988,500 | 261,903,760 | 11.00 | 577,010,200 | 45.39% | |
| 2000 | 2001 | 153,037,980 | 80,699,570 | 19,002,480 | 36,076,700 | 288,816,730 | 11.00 | 634,013,600 | 45.55% | |
| 2001 | 2002 | 168,563,750 | 90,569,930 | 21,192,720 | 35,929,500 | 316,255,900 | 11.00 | 818,934,400 | 38.62% | |
| 2002 | 2003 | 188,410,420 | 106,294,960 | 21,768,100 | 37,544,000 | 354,017,480 | 10.98 | 883,023,000 | 40.09% | |
| 2003 | 2004 | 193,886,780 | 116,078,570 | 22,700,560 | 37,467,400 | 370,133,310 | 10.87 | 964,670,600 | 38.37% | |
| 2004 | 2005 | 206,660,120 | 122,048,650 | 23,708,540 | 40,682,700 | 393,100,010 | 10.87 | 991,013,200 | 39.67% | |
| 2005 | 2006 | 222,144,150 | 131,396,894 | 26,662,760 | 40,613,400 | 420,817,204 | 10.71 | 1,111,149,236 | 37.87% | |

Note: Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents Assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

City of Fenton

Direct and Overlapping Property Tax Rates (Unaudited)

| Tax Year | Millage rates - direct city taxes | | | Overlapping taxes | | | | | | | Total tax rate: | |
|----------|-----------------------------------|------|--------------------|-------------------|-------------------|------------------------------|----------------|-------------|-------------------|-----------------------|-----------------|---------------|
| | General operating | Debt | Total direct taxes | County | Community college | Intermediate school district | Regional parks | School Debt | School: Homestead | School: Non-homestead | Homestead | Non-homestead |
| 1996 | 11.00 | 0.57 | 11.57 | 8.15 | 1.87 | 3.60 | 0.00 | 3.30 | 6.00 | 18.00 | 46.06 | 64.06 |
| 1997 | 11.00 | 0.35 | 11.35 | 8.25 | 1.87 | 3.60 | 0.00 | 3.30 | 6.00 | 17.98 | 45.72 | 63.70 |
| 1998 | 11.00 | 0.32 | 11.32 | 8.25 | 1.87 | 3.60 | 0.00 | 6.65 | 6.00 | 17.98 | 49.01 | 66.99 |
| 1999 | 11.00 | 0.00 | 11.00 | 8.24 | 1.87 | 3.60 | 0.00 | 7.65 | 6.00 | 18.00 | 49.36 | 67.36 |
| 2000 | 11.00 | 0.00 | 11.00 | 8.21 | 1.87 | 3.60 | 0.00 | 7.63 | 6.00 | 17.79 | 49.31 | 67.10 |
| 2001 | 11.00 | 0.00 | 11.00 | 8.21 | 2.87 | 3.58 | 0.40 | 7.64 | 6.00 | 17.79 | 50.70 | 68.49 |
| 2002 | 10.98 | 0.00 | 10.98 | 8.15 | 2.82 | 3.57 | 0.40 | 7.61 | 6.00 | 17.79 | 50.51 | 68.30 |
| 2003 | 10.87 | 0.00 | 10.87 | 8.15 | 2.72 | 3.52 | 0.40 | 7.59 | 5.00 | 17.54 | 49.12 | 66.66 |
| 2004 | 10.87 | 0.00 | 10.87 | 8.15 | 2.68 | 3.54 | 0.39 | 7.60 | 6.00 | 18.00 | 50.10 | 68.10 |
| 2005 | 10.71 | 0.00 | 10.71 | 8.51 | 2.68 | 3.54 | 0.37 | 5.64 | 6.00 | 17.63 | 48.16 | 65.79 |

**City of Fenton
Principal Property Tax Payers (Unaudited)**

| | Taxpayer | 2005 Taxable Value | Percentage of total | 1996 Taxable Value | Percentage of total | 1996 rank |
|----|--------------------|--------------------|------------------------|--------------------|------------------------|--------------|
| 1 | Georgetown | \$ 8,247,640 | 1.96% | \$ 4,353,410 | 2.28% | 2 |
| 2 | Consumer's Energy | 7,770,210 | 1.85% | 3,884,080 | 2.03 | 3 |
| 3 | Creative Foam | 6,688,660 | 1.59% | 3,653,640 | 1.91 | 4 |
| 4 | Century Tool | 6,580,500 | 1.56% | 3,467,510 | 1.68 | N/A |
| 5 | Silver Lake Hills | 6,095,600 | 1.45% | vacant land | N/A | N/A |
| 6 | Regency | 5,160,400 | 1.23% | vacant land | N/A | N/A |
| 7 | Home Depot | 4,842,660 | 1.15% | vacant land | N/A | N/A |
| 8 | Owen Investment | 4,758,140 | 1.13% | vacant land | N/A | N/A |
| 9 | K-mart Corporation | 4,415,320 | 1.05% | 5,381,460 | 2.82 | 1 |
| 10 | Ring Screw Works | 4,214,380 | 1.00% | 3,362,340 | 1.76 | 5 |

City of Fenton

Property Tax Levies and Collections (Unaudited)

| Tax Year | Fiscal year ended June 30, | Total levy | Current collections | Percent collected | Delinquent collections | Total tax collections | Percent of levy collected |
|----------|----------------------------------|--------------|------------------------|----------------------|---------------------------|--------------------------|---------------------------------|
| 1996 | 1997 | \$ 2,390,960 | \$ 2,274,471 | 95.1% | \$ 113,792 | \$ 2,388,263 | 99.9% |
| 1997 | 1998 | 2,533,005 | 2,409,675 | 95.1% | 114,731 | 2,524,406 | 99.7% |
| 1998 | 1999 | 2,804,107 | 2,655,840 | 94.7% | 139,519 | 2,795,359 | 99.7% |
| 1999 | 2000 | 2,895,094 | 2,740,034 | 94.6% | 139,102 | 2,879,136 | 99.4% |
| 2000 | 2001 | 3,197,129 | 3,039,444 | 95.1% | 154,587 | 3,194,031 | 99.9% |
| 2001 | 2002 | 3,467,617 | 3,252,501 | 93.8% | 199,781 | 3,452,282 | 99.6% |
| 2002 | 2003 | 3,886,769 | 3,651,783 | 94.0% | 211,537 | 3,863,320 | 99.4% |
| 2003 | 2004 | 4,023,151 | 3,827,520 | 95.1% | 186,176 | 4,013,696 | 99.8% |
| 2004 | 2005 | 4,272,500 | 4,104,165 | 96.1% | 158,720 | 4,262,885 | 99.8% |
| 2005 | 2006 | 4,498,613 | 4,292,059 | 95.4% | 188,777 | 4,480,836 | 99.6% |

City of Fenton

Ratios of Outstanding Debt (Unaudited)

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Governmental Activities: | | | | | | | | | | |
| General obligation bonds | 95,000 | 500,000 | 20,000 | 10,000 | | | | | | |
| Installment purchase agreements | | | | | | | 110,930 | 75,525 | 938,571 | 792,784 |
| Special assessment bonds | 40,000 | 30,000 | 40,000 | 20,000 | | | | | | |
| Revenue bonds | | | | | | | | | | |
| Capital leases | | | | | | | | | 84,350 | 64,707 |
| Total | 135,000 | 530,000 | 60,000 | 30,000 | - | - | 110,930 | 75,525 | 1,022,921 | |
| Business Type Activities: | | | | | | | | | | |
| General obligation bonds | 9,841,178 | 9,726,894 | 13,266,014 | 12,899,892 | 12,572,077 | 12,122,855 | 11,639,255 | 11,162,245 | 11,558,781 | 9,882,525 |
| Installment purchase agreements | | | | | | 96,308 | 49,725 | | | |
| Special assessment bonds | | | | | | | | | | |
| Revenue bonds | | | 1,480,000 | 1,420,000 | 1,360,000 | 1,300,000 | 10,840,000 | 10,400,000 | 9,888,759 | 9,433,759 |
| Capital leases | | | | | | | | | | |
| Total | 9,841,178 | 9,726,894 | 14,746,014 | 14,319,892 | 13,932,077 | 13,519,163 | 22,528,980 | 21,562,245 | 21,447,540 | 19,316,284 |
| Component Unit Activities: | | | | | | | | | | |
| General obligation bonds | 2,060,000 | 1,975,000 | 1,875,000 | 1,760,000 | 1,640,000 | 7,710,000 | 7,345,000 | 6,960,000 | 5,790,000 | 5,490,000 |
| Total | 2,060,000 | 1,975,000 | 1,875,000 | 1,760,000 | 1,640,000 | 7,710,000 | 7,345,000 | 6,960,000 | 5,790,000 | 5,490,000 |
| Total debt of the government | 12,036,178 | 12,231,894 | 16,681,014 | 16,109,892 | 15,572,077 | 21,229,163 | 29,984,910 | 28,597,770 | 28,260,461 | 24,806,284 |
| Total Taxable Value | 206,626,471 | 223,087,256 | 247,604,350 | 261,903,760 | 288,816,730 | 316,255,900 | 354,017,480 | 370,133,310 | 393,100,010 | 420,817,204 |
| Ratio of total debt to taxable value | 5.83% | 5.48% | 6.74% | 6.15% | 5.39% | 6.71% | 8.47% | 7.73% | 7.19% | 5.89% |
| Total Population | 9,363 | 9,705 | 9,705 | 10,582 | 10,582 | 10,582 | 10,582 | 10,582 | 10,582 | 10,582 |
| Total debt per capita | 1,286 | 1,260 | 1,719 | 1,522 | 1,472 | 2,006 | 2,834 | 2,702 | 2,671 | 2,344 |

City of Fenton

Ratios of General Bonded Debt Outstanding (Unaudited)

| Fiscal Year | Tax-limited General obligation bonds (LTGO) | Tax supported bonds (UTGO) | Less pledged debt service funds | Other general obligation debt | Net general bonded debt | Taxable value | Debt as a percentage of taxable value | Population | Debt per capita |
|-------------|------------------------------------------------------|-------------------------------|------------------------------------------|----------------------------------|----------------------------|----------------|------------------------------------------------|------------|--------------------|
| 1997 | \$ 120,000 | \$ 15,000 | \$ (43,777) | \$ - | \$ 91,223 | \$ 206,626,471 | 0.0004 | 9,363 | 10 |
| 1998 | 80,000 | - | (14,317) | - | 65,683 | 223,087,256 | 0.0003 | 9,705 | 7 |
| 1999 | 60,000 | - | (8,725) | - | 51,275 | 247,604,350 | 0.0002 | 9,705 | 5 |
| 2000 | 30,000 | - | (7,172) | - | 22,828 | 261,903,760 | 0.0001 | 10,582 | 2 |
| 2001 | - | - | - | - | - | 288,816,730 | - | 10,582 | - |
| 2002 | - | - | - | - | - | 316,255,900 | - | 10,582 | - |
| 2003 | - | - | - | 110,930 | 110,930 | 354,017,480 | 0.0003 | 10,582 | 10 |
| 2004 | - | - | - | 75,525 | 75,525 | 370,133,310 | 0.0002 | 10,582 | 7 |
| 2005 | - | - | - | 1,022,921 | 1,022,921 | 393,100,010 | 0.0026 | 10,582 | 97 |
| 2006 | - | - | - | 857,491 | 857,491 | 420,817,204 | 0.0020 | 10,582 | 81 |

City of Fenton

Direct and Overlapping Governmental Activities Debt (Unaudited)

| <u>Governmental unit</u> | <u>Debt outstanding</u> | <u>Estimated % applicable</u> | <u>Estimated share of overlapping debt</u> |
|-----------------------------------|------------------------------|-----------------------------------|----------------------------------------------------|
| Genesee County | \$ 36,510,621 | 3.74% | \$ 1,365,497 |
| Mott Community College | 69,105,933 | 3.74% | 2,584,562 |
| Fenton School District | | | |
| Lake Fenton School District | 46,265,739 | 5.35% | 2,475,217 |
| Genesee ISD | - | 0.00% | |
| | <hr/> | | <hr/> |
| Total overlapping debt | 151,882,293 | | 6,425,276 |
| | | | |
| Direct City debt | <hr/> 25,834,772 | 100.00% | <hr/> 25,834,772 |
| | | | |
| Total direct and overlapping debt | <u><u>\$ 177,717,065</u></u> | | <u><u>\$ 32,260,048</u></u> |

City of Fenton

Legal debt margin (Unaudited)

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|----------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Calculation of debt limit: | | | | | | | | | | |
| State equalized valuation | 213,708,971 | 235,305,825 | 268,535,200 | 288,505,100 | 317,006,800 | 409,467,200 | 441,511,500 | 482,335,300 | 495,506,600 | 555,574,618 |
| 10% of taxable value | 21,370,897 | 23,530,582 | 26,853,520 | 28,850,510 | 31,700,680 | 40,946,720 | 44,151,150 | 48,233,530 | 49,550,660 | 55,557,461 |
| Calculation of debt subject to limit: | | | | | | | | | | |
| Total debt | 12,036,178 | 11,781,894 | 16,681,014 | 16,109,892 | 15,572,077 | 21,229,163 | 29,984,910 | 28,597,770 | 28,260,461 | 25,834,772 |
| Less: debt not subject to limit: | | | | | | | | | | |
| Special assessment bonds | 40,000 | 30,000 | 20,000 | 10,000 | - | - | | | | |
| Revenue bonds | | | 1,480,000 | 1,420,000 | 1,360,000 | 1,300,000 | 10,840,000 | 10,400,000 | 9,888,759 | 9,433,759 |
| Pollution abatement bonds | | | | | | | | | | |
| Water Resources Commission or | | | | | | | | | | |
| Court ordered bonds | | | | | | | | | | |
| net debt subject to limit | 11,996,178 | 11,751,894 | 15,201,014 | 14,689,892 | 14,212,077 | 19,929,163 | 19,144,910 | 18,197,770 | 18,371,702 | 16,401,013 |
| Legal debt margin | 21,370,897 | 23,530,582 | 26,853,520 | 28,850,510 | 31,700,680 | 40,946,720 | 44,151,150 | 48,233,530 | 49,550,660 | 55,557,461 |
| Net debt subject to limit as % of debt limit | 56.13% | 49.94% | 56.61% | 50.92% | 44.83% | 48.67% | 43.36% | 37.73% | 37.08% | 29.52% |

City of Fenton

Pledged-revenue Coverage (Unaudited)

| Fiscal year | Gross revenues | Applicable expenses | Net revenues | Water Revenue Bonds | | |
|-------------|----------------|---------------------|--------------|---------------------|----------|----------|
| | | | | Debt service | | Coverage |
| | | | | Principal | Interest | |
| 1997 | \$ 1,098,593 | \$ 560,491 | \$ 538,102 | \$ - | \$ - | |
| 1998 | 1,212,583 | 630,485 | 582,098 | - | - | |
| 1999 | 1,314,030 | 685,701 | 628,329 | - | - | |
| 2000 | 1,360,689 | 651,870 | 708,819 | 60,000 | 18,500 | 9.03 |
| 2001 | 1,542,245 | 625,834 | 916,411 | 60,000 | 35,500 | 9.60 |
| 2002 | 1,342,406 | 746,622 | 595,784 | 60,000 | 32,460 | 6.44 |
| 2003 | 1,474,949 | 826,590 | 648,359 | 60,000 | 30,960 | 7.13 |
| 2004 | 1,670,229 | 841,022 | 829,207 | 440,000 | 240,722 | 1.22 |
| 2005 | 1,930,044 | 1,364,740 | 565,304 | 450,000 | 193,573 | 0.88 |
| 2006 | 2,308,560 | 1,572,492 | 736,068 | 460,000 | 247,210 | 1.04 |

| Fiscal year | Gross revenues | Applicable expenses | Net revenues | Sewer Revenue Bonds | | |
|-------------|----------------|---------------------|--------------|---------------------|------------|----------|
| | | | | Debt service | | Coverage |
| | | | | Principal | Interest | |
| 1997 | \$ 1,919,158 | \$ 583,538 | \$ 1,335,620 | \$ 60,999 | \$ 286,989 | 3.84 |
| 1998 | 1,814,327 | 671,523 | 1,142,804 | 68,461 | 545,459 | 1.86 |
| 1999 | 1,933,544 | 762,417 | 1,171,127 | 74,307 | 540,885 | 1.90 |
| 2000 | 2,092,621 | 920,328 | 1,172,293 | 267,490 | 714,149 | 1.19 |
| 2001 | 2,561,567 | 975,512 | 1,586,055 | 274,342 | 696,641 | 1.63 |
| 2002 | 2,299,988 | 1,160,376 | 1,079,760 | 398,624 | 678,570 | 1.00 |
| 2003 | 2,320,740 | 1,286,189 | 1,034,551 | 433,003 | 652,464 | 0.95 |
| 2004 | 2,257,324 | 1,309,113 | 948,211 | 477,009 | 623,823 | 0.86 |
| 2005 | 2,039,507 | 1,334,580 | 704,927 | 598,196 | 592,874 | 0.59 |
| 2006 | 2,213,134 | 1,276,943 | 936,191 | 636,739 | 553,320 | 0.79 |

City of Fenton
Demographic and Economic Statistics (Unaudited)

| Fiscal year | Population | Personal* income (in thousands) | Per Capita* Personal Income | Unemploy- ment rate |
|-------------|------------|---------------------------------------|-----------------------------------|------------------------|
| 1997 | 9,363 | N/A | N/A | 3.2 |
| 1998 | 9,705 | \$ 10,339,077 | \$ 23,879 | 3.8 |
| 1999 | 9,705 | 10,809,636 | 24,955 | 3.3 |
| 2000 | 10,582 | 11,117,952 | 25,593 | 2.8 |
| 2001 | 10,582 | 11,550,238 | 26,430 | 5.1 |
| 2002 | 10,582 | 11,428,292 | 26,042 | 5.2 |
| 2003 | 10,582 | 11,768,618 | 26,707 | 5.4 |
| 2004 | 10,582 | 12,509,332 | 28,277 | 4.7 |
| 2005 | 10,582 | 12,475,412 | 28,130 | 4.9 |
| 2006 | 10,582 | N/A | N/A | 7.7 |

*Personal Income figures are for the County of Genesee

City of Fenton
Principal Employment Industries (Unaudited)

| Industry | 2006 Number of Jobs(1) | Percentage of total | 1997 Number of Jobs(1) | Percentage of total |
|---------------------------------------------|---------------------------|------------------------|---------------------------|------------------------|
| Trade, Transportation, and Utilities | 31,400 | 20.22% | 34,300 | 18.95% |
| Education and Health Services | 24,700 | 15.90% | 22,200 | 12.27% |
| Government | 23,700 | 15.26% | 23,900 | 13.20% |
| Manufacturing | 20,800 | 13.39% | 44,700 | 24.70% |
| Leisure and Hospitality | 16,200 | 10.43% | 17,100 | 9.45% |
| Professional and Business Services | 15,400 | 9.92% | 16,800 | 9.28% |
| Natural Resources, Mining, and Construction | 7,100 | 4.57% | 7,400 | 4.09% |
| Other Services | 7,100 | 4.57% | 6,300 | 3.48% |
| Financial Activities | 6,500 | 4.19% | 6,300 | 3.48% |
| Information | 2,400 | 1.55% | 2,000 | 1.10% |
| Total | 155,300 | 1.00 | 181,000 | 1.00 |

City of Fenton

Full-time Equivalent Government Employees (Unaudited)

| Function/ program | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---------------------------------------------------------|------|------|------|------|------|------|------|------|------|------|
| General government consider listing by department... | | | | | | | | | | |
| General government | 12 | 12 | 13 | 11 | 12 | 13 | 13 | 13 | 14 | 14 |
| Public safety: | | | | | | | | | | |
| Police | 18 | 19 | 20 | 20 | 20 | 20 | 20 | 19 | 21 | 21 |
| Building inspection | 2 | 2 | 2 | 2 | 2 | 3 | 2 | 2 | 2 | 2 |
| Fire | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public works: | | | | | | | | | | |
| DPW | 6 | 6 | 6 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Water and sewer | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 9 | 10 | 10 |
| Total | 43 | 45 | 47 | 47 | 48 | 50 | 49 | 52 | 56 | 56 |

City of Fenton
Operating Indicators (Unaudited)

| Function/ program | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|-----------------------------------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|
| Election data: | | | | | | | | | | |
| Registered voters | 7,591 | 8,343 | 7,660 | 7,985 | 8,163 | 8,111 | 8,397 | 8,793 | 8,887 | 8,768 |
| Voters (at the polls or absentee) | 1,434 | 3,426 | 911 | 4,752 | 794 | 3,360 | 531 | 5,604 | 939 | 4,207 |
| Percent voting | 18.89% | 41.06% | 11.89% | 59.51% | 9.73% | 41.43% | 6.32% | 63.73% | 10.57% | 47.98% |
| Police: | | | | | | | | | | |
| Physical arrests | 683 | 662 | 626 | 505 | 548 | 477 | 570 | 616 | 866 | 985 |
| Traffic violations | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 2,207 | 2,046 |
| Investigations | 7,463 | 7,680 | 7,164 | 7,628 | 8,042 | 8,072 | 8,608 | 8,459 | 8,690 | 8,623 |
| Fire | | | | | | | | | | |
| Fire runs | N/A | N/A | N/A | N/A | 627 | 362 | 346 | 357 | 333 | 360 |
| Emergency medical runs | N/A | N/A | N/A | N/A | 710 | 233 | 226 | 213 | 128 | 133 |
| Inspections | N/A | N/A | N/A | N/A | 25 | 25 | 25 | 25 | 30 | 25 |
| Public works | | | | | | | | | | |
| Miles of street resurfaced | 1.00 | 1.38 | 2.89 | 2.50 | 6.25 | 3.20 | 2.35 | 2.50 | 1.75 | |
| Library: | | | | | | | | | | |
| Circulation (books borrowed) | 76,031 | 76,772 | 85,068 | 81,946 | 95,119 | 104,718 | 108,742 | 165,756 | 193,494 | 222,262 |
| Collection volume | 32,759 | 33,212 | 33,674 | 33,894 | 33,847 | 34,029 | 34,786 | 35,582 | 43,722 | 51,963 |
| Water | | | | | | | | | | |
| Number of customers billed | N/A | N/A | N/A | 3,273 | 3,406 | 3,498 | 3,500 | 3,531 | 3,655 | 3,700 |
| Total consumption* | N/A | N/A | N/A | 392,575 | 387,257 | 422,802 | 431,825 | 419,271 | 402,686 | 356,301 |
| Average consumption per user | N/A | N/A | N/A | 119 | 114 | 121 | 123 | 119 | 110 | 96 |
| Sewer: | | | | | | | | | | |
| Average daily sewage treatment | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

*Water consumption in thousand gallons

City of Fenton
Capital Asset Statistics (Unaudited)

| Function/ program | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|------------------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 9 | 9 | 9 | 9 | 9 | 9 | 10 | 9 | 9 | 9 |
| Fire | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire response vehicles | 7 | 7 | 7 | 77 | 8 | 8 | 8 | 8 | 8 | 8 |
| Emergency response vehicles | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public works | | | | | | | | | | |
| Streets (miles): | | | | | | | | | | |
| Major streets | 14.34 | 15.22 | 15.22 | 15.22 | 15.22 | 15.22 | 15.22 | 15.22 | 15.22 | N/A |
| Local streets | 31.40 | 31.60 | 31.60 | 31.60 | 31.60 | 31.60 | 31.60 | 31.60 | 31.60 | N/A |
| Sidewalks | | | | | | | | | | |
| Streetlights | | | | | | | | | | |
| Traffic signals | | | | | | | | | | |
| Refuse collection trucks | | | | | | | | | | |
| Parks and recreation: | | | | | | | | | | |
| Acreage | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 |
| Developed parks/ playgrounds | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Developed fields (soccer, baseball, etc) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Libraries: | | | | | | | | | | |
| Branches | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Book collections | | | | | | | | | | |
| Water: | | | | | | | | | | |
| mains (miles) | N/A | N/A | N/A | N/A | 61 | 61 | 63 | 64 | 64 | 64 |
| Fire hydrants | | | | | | | | | | |
| Storage capacity | 1 mil gal. | 1 mil gal. | 1 mil gal. | 1 mil gal. | 1 mil gal. | 1 mil gal. | 1 mil gal. | 1.5 mil gal. | 1.5 mil gal. | 1.5 mil gal. |
| Sewer: | | | | | | | | | | |
| Miles of sanitary sewers | N/A | N/A | N/A | N/A | 50 | 51 | 53 | 56 | 56 | 56 |
| Miles of storm sewers | N/A | N/A | N/A | N/A | 36 | 37 | 38 | 39 | 39 | 39 |
| Treatment capacity | | | | | | | | | | |

City of Fenton
Pension Fund Contributions*
Last Ten Fiscal Years (Unaudited)

| Fiscal Year | | |
|--------------|-----------|----|
| Ended/Ending | | |
| 1998 | \$122,432 | |
| 1999 | 140,976 | |
| 2000 | 206,090 | |
| 2001 | 219,995 | |
| 2002 | 192,034 | |
| 2003 | 160,842 | |
| 2004 | 215,110 | |
| 2005 | 279,492 | |
| 2006 | 318,418 | |
| 2007 | 279,492 | ** |

* Detailed description of Pension Plan in notes to financial statements and transmittal letter.

** Estimated liability from actuarial

City of Fenton
State-shared Revenues
Last Ten Fiscal Years (Unaudited)

| <u>Fiscal Year</u> <u>Ended/Ending</u> | <u>Revenue Sharing</u> <u>Payments</u> |
|-------------------------------------------|-------------------------------------------|
| 1998 | \$ 848,354 |
| 1999 | 856,402 |
| 2000 | 926,879 |
| 2001 | 1,066,750 |
| 2002 | 1,052,220 |
| 2003 | 998,727 |
| 2004 | 901,889 |
| 2005 | 888,771 |
| 2006 | 880,762 |
| 2007 estimated | 884,140 |

City of Fenton
Current Tax Rate (Per 1,000 of Valuation) (Unaudited)

| | <u>2006-2007</u> |
|----------------|------------------|
| City of Fenton | |
| Operating | 10.6226 |

City of Fenton
2006 Property Valuations (Unaudited)

| | |
|--------------------------------|------------------------------|
| 2005 State Equalized Valuation | \$ 579,086,464 |
| 2006 Taxable Value | 442,552,747 |
| Plus:IFT Values | <u>2,906,960</u> |
| Total Equivalent Value | 445,459,707 |
| Less: 2006 DDA Captured Value | 66,780,460 |
| 2006 LDFA Captured Value | <u>21,530,760</u> |
| Total 2006 Valuation | <u><u>\$ 357,148,487</u></u> |

2006 Estimated population 12,000

Per Capita Valuation

| | |
|-------------------------------------------|--------|
| 2005 Per Capita Taxable Value | 36,879 |
| 2005 Per Capita State Equalized Valuation | 48,257 |
| 2005 Per Capita Estimated True Cash Value | 96,514 |

Breakdown of the City's 2006 Taxable Value by class and use:

| <u>By Class</u> | <u>Taxable Value</u> | <u>Percent of Total</u> |
|-------------------|------------------------------|-------------------------|
| Real Property | \$ 404,525,802 | 91.41% |
| Personal Property | <u>38,026,945</u> | 8.59% |
| Total | <u><u>\$ 442,552,747</u></u> | 100.00% |
| | | |
| <u>By Use</u> | | |
| Commerical | \$ 136,690,241 | 30.89% |
| Industrial | 28,201,940 | 6.37% |
| Residential | 239,633,621 | 54.15% |
| Personal | <u>38,026,945</u> | 8.59% |
| Total | <u><u>\$ 442,552,747</u></u> | 100.00% |