

City of Fenton, Michigan
Comprehensive Annual Financial Report
June 30, 2017

Prepared by:
Treasurer's Department

Cynthia A. Shane
City Treasurer

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City of Fenton

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

December 13, 2017

Honorable Mayor Osborn and 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, 2017 (FY 17). Responsibility for 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 propose future practices and procedures. Based upon these regular reviews, I believe the internal accounting controls currently in place adequately safeguard assets and provide reasonable assurance of the proper recording of the city's 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 and generally accepted accounting principles. We can point with some pride that for twenty-nine consecutive years, beginning with Fiscal Year 1988, we have been the recipients of the GFOA's Certificate of Achievement. The City of Fenton celebrated the 29th consecutive annual award this year. Congratulations to the City Treasurer and her team for this accomplishment.

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 accounting firm. This requirement has been met by retaining the services of Yeo & Yeo, P.C. as our independent auditors. The opinion letter of our auditors is included in the financial section of their report.

The City of Fenton has ended the fiscal year improving our stable financial condition and the economy in the community has continued to improve. Several businesses have remodeled or updated their facilities and several new businesses have come into the community.

Member Michigan Municipal League

During this fiscal year the City of Fenton Downtown Development Authority (DDA) was very active. The recent streetscape project was recognized by several organizations throughout the year. The project won several awards from four different organizations. Including Project of the Year from the Michigan Chapter of the American Public Works Association. Downtown Fenton continues to grow and become more vibrant.

The real estate values and home ownership has continued to improve in the city. New home construction has seen a marked improvement this year. The number of new homes being built continued to increase in FY 2017. During the Great Recession, the city received a number of developed tax reverted properties. Subsequent to the end of 2016, the city sold 68 of those lots for residential construction to a developer. New home construction is ongoing in both of those developments. These new homes represent additional income for the city from the sale of the property and will aid in increasing the city population for the 2020 census.

The 2010 decennial census count showed a population gain of 11% in the previous 10 years. The current population of the City of Fenton is 11,746. The City of Fenton's population growth is an unusual trend in the State of Michigan. Population growth continued during the recession and projections by Genesee County indicate that growth in the City of Fenton will continue through at least 2035. With all of the businesses in the city, the daytime population is estimated at 50,000. There is a high level of interest for developing in Fenton, as reflected by interest from business and residential developers. The city's location near several major metropolitan markets and our relatively new position as the commercial hub for southern Genesee, northern Livingston, and western Oakland counties, quality education systems, abundant natural resources, downtown development and the overall quality of life improvements will continue to make Fenton a community in demand.

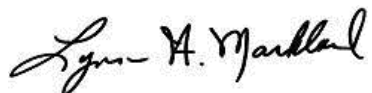
We have continued to implement some cost reductions to address the economic challenges we face. Wherever possible the City has made use of grants, or low interest funds to help meet the needs of the community. Examples of grants benefiting the City include road improvements and homeland security grants.

It should 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,



Lynn Markland
City Manager



City of Fenton

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

December 13, 2017

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, 2017 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.

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 REPORTING ENTITY AND SERVICES PROVIDED

The City of Fenton has defined its financial reporting entity in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). The City includes all the funds, boards, commissions, and authorities that are controlled by or dependent upon the Mayor and City Council. Based upon these criteria, the Downtown Development Authority and Local Development Finance Authority have been included in this report.

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.

Member Michigan Municipal League

GOVERNMENTAL STRUCTURE AND LOCAL ECONOMY

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.

Fenton is located conveniently near the many terrific amenities of the Mid-Michigan area. The Genesee County city borders both Livingston and Oakland Counties, and its proximity to US-23 makes Fenton just a short drive from the major metropolitan areas of Ann Arbor, Lansing, Flint, Detroit and more.

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, Back to the Bricks, Applefest and Jinglefest 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. New construction of homes is occurring in unfinished subdivisions left from the 2007 recession.

Many new commercial businesses opened this year; Rally’s, Downtown Home Interiors, Feast Gourmet Kitchen Shop, Nick & Crew Men’s Store & La Mersa Mediterranean Cuisine. Crust Bakery is building an 8,000-square-foot expansion which will increase production and jobs.

The city’s industrial park has almost no vacant buildings and there is interest in the vacant properties. The Local Development Finance Authority (LDFA) raised the visibility of the Industrial Park by rebranding the name to the City of Fenton Business and Technology Park. The LDFA has installed new signs and landscaping in the park. The signs accentuate the entrance to the park and increases visibility from US-23 expressway.

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. The City is fortunate to have an abundance of park facilities scatter throughout the city ranging in size from 40 acres to less than one acre. The spatial distribution of parks within the city is such that the majority of residents are located within a 10 minute walk from a park or school facility. Silver Lake Park in Fenton is 35.4 acres, 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.

The Michigan Nature Association has a sanctuary located in the city limits. Visitors are able to walk down 4.5 miles of marked trails while gazing at hundreds of colorful wildflowers, indulging in bird watching and seeing plentiful deer. The sanctuary is 155 acres of land. The Michigan Nature Association is a non-profit statewide land conservation organization with a network of more than 170 nature sanctuaries across Michigan.

The Shiawassee River Heritage Trail is a major accomplishment of the Headwaters Trails, a non-profit group whose mission is to facilitate and promote the cooperation of local governments in Southeast Michigan to create new recreational opportunities including a creation of a network of trails for the area residents and visitors. The trail starts in Holly and goes to Byron, passing through Fenton. The Shiawassee River is now open for canoers and kayakers.

Fenton Area Public Schools is one of the finest school districts in the state, with three public elementary schools, a new middle school building which was built in 2000, and a high school. Fenton Area Public Schools is the first public school district in Michigan to offer the International Baccalaureate Programme district wide. 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 2010 U.S. Census was 11,746, a population increase of 11% or 1,164 persons from 2000.

Standard and Poors reviewed the City of Fenton credit rating in 2014. The credit rating was remained at AA-. The Financial Management Assessment (FMA) score is “good”.

MAJOR INITIATIVES

For the Year

As part of the ongoing community strategic planning, with emphasize on entertainment, recreational activities, downtown walkability and an improved or new library, the city has continued to meet these goals.

Michigan Department of Transportation (MDOT) Local Bridge Program funded 95% of the 1.4 million construction costs for replacement of the Silver Lake Road Bridge in 2016. This project is the third bridge in the city to have received the local bridge funding.

The Fenton Streetscape project began in April of 2015 and was completed in FYE 16. The project is a reconstruction of the downtown district's roads, sidewalks and aesthetics. This project made the downtown a more walkable destination, which was the goal of City Council and the Downtown Development Authority (DDA). This project is drawing more people to the downtown area.

The DDA issued bonds of \$1 million to fund an additional downtown streetscape project in FYE 16. The plan is to reconnect downtown streets that were sealed off in the 1970's as part of the urban renewal project. Caroline Street will be connected at Leroy and Walnut Streets. A portion of a strip mall has been purchased and demolished so that the streets can be connected. Construction of the street began in the spring of 2017.

The city leased several outdoor sculptures from Midwest Sculpture Initiative and placed them in several community areas. Midwest Sculpture Initiative mission is to provide outdoor sculpture exhibitions throughout the Midwest, promote cooperation among art and civic organizations, advance the role that the visual arts play in the quality of life and increase economic development. These sculptures have improved the aesthetics in the Downtown District. The City has purchased three of the sculptures to be permanently displayed in the Downtown.

The DDA has formed partnerships with the Southern Lakes Parks and Recreation Authority and Fenton Chamber of Commerce. Financial sponsorship has been provided for farmer's market, summer concerts and movies & classic film series. The Back to the Bricks Tune Up party brought 6,000 people to downtown Fenton in one evening.

The DDA continued contracting with New Moon Visions marketing firm. New Moon Vision's general marketing plan covers monthly FentonBeCloser.com website; Fenton Focus online magazine which promotes individual merchant stories and events; the ongoing social media management for Facebook.com/FentonMichigan and Twitter.com/DowntownFenton, posting merchant promotions and community events. New Moon Vision creates ads for print and handles media buys for signature events.

The DDA (Downtown Development Authority) continued the facade improvement program, financially and professionally assisting business in improving the external portion to their buildings. A sign way finding project is being implemented to assist newcomers in finding their way around Fenton.

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. The council uses this plan to make positive improvements to the structural financial issues.

Plans have been approved for the reconstruction of Poplar Street. The cost of the project is estimated at \$617,100, \$493,680 to be paid from federal funds, and \$123,420 from city matching funds. This project will be completed in FYE 18.

The Cornerstone Building, 4 story and 48,000 square foot, by Corlin Builders was completed in FYE 15 in the downtown. Now Corlin Builders are planning a second building in downtown. The proposed building features four stories with a total of 40,400 square feet. The first floor will feature five retail spaces and the second floor will be offices. The third and fourth floors will feature condominiums. The city will provide the land and demolish the existing strip mall for this development. Corlin Builders are applying for a MDEC grant for the project.

The Horizon Building is beginning construction this fall. The site was in the past used as a gas station and auto repair facility, environmental cleanup was required and has been completed. The owner of the property paid for the cleanup. The property is a Brownfield site and the owner is eligible to recover the cost of cleanup by tax increment capture if a development is completed within five years. The DDA has restricted \$350,000 to contribute to this project. The developer is receiving a MEDC grant. The building features 23,000 square feet. The first floor will be retail space and the second and third floors will be offices.

Riggs Street water main consist of old galvanized pipe with a diameter size that varies from 2 inches down to 1-1/4 inch. The city plans to replace these lines with a new 8-inch water main with new water services to each house from the water main to the shut off. New fire hydrants will be installed.

BUDGETING AND INTERNAL CONTROLS

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 assests 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. An online inquiry system is 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.

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 Yeo & Yeo, P.C. 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, 2016. 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 Certificated of Achievement for the last twenty-nine 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 CPA firm of Yeo & Yeo, P.C. also made substantial contributions in the preparation of this document.

Respectfully,



Cynthia A. Shane
City Treasurer



Government Finance Officers Association

**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, 2016

Executive Director/CEO

City of Fenton
List of City Officials
June 30, 2017

City Council

Barbara Sue Osborn – Mayor

Brad Jacob

David McDermott

Nancy Draves

Cherie Smith

Scott Grossmeyer

Patricia Lockwood

Appointed Officials

Lynn Markland, City Manager

Michael Hart, Assistant City Manager/
Director of Economic Development

Tonya Molloseau, City Assessor

Renee Wilson, City Clerk

Cynthia A. Shane, City Treasurer

Mike Reilly, Building & Zoning Administrator

Robert Cairnduff, Fire Chief

Jason Slater, Interim Police Chief

Daniel Czarnecki, Director of Public Works

**City of Fenton, Michigan
Organizational Chart**

Citizens of the City of Fenton

**Mayor and
City Council**

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

City Attorney

Police
Chief

Fire
Chief

City
Clerk

Building and
Zoning
Administrator

Treasurer

Assessor

Public Works
Director

Support Staff



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Independent Auditor's Report

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

Report on the Financial Statements

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 (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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 June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements, budgetary comparisons, and statistical section, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical section, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Yeo & Yeo, P.C.

Auburn Hills, MI
December 13, 2017

City of Fenton
Management's Discussion and Analysis
June 30, 2017

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 1 - 1 through 1 - 7 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 broad overview of the City of Fenton's finances, in a manner similar to a private sector business. The statement of net position presents information on all of the City's assets, deferred outflows of resources, and liabilities, with the difference reported as net position. Over time, the increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 financial 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.

City of Fenton
Management's Discussion and Analysis
June 30, 2017

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 governmental activities.

The City of Fenton maintains 19 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 and Local Street Fund 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 benefits 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 Supplementary Information concerning the City's budgetary comparison statements for the General and major Special Revenue funds as well as budget footnotes. This required supplementary information is in addition to the basic financial statements and accompanying notes.

Other Financial and Supplementary 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 supplementary 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.

City of Fenton
Management's Discussion and Analysis
June 30, 2017

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

Type of Statements	<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 position • 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 position • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary assets and liabilities
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 no measurement 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

City of Fenton
Management's Discussion and Analysis
June 30, 2017

The City of Fenton as a Whole

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

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Current & other assets	\$ 7.8	\$ 9.1	\$ 5.5	\$ 6.0	\$ 13.3	\$ 15.1
Capital assets	20.2	19.8	33.2	32.2	53.4	52.0
Total assets	28.0	28.9	38.7	38.2	66.7	67.1
Deferred outflows of resources	1.4	1.0	0.4	0.3	1.8	1.3
Long-term liabilities	7.8	8.1	10.6	10.7	18.4	18.8
Other liabilities	1.1	1.0	1.7	0.5	2.8	1.5
Total liabilities	8.9	9.1	12.3	11.2	21.2	20.3
Net position:						
Net investment in capital assets	19.5	19.3	23.7	23.9	43.2	43.2
Restricted	0.7	0.0	0.5	0.5	1.2	0.5
Unrestricted	0.3	1.5	2.6	2.9	2.9	4.4
Total net position	<u>\$ 20.5</u>	<u>\$ 20.8</u>	<u>\$ 26.8</u>	<u>\$ 27.3</u>	<u>\$ 47.3</u>	<u>\$ 48.1</u>

The City's combined net position increased 1.7 percent from a year ago, increasing from \$47.3 million to \$48.1 million. A review of the governmental activities, separate from the business-type activities, shows the net position increased from \$20.5 million to \$20.8 million during fiscal year 2017. Unrestricted net position for the governmental activities, which is the portion of net position that is available to finance day-to-day operations and future growth, was \$1.5 million at June 30, 2017. The business-type activities experienced an increase in net position of approximately \$0.5 million or 1.9 percent.

City of Fenton
Management's Discussion and Analysis
June 30, 2017

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

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Revenue						
Program revenue:						
Charges for services	\$ 1.5	\$ 1.6	\$ 5.3	\$ 5.7	\$ 6.8	\$ 7.3
Operating grants and Contributions	0.9	1.1	0.0	0.0	0.9	1.1
Capital grants and Contributions	2.3	0.0	0.0	0.0	2.3	0.0
General revenue:						
Property taxes	3.6	3.7	0.0	0.0	3.6	3.7
State-shared revenue	0.9	1.0	0.0	0.0	0.9	1.0
Unrestricted						
Miscellaneous	0.2	0.1	0.1	0.1	0.3	0.2
Gain on sale of land	0.0	1.0	0.0	0.0	0.0	1.0
Investment earnings	0.0	0.0	0.1	0.0	0.1	0.0
Total revenue	<u>9.4</u>	<u>8.5</u>	<u>5.5</u>	<u>5.8</u>	<u>14.9</u>	<u>14.3</u>
Program Expenses						
General government	1.5	1.5	0.0	0.0	1.5	1.5
Public safety	3.8	3.8	0.0	0.0	3.8	3.8
Public works	2.7	2.5	0.0	0.0	2.7	2.5
Parks & recreation	0.1	0.0	0.0	0.0	0.1	0.0
Community service	0.3	0.4	0.0	0.0	0.3	0.4
Water	0.0	0.0	2.8	2.8	2.8	2.8
Sewer	0.0	0.0	2.4	2.4	2.4	2.4
Total program expenses	<u>8.4</u>	<u>8.2</u>	<u>5.2</u>	<u>5.2</u>	<u>13.6</u>	<u>13.4</u>
Change in Net Position	1.0	0.3	0.3	0.6	1.3	0.9
Net position						
Beginning of year, as restated (2016)	<u>19.5</u>	<u>20.5</u>	<u>26.4</u>	<u>26.7</u>	<u>45.9</u>	<u>47.2</u>
Ending Net Position	<u>\$ 20.5</u>	<u>\$ 20.8</u>	<u>\$ 26.7</u>	<u>\$ 27.3</u>	<u>\$ 47.2</u>	<u>\$ 48.1</u>

City of Fenton
Management's Discussion and Analysis
June 30, 2017

Governmental Activities

The City's total governmental revenues decreased due to fixed asset contributions received from the Downtown Development Authority in FYE 16.

Expenses decreased by approximately \$0.2 million, or two (2) percent, from last fiscal year. Street maintenance and improvements expenditures were decreased in Public Safety for the fiscal year

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 built in 2004 processes the water for all residents. The expenses for the Water Fund remained consistent compared to the prior year.

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. The expenses for the Sewer Fund remained the same FYE 17. During FY 2017, \$590,727 in operating income was incurred in the Sewer Fund and \$318,605 in operating income was incurred in the Water Fund.

The City's Funds

Our analysis of the City's major funds begins on page 4 - 4, 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 only major governmental fund for 2017 was the General 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 \$2.9 million in 2017. The general operating millage levied by the City supports these two services. FY 2017 revenues increased in the General Fund by \$1,446,971, mainly due to increase in the sale of two properties. The General expenditures, excluding transfers out, increased by \$394,597. A majority of the increase was for land redevelopment and land purchase. Fund Balance in the General Fund increased by \$1,244,072. 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 over budget by \$221,682. Expenditures were \$152,147 under budget. Various departments contributed to the positive budget variance.

City of Fenton
Management's Discussion and Analysis
June 30, 2017

Capital Assets and Debt Administration

At the end of fiscal 2017, the City had \$52 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, net of depreciation, contained in this report is \$7.2 million and \$7.7 million for fiscal 2016 and 2017, respectively.

	Governmental Activities	Business- Type Activities	Component Unit Activities	Total
Land	\$ 1,605,104	\$ 190,930	\$ 425,000	\$ 2,221,034
Construction in progress	3,534,958	898,860	-	4,433,818
Buildings, net	5,503,870	-	28,850	5,532,720
Building and land improvements, net	146,250	6,448,819	-	6,595,069
Machinery, vehicles and equipment, net	1,340,613	107,653	13,243	1,461,509
Roads, lights, and bridges, net	7,653,262	-	-	7,653,262
Sewer and water lines, net	-	24,605,105	-	24,605,105
Capital assets, net	<u>\$ 19,784,057</u>	<u>\$ 32,251,367</u>	<u>\$ 467,093</u>	<u>\$ 52,502,517</u>

At the end of the 2017 fiscal year, the City of Fenton (primary government) had net outstanding debt of \$9,112,078. This entire amount comprises backed by the full faith and credit of the City of Fenton and the primary government's net assets. The City of Fenton's gross outstanding debt decreased by \$1,296,364 during the fiscal year.

City of Fenton
Management's Discussion and Analysis
June 30, 2017

Standard and poor's reviewed the City of Fenton credit rating during FY 2017. The rating remained at AA-. The Financial Management Assessment (FMA) score is "good". The ratio of net general bonded debt to assessed valuation and the amount of net bonded debt per capita are as follows:

	<u>2016</u>	<u>2017</u>
Net direct bonded debt	\$ 1,402,873	\$ 1,435,249
Ratio of debt to assessed valuation	0.0016	0.0031
Debt per capita	\$ 119	\$ 122

Additional information on the City of Fenton's capital assets and long term debt can be found in within note 5 of the notes to the financial statements.

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 fourteen years the Headlee Amendment has rolled the City's operating millage below 11 mills. For 2016 and 2017 the City has levied 10.63 mills. 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 2017 under Proposal A was 1.6 percent. Property taxes make up 56 percent of our General Fund budget revenue and Proposal A and the Headlee Amendment limit the growth of this revenue. Fortunately the City is still experiencing new commercial 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. Residential growth in the City is picking up.

The General Fund budget for 2017 is structured so that revenues exceed expenditures by \$881,775. The City makes an effort to operate with relative low personnel costs and an efficient labor force. Medical insurance costs continue to increase every year. The City prepares a Five Year Financial Plan for the General Fund, foreseeing the possible financial condition for more than just one year.

The percent of general fund revenue used to fund essential services for fiscal year 2017, as required by the Michigan Legislature for budgeting fiscal 2016-17 replacement funding of personal property taxes, was 44 percent.

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.

City of Fenton
Statement of Net Position
June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets				
Cash	\$ 7,359,137	\$ 3,716,752	\$ 11,075,889	\$ 3,176,650
Restricted assets				
Cash	-	497,524	497,524	-
Receivables				
Taxes	72,946	1,877,411	1,950,357	-
Customers	362,703	-	362,703	98,059
Special assessments	476,668	-	476,668	-
Accrued interest and other	-	-	-	4,102
Due from other units of government	548,144	-	548,144	-
Internal balances	168,111	(168,111)	-	-
Inventories	37,398	43,876	81,274	-
Prepaid items	81,060	24,250	105,310	4,290
Total current assets	<u>9,106,167</u>	<u>5,991,702</u>	<u>15,097,869</u>	<u>3,283,101</u>
Noncurrent assets				
Capital assets not being depreciated	5,140,062	1,089,790	6,229,852	425,000
Capital assets, net of accumulated depreciation	<u>14,643,995</u>	<u>31,161,577</u>	<u>45,805,572</u>	<u>42,093</u>
Total noncurrent assets	<u>19,784,057</u>	<u>32,251,367</u>	<u>52,035,424</u>	<u>467,093</u>
 Total assets	 <u>28,890,224</u>	 <u>38,243,069</u>	 <u>67,133,293</u>	 <u>3,750,194</u>
Deferred Outflows of Resources				
Deferred amount relating to net pension liability	995,315	302,865	1,298,180	-
Deferred charges on refunding of bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,885</u>
Total deferred outflows of resources	<u>995,315</u>	<u>302,865</u>	<u>1,298,180</u>	<u>34,885</u>
 Total assets and deferred outflows of resources	 <u>29,885,539</u>	 <u>38,545,934</u>	 <u>68,431,473</u>	 <u>3,785,079</u>

See Accompanying Notes to the Financial Statements

City of Fenton
Statement of Net Position
June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 280,814	\$ 388,756	\$ 669,570	\$ 16,955
Accrued and other liabilities	145,490	97,255	242,745	50,781
Due to other units of government	95,023	-	95,023	39,947
Deposits payable	465,151	-	465,151	-
Unearned revenue	11,810	-	11,810	-
Total current liabilities	<u>998,288</u>	<u>486,011</u>	<u>1,484,299</u>	<u>107,683</u>
Noncurrent liabilities				
Debt due within one year	55,000	1,215,194	1,270,194	636,000
Debt due in more than one year	693,888	7,147,996	7,841,884	5,649,029
Net pension liability	5,111,298	1,555,323	6,666,621	-
Net other post-employment benefit obligation	2,259,330	765,758	3,025,088	-
Total noncurrent liabilities	<u>8,119,516</u>	<u>10,684,271</u>	<u>18,803,787</u>	<u>6,285,029</u>
Total liabilities	<u>9,117,804</u>	<u>11,170,282</u>	<u>20,288,086</u>	<u>6,392,712</u>
Net Position				
Net investment in capital assets	19,284,057	23,923,985	43,208,042	467,093
Restricted for				
Public safety	22,058	-	22,058	-
Bond reserve	-	497,524	497,524	-
Unrestricted	1,461,620	2,954,143	4,415,763	(3,074,726)
Total net position	<u>\$ 20,767,735</u>	<u>\$ 27,375,652</u>	<u>\$ 48,143,387</u>	<u>\$ (2,607,633)</u>

Concluded.

City of Fenton
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 1,553,731	\$ 401,846	\$ 19,711	\$ -	\$ (1,132,174)	\$ -	\$ (1,132,174)	\$ -
Public safety	3,816,834	688,795	21,683	50,000	(3,056,356)	-	(3,056,356)	-
Public works	2,530,687	444,023	1,055,698	-	(1,030,966)	-	(1,030,966)	-
Community and economic development	48,530	-	-	7,875	(40,655)	-	(40,655)	-
Recreation and culture	333,480	39,641	25	-	(293,814)	-	(293,814)	-
Interest and fiscal charges on long-term debt	18,463	-	-	-	(18,463)	-	(18,463)	-
Total governmental activities	<u>8,301,725</u>	<u>1,574,305</u>	<u>1,097,117</u>	<u>57,875</u>	<u>(5,572,428)</u>	<u>-</u>	<u>(5,572,428)</u>	<u>-</u>
Business-type activities								
Sewer	2,416,564	2,868,472	-	-	-	451,908	451,908	-
Water	2,818,907	2,829,006	4,566	-	-	14,665	14,665	-
Total business-type activities	<u>5,235,471</u>	<u>5,697,478</u>	<u>4,566</u>	<u>-</u>	<u>-</u>	<u>466,573</u>	<u>466,573</u>	<u>-</u>
Total primary government	<u>\$ 13,537,196</u>	<u>\$ 7,271,783</u>	<u>\$ 1,101,683</u>	<u>\$ 57,875</u>	<u>(5,572,428)</u>	<u>466,573</u>	<u>(5,105,855)</u>	<u>-</u>
Component units								
Downtown Development Authority	\$ 1,036,761	\$ -	\$ -	\$ -	-	-	-	(1,036,761)
Local Development Finance Authority	81,054	-	-	-	-	-	-	(81,054)
	<u>\$ 1,117,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,117,815)</u>
General revenues								
Property taxes					3,708,882	-	3,708,882	1,535,502
State-shared revenue					1,000,935	-	1,000,935	-
Unrestricted investment earnings					7,310	69,502	76,812	3,392
Gain on sale of capital assets					5,000	-	5,000	-
Gain on sale of land					1,023,390	-	1,023,390	-
Miscellaneous					136,781	103,756	240,537	-
Total general revenues					<u>5,882,298</u>	<u>173,258</u>	<u>6,055,556</u>	<u>1,538,894</u>
Change in net position					309,870	639,831	949,701	421,079
Net position - beginning of year					20,457,865	26,735,821	47,193,686	(3,028,712)
Net position - end of year					<u>\$ 20,767,735</u>	<u>\$ 27,375,652</u>	<u>\$ 48,143,387</u>	<u>\$ (2,607,633)</u>

See Accompanying Notes to the Financial Statements

**City of Fenton
Governmental Funds
Balance Sheet
June 30, 2017**

	General	Nonmajor Governmental Funds	Total
Assets			
Cash	\$ 3,708,132	\$ 2,816,347	\$ 6,524,479
Receivables			
Taxes	72,906	-	72,906
Customers	169,237	193,466	362,703
Special assessments	70,143	406,525	476,668
Due from other units of government	360,710	185,009	545,719
Due from other funds	232,064	-	232,064
Inventories	37,398	-	37,398
Prepaid items	75,860	5,200	81,060
Total assets	<u>\$ 4,726,450</u>	<u>\$ 3,606,547</u>	<u>\$ 8,332,997</u>
Liabilities			
Accounts payable	\$ 177,127	\$ 87,464	\$ 264,591
Accrued and other liabilities	114,165	23,849	138,014
Due to other funds	3,040	110,074	113,114
Due to other units of government	95,023	-	95,023
Deposits payable	465,151	-	465,151
Unearned revenue	-	11,810	11,810
Total liabilities	<u>854,506</u>	<u>233,197</u>	<u>1,087,703</u>
Deferred Inflows of Resources			
Unavailable revenue	<u>131,147</u>	<u>406,525</u>	<u>537,672</u>
Fund Balances			
Non-spendable	113,258	5,200	118,458
Restricted	-	586,715	586,715
Committed	-	2,374,910	2,374,910
Unassigned	<u>3,627,539</u>	<u>-</u>	<u>3,627,539</u>
Total fund balances	<u>3,740,797</u>	<u>2,966,825</u>	<u>6,707,622</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,726,450</u>	<u>\$ 3,606,547</u>	<u>\$ 8,332,997</u>

See Accompanying Notes to the Financial Statements

City of Fenton
Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2017

Total fund balances for governmental funds	\$ 6,707,622
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	14,378,276
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	5,140,062
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	537,672
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(6,265)
Bonds payable	(500,000)
Compensated absences	(62,501)
Net other post employment obligation	(2,259,330)
Net pension liability	(5,111,298)
Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:	
Deferred outflow of resources relating to net pension liability	995,315
Internal service funds are included as part of governmental activities.	<u>948,182</u>
Net position of governmental activities	<u>\$ 20,767,735</u>

See Accompanying Notes to the Financial Statements

City of Fenton
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017

	General	Nonmajor Governmental Funds	Total
Revenues			
Taxes	\$ 3,708,882	\$ -	\$ 3,708,882
Licenses and permits	341,797	-	341,797
Intergovernmental	1,021,710	1,129,760	2,151,470
Charges for services	419,258	692,595	1,111,853
Fines and forfeitures	66,954	-	66,954
Interest income	63,038	25,467	88,505
Proceeds from sale of land	1,023,390	-	1,023,390
Other	111,437	102,554	213,991
Total revenues	<u>6,756,466</u>	<u>1,950,376</u>	<u>8,706,842</u>
Expenditures			
Current			
General government	1,350,682	58,410	1,409,092
Public safety	2,953,655	314,727	3,268,382
Public works	268,729	1,612,823	1,881,552
Community and economic development	38,071	10,705	48,776
Recreation and culture	152,727	175,293	328,020
Other	267,504	1,807	269,311
Capital outlay	-	52,172	52,172
Debt service			
Principal retirement	10,505	86,550	97,055
Interest and fiscal charges	1,689	14,791	16,480
Total expenditures	<u>5,043,562</u>	<u>2,327,278</u>	<u>7,370,840</u>
Excess (deficiency) of revenues over expenditures	<u>1,712,904</u>	<u>(376,902)</u>	<u>1,336,002</u>
Other financing sources (uses)			
Transfers in	-	579,925	579,925
Transfers out	(468,832)	(132,625)	(601,457)
Total other financing sources and uses	<u>(468,832)</u>	<u>447,300</u>	<u>(21,532)</u>
Net change in fund balance	1,244,072	70,398	1,314,470
Fund balance - beginning of year	<u>2,496,725</u>	<u>2,896,427</u>	<u>5,393,152</u>
Fund balance - end of year	<u>\$ 3,740,797</u>	<u>\$ 2,966,825</u>	<u>\$ 6,707,622</u>

See Accompanying Notes to the Financial Statements

City of Fenton
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds	\$ 1,314,470
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays 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.	
Depreciation expense	(1,030,050)
Capital outlay	681,914
Disposal of capital assets (net book value)	(28,314)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Special assessments	(95,890)
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	(1,983)
Compensated absences	(9,962)
Net other post employment obligation	(315,603)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	12,022
Net change in the deferred outflow of resources related to the net pension liability	(398,091)
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Repayments of long-term debt	97,055
Internal service funds are also included as governmental activities	84,302
Change in net position of governmental activities	\$ 309,870

City of Fenton
Proprietary Funds
Statement of Net Position
June 30, 2017

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Assets				
Current assets				
Cash	\$ 1,949,975	\$ 1,766,777	\$ 3,716,752	\$ 834,658
Cash - restricted	-	497,524	497,524	-
Receivables	919,206	958,205	1,877,411	40
Due from other units of government	-	-	-	2,425
Due from other funds	108,374	-	108,374	49,161
Inventories	-	43,876	43,876	-
Prepaid items	3,575	20,675	24,250	-
Total current assets	2,981,130	3,287,057	6,268,187	886,284
Noncurrent assets				
Capital assets, net of accumulated depreciation	17,323,571	13,838,006	31,161,577	265,719
Capital assets not being depreciated	977,808	111,982	1,089,790	-
Total noncurrent assets	18,301,379	13,949,988	32,251,367	265,719
Total assets	21,282,509	17,237,045	38,519,554	1,152,003
Deferred Outflows of Resources				
Deferred amount relating to net pension liability	60,635	242,230	302,865	-
Total assets and deferred outflows of resources	21,343,144	17,479,275	38,822,419	1,152,003

See Accompanying Notes to the Financial Statements

City of Fenton
Proprietary Funds
Statement of Net Position
June 30, 2017

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 339,197	\$ 49,559	\$ 388,756	\$ 16,223
Accrued and other liabilities	25,597	66,330	91,927	1,211
Due to other funds	24,004	252,481	276,485	-
Current portion of noncurrent liabilities	555,194	660,000	1,215,194	-
Total current liabilities	943,992	1,028,370	1,972,362	17,434
Noncurrent liabilities				
Meter deposits	-	5,328	5,328	-
Net pension liability	177,332	1,377,991	1,555,323	-
Net other post-employment benefit obligation	206,598	559,160	765,758	-
Long-term debt net of current portion	1,736,944	5,411,052	7,147,996	186,387
Total noncurrent liabilities	2,120,874	7,353,531	9,474,405	186,387
Total liabilities	3,064,866	8,381,901	11,446,767	203,821
Net Position				
Net investment in capital assets	16,012,756	7,911,229	23,923,985	265,719
Restricted for				
Bond reserve	-	497,524	497,524	-
Unrestricted	2,265,522	688,621	2,954,143	682,463
Total net position	\$ 18,278,278	\$ 9,097,374	\$ 27,375,652	\$ 948,182

Concluded.

City of Fenton
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Operating revenue				
Customer fees	\$ 2,553,692	\$ 2,715,906	\$ 5,269,598	\$ -
Billings to other funds	-	-	-	390,243
Connection fees	314,780	113,100	427,880	-
Other revenue	49,007	54,749	103,756	-
	<u>2,917,479</u>	<u>2,883,755</u>	<u>5,801,234</u>	<u>390,243</u>
Total operating revenue				
Operating expenses				
Personnel services	284,842	1,123,245	1,408,087	20,816
Supplies	27,073	638,178	665,251	92,389
Professional services	1,345,835	1,917	1,347,752	-
Utilities	33,264	148,083	181,347	60,796
Repairs and maintenance	5,309	64,142	69,451	62,287
Other expenses	73,637	69,271	142,908	15,272
Depreciation	556,792	520,314	1,077,106	79,073
	<u>2,326,752</u>	<u>2,565,150</u>	<u>4,891,902</u>	<u>330,633</u>
Total operating expenses				
Operating income	<u>590,727</u>	<u>318,605</u>	<u>909,332</u>	<u>59,610</u>

See Accompanying Notes to the Financial Statements

City of Fenton
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Nonoperating revenue (expenses)				
State grant	\$ -	\$ 4,566	\$ 4,566	\$ -
Interest income	56	69,446	69,502	643
Loss on sale of assets	(2,491)	-	(2,491)	2,517
Interest expense	(87,321)	(253,757)	(341,078)	-
 Total nonoperating revenues (expenses)	 (89,756)	 (179,745)	 (269,501)	 3,160
 Income before transfers	 500,971	 138,860	 639,831	 62,770
 Transfers in	 -	 -	 -	 21,532
 Change in net position	 500,971	 138,860	 639,831	 84,302
 Net position - beginning of year	 17,777,307	 8,958,514	 26,735,821	 863,880
 Net position - end of year	 <u>\$ 18,278,278</u>	 <u>\$ 9,097,374</u>	 <u>\$ 27,375,652</u>	 <u>\$ 948,182</u>

Concluded.

City of Fenton
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2017

	Enterprise Funds			Governmental Activities
	Sewer	Water	Total	Internal Service Funds
Cash flows from operating activities				
Receipts from customers	\$ 2,917,479	\$ 2,884,205	\$ 5,801,684	\$ -
Receipts from interfund users	-	100	100	346,020
Receipts from other funds	20,667	230,636	251,303	-
Payments to suppliers	(1,493,040)	(983,331)	(2,476,371)	(229,950)
Payments to employees	(259,752)	(974,634)	(1,234,386)	(48,534)
Net cash provided by operating activities	<u>1,185,354</u>	<u>1,156,976</u>	<u>2,342,330</u>	<u>67,536</u>
Cash flows from noncapital financing activities				
Transfer from other funds	-	-	-	21,532
Property taxes	22,245	(626)	21,619	-
State grant	-	4,566	4,566	-
Net cash provided by noncapital financing activities	<u>22,245</u>	<u>3,940</u>	<u>26,185</u>	<u>21,532</u>
Cash flows from capital and related financing activities				
Proceeds from capital debt	9,893	-	9,893	-
Purchases/construction of capital assets	(23,593)	(114,439)	(138,032)	(109,169)
Principal and interest paid on long-term debt	(639,946)	(898,757)	(1,538,703)	-
Proceeds from sale of capital assets	118	-	118	8,469
Net cash used by capital and related financing activities	<u>(653,528)</u>	<u>(1,013,196)</u>	<u>(1,666,724)</u>	<u>(100,700)</u>

See Accompanying Notes to the Financial Statements

City of Fenton
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2017

	Enterprise Funds			Governmental Activities
	Sewer	Water	Total	Internal Service Funds
Cash flows from investing activities				
Interest received	\$ 56	\$ 69,446	\$ 69,502	\$ 643
Net change in cash	554,127	217,166	771,293	(10,989)
Cash - beginning of year	<u>1,395,848</u>	<u>2,047,135</u>	<u>3,442,983</u>	<u>845,647</u>
Cash - end of year	<u>\$ 1,949,975</u>	<u>\$ 2,264,301</u>	<u>\$ 4,214,276</u>	<u>\$ 834,658</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 590,727	\$ 318,605	\$ 909,332	\$ 59,610
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation expense	556,792	520,314	1,077,106	79,073
Changes in assets and liabilities				
Due from other funds	(1)	100	99	(44,223)
Inventories	-	(11,404)	(11,404)	-
Prepaid items	(975)	(1,575)	(2,550)	-
Deferred outflows	13,811	107,324	121,135	-
Accounts payable	(9,023)	(20,974)	(29,997)	2,290
Accrued and other liabilities	2,076	(27,787)	(25,711)	929
Due to other funds	20,668	230,636	251,304	-
Customer deposits payable	-	450	450	-
Net pension liability	(417)	(3,241)	(3,658)	-
Net other post-employment benefit obligation	10,793	39,252	50,045	-
Compensated absences	903	5,276	6,179	(27,718)
Net cash provided by operating activities	<u>\$ 1,185,354</u>	<u>\$ 1,156,976</u>	<u>\$ 2,342,330</u>	<u>\$ 67,536</u>

Concluded.

City of Fenton
Fiduciary Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2017

Assets

Cash and cash equivalents \$ 24,291

Liabilities

Due to other units of government \$ 1,427
Due to union groups 8,832
Due to individuals and agencies 14,032

Total liabilities \$ 24,291

City of Fenton
Component Units
Combining Statement of Net Position
June 30, 2017

	Downtown Development Authority	Local Development Finance Authority	Total
Assets			
Current assets			
Cash	\$ 1,826,813	\$ 1,349,837	\$ 3,176,650
Receivables			
Customers	98,059	-	98,059
Accrued interest and other	4,102	-	4,102
Prepaid items	3,640	650	4,290
Total current assets	<u>1,932,614</u>	<u>1,350,487</u>	<u>3,283,101</u>
Noncurrent assets			
Capital assets not being depreciated	425,000	-	425,000
Capital assets, net of accumulated depreciation	13,243	28,850	42,093
Total noncurrent assets	<u>438,243</u>	<u>28,850</u>	<u>467,093</u>
Total assets	<u>2,370,857</u>	<u>1,379,337</u>	<u>3,750,194</u>
Deferred Outflows of Resources			
Deferred charges on refunding of bonds	34,885	-	34,885
Total assets and deferred outflows of resources	<u>2,405,742</u>	<u>1,379,337</u>	<u>3,785,079</u>
Liabilities			
Current liabilities			
Accounts payable	16,277	678	16,955
Accrued and other liabilities	50,520	261	50,781
Due to other units of government	10,291	29,656	39,947
Debt due within one year	636,000	-	636,000
Total current liabilities	<u>713,088</u>	<u>30,595</u>	<u>743,683</u>
Noncurrent liabilities			
Debt due in more than one year	5,649,029	-	5,649,029
Total liabilities	<u>6,362,117</u>	<u>30,595</u>	<u>6,392,712</u>
Net Position			
Net investment in capital assets	438,243	28,850	467,093
Unrestricted	(4,394,618)	1,319,892	(3,074,726)
Total net position	<u>\$ (3,956,375)</u>	<u>\$ 1,348,742</u>	<u>\$ (2,607,633)</u>

See Accompanying Notes to the Financial Statements

City of Fenton
Component Units
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Downtown Development Authority	Local Development Finance Authority	Component Unit
Downtown Development Authority				
Community and economic development	\$ 1,036,761	\$ (1,036,761)	\$ -	\$ (1,036,761)
Local Development Finance Authority				
Community and economic development	<u>81,054</u>	<u>-</u>	<u>(81,054)</u>	<u>(81,054)</u>
 Total component units	 <u>\$ 1,117,815</u>	 <u>(1,036,761)</u>	 <u>(81,054)</u>	 <u>(1,117,815)</u>
 General revenues (expenses)				
Property taxes		1,366,784	168,718	1,535,502
Unrestricted investment earnings		<u>2,235</u>	<u>1,157</u>	<u>3,392</u>
Total general revenues (expenses)		<u>1,369,019</u>	<u>169,875</u>	<u>1,538,894</u>
Change in net position		332,258	88,821	421,079
Net position - beginning of year		<u>(4,288,633)</u>	<u>1,259,921</u>	<u>(3,028,712)</u>
Net position - end of year		<u>\$ (3,956,375)</u>	<u>\$ 1,348,742</u>	<u>\$ (2,607,633)</u>

See Accompanying Notes to the Financial Statements

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 1 - Summary of Significant Accounting Policies

The City of Fenton, Michigan (the City), has a population of approximately 12,000. The City is located in the southeast corner of Genesee County, bordering Livingston County to the south and Oakland County to the east.

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

Reporting entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the City (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government. All component units are included in the City's audited financial statements and are not audited separately.

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, 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 2017.

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 - 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.

Local Development Finance Authority - 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.

Brownfield Redevelopment Authority - A majority of the members of the governing board of the Brownfield Redevelopment 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 Brownfield Redevelopment Authority. As of June 30, 2017, there has not been any activity thus far in the component unit. Information for the Brownfield Redevelopment Authority can be obtained at the City of Fenton, Treasurer's Office, 301 South Leroy Street, Fenton, Michigan 48430.

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 1 - Summary of Significant Accounting Policies - Continued

Basis of Presentation

Government-wide and fund financial statements

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

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

Fund Financial Statements

The fund financial statements present the City's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial

statements. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental fund:

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 City reports the following major proprietary funds:

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

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

Additionally, the City reports internal service funds to account for equipment acquisition, usage, and maintenance and also financing of employee sick pay provided to other departments on cost reimbursement basis.

The City also reports agency funds to account for collection and payment to the County, school districts, and other funds for property taxes collected on their behalf and amounts withheld from employees' payroll related to union dues and other payments.

Measurement Focus

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

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 1 - Summary of Significant Accounting Policies - Continued

financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

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

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

Basis of Accounting

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

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

Government-wide, proprietary, and agency fund financial statements are presented using the accrual basis of accounting. Their revenues (as applicable) are recognized when they are earned, and their expenses (as applicable) are recognized when they are incurred.

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 proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

If/when both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

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:

- a. 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.
- b. Public hearings are conducted to obtain taxpayer comments.

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 1 - Summary of Significant Accounting Policies - Continued

c. On or before the third Monday in May, by resolution, the budget is legally enacted on a departmental (activity) basis for the General Fund and on a total expenditure level for the Special Revenue Funds for the ensuing fiscal year in accordance with 1978 Public Act 621 of the State of Michigan.

d. 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.

e. 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.

f. Budget appropriations lapse at year end.

g. 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.

h. 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.

Cash

Cash consists of checking and savings accounts and cash on hand.

Restricted cash in the business-type activities consist of certain amounts held in the City's Water Fund which 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.

Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs, accounts receivable related to charges for services, property taxes, and special assessments.

Property Tax

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

Property taxes are levied by the City of Fenton on July 1 and December 1 and are payable without penalty through September 15 and February 28, respectively. The July 1 levy is composed of the County's levy, the State Education Tax assessment, school tax and the City's millage and assessments. The December 1 levy was composed of school taxes and special county millages as well as any unpaid July 1 City levies. All real property taxes not paid to the City by March 1 are turned over to the Genesee County Treasurer for collection. Amounts assessed on any interest in real or personal property become a lien on July 1. The Genesee County Treasurer remits pay-off payments to all taxing districts on any delinquent real property taxes. Delinquent personal property taxes are retained by the City for subsequent collection. Collections and remittances of all taxes are accounted for in the Tax Collection Agency Fund. City property tax revenues are recognized as revenues in the fiscal year levied.

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 1 - Summary of Significant Accounting Policies - Continued

The City is permitted by charter to levy taxes up to 13.0 mills (\$13 per \$1,000 of assessed valuation) for general governmental services. For the year ended June 30, 2017, the City levied 10.4345 mills per \$1,000 of taxable valuation for general governmental services. The total taxable value for the 2016 levy for property within the City was approximately \$371,308,000.

Inventories

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

Prepaid Items

Prepaid expenditures in the governmental funds, such as insurance premiums, which are expected to be written off within the next fiscal year, are included in net current assets. Reported prepaid expenditures are equally offset by nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of fund balance. The consumption method is used to account for prepaid expenditures.

Capital Assets

Capital assets, which include land, construction in progress, buildings, building and land improvements, machinery, vehicles, and equipment, infrastructure assets (e.g., roads, lights, and bridges), and sewer and water lines and are reported in the applicable governmental or business-type activities and component units 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 (2) years. Such assets are recorded at historical cost or estimated

historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	20 to 40 years
Building improvements	5 to 20 years
Machinery, vehicles, and equipment	3 to 10 years
Roads, lights, and bridges	10 to 20 years
Sewer and water lines	40 to 100 years

Compensated Absences

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, 2017, 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 type – Accrued as a liability and expensed as incurred.

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, 2017, the unused vacation days are recorded in the government-wide financial statements of the City.

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 1 - Summary of Significant Accounting Policies - Continued

Long-Term Obligations

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

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

Unearned Revenue

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. Government-wide financial statements also report unearned revenue for amounts received but not yet earned.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. In the current year, the deferred outflows of resources related to the City's net position liability and are related to the differences between projected and actual pension plan investment earnings, and contributions made subsequent to the measurement date. The deferred outflows of resources also relate to deferred amounts on bond refundings. These amounts are deferred and recognized as an outflow of resources in the period to which they apply.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position/fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. In the current year, the deferred inflows of resources are related to unavailable revenue in connection with receivables for revenue that is not considered available to liquidate liabilities of the current period.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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

Restricted Net Position

The funding source or some other outside source which precludes their use for unrestricted purposes.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 1 - Summary of Significant Accounting Policies - Concluded

Adoption of New Accounting Standards

Statement No. 77, *Tax Abatement Disclosures* requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for the fiscal year ending June 30, 2017. The City had no tax abatements that significantly reduced tax revenues for the year.

Upcoming Accounting and Reporting Changes

In addition, the Governmental Accounting Standards Board has released the following Statements.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending June 30, 2018.

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that

meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2020.

Statement No. 85, *Omnibus 2017* addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits), which is effective for the fiscal year ending June 30, 2018.

Statement No. 86, *Certain Debt Extinguishment Issues* is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The statement provides uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irremovable trust for the purpose of extinguishing that debt were acquired. The effective date is for the fiscal year ending June 30, 2018.

The City is evaluating the impact that the above GASBs will have on its financial reporting.

Note 2 - Cash

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 2 - Cash - Continued

eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.

- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Deposits

As of June 30, 2017, the carrying amounts and bank balances for each type of bank account are as follows:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Governmental activities	\$ 7,359,137	\$ -	\$ 7,359,137
Business-type activities	<u>3,716,752</u>	<u>497,524</u>	<u>4,214,276</u>
Total	11,075,889	497,524	11,573,413
Fiduciary funds	24,291	-	24,291
Component units	<u>3,176,650</u>	<u>-</u>	<u>3,176,650</u>
Total	<u>\$ 14,276,830</u>	<u>\$ 497,524</u>	<u>\$ 14,774,354</u>

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). The City has not adopted a policy that indicates how the City will minimize credit risk if/when the City has investments that are subject to this type of risk. As of June 30, 2017, the City did not have any investments that would be subject to rating.

Interest Rate Risk

The City has not adopted a policy that indicates how it will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time if/when the City has investments that are subject to this type of risk.

Concentration of Credit Risk

The City has not adopted a policy that indicates how it will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of an investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized if/when the City has investments that are subject to this type of risk.

The City has not adopted a policy that indicates how the City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer. The City's cash and investments are exposed to the custodial credit risk. Deposits of the City are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the City. As of June 30, 2017, the City accounts were insured by the FDIC for \$750,000 and the amount of \$14,012,681 was 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 are used as depositories.

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 2 - Cash - Concluded

The following summarizes the categorization of these amounts as of June 30, 2017:

	Primary Government	Fiduciary Funds	Component Units	Total
Bank deposits	\$ 11,573,243	\$ 24,291	\$3,176,650	\$ 14,774,184
Petty cash	<u>170</u>	<u>-</u>	<u>-</u>	<u>170</u>
	<u>\$ 11,573,413</u>	<u>\$ 24,291</u>	<u>\$3,176,650</u>	<u>\$ 14,774,354</u>

Note 3 - Interfund Receivables, Payable, and Transfers

The amount of interfund receivables and payables at June 30, 2017, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Fund	\$ 20,712
General Fund	Water Fund	209,652
General Fund	Nonmajor Funds	1,700
Sewer Fund	Nonmajor Funds	108,374
Internal Service Funds	General Fund	3,040
Internal Service Funds	Sewer Fund	3,292
Internal Service Funds	Water Fund	42,829

Amounts appearing as interfund payables and receivables arise from two (2) types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

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

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General Fund	Nonmajor Funds	\$ 447,300
General Fund	Internal Service Funds	21,532
Nonmajor Funds	Nonmajor Funds	132,625

The transfers from the General Fund to the nonmajor governmental funds were to fund current year operations. Transfers between the General Fund and Internal Service Fund were to fund compensated absences activity. Transfers between the nonmajor governmental funds and component units were to fund capital projects.

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 4 - Capital Assets

Capital assets activity of the primary government for the current year is 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	<u>3,507,582</u>	<u>415,464</u>	<u>388,088</u>	<u>3,534,958</u>
Total capital assets not being depreciated	<u>5,112,686</u>	<u>415,464</u>	<u>388,088</u>	<u>5,140,062</u>
Capital assets being depreciated				
Land improvements	557,167	96,420	-	653,587
Infrastructure	11,046,659	423,592	-	11,470,251
Buildings, additions and improvements	8,409,094	-	-	8,409,094
Machinery and equipment	<u>4,976,241</u>	<u>243,695</u>	<u>48,156</u>	<u>5,171,780</u>
Total capital assets being depreciated	<u>24,989,161</u>	<u>763,707</u>	<u>48,156</u>	<u>25,704,712</u>
Less accumulated depreciation for				
Land improvements	489,205	18,132	-	507,337
Infrastructure	3,228,338	588,651	-	3,816,989
Buildings, additions and improvements	2,690,883	214,341	-	2,905,224
Machinery and equipment	<u>3,557,058</u>	<u>287,999</u>	<u>13,890</u>	<u>3,831,167</u>
Total accumulated depreciation	<u>9,965,484</u>	<u>1,109,123</u>	<u>13,890</u>	<u>11,060,717</u>
Net capital assets being depreciated	<u>15,023,677</u>	<u>(345,416)</u>	<u>34,266</u>	<u>14,643,995</u>
Governmental activities capital assets, net	<u>\$ 20,136,363</u>	<u>\$ 70,048</u>	<u>\$ 422,354</u>	<u>\$ 19,784,057</u>

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 4 - Capital Assets - Continued

Business-type activities

Capital assets not being depreciated				
Land	\$ 190,930	\$ -	\$ -	\$ 190,930
Construction-in-progress	<u>1,419,581</u>	<u>85,663</u>	<u>606,384</u>	<u>898,860</u>
Total capital assets not being depreciated	<u>1,610,511</u>	<u>85,663</u>	<u>606,384</u>	<u>1,089,790</u>
Capital assets being depreciated				
Buildings, additions and improvements	8,895,451	-	-	8,895,451
Machinery and equipment	727,992	52,368	14,405	765,955
Water system	12,130,899	606,385	-	12,737,284
Sewer system	<u>28,692,417</u>	<u>-</u>	<u>-</u>	<u>28,692,417</u>
Total capital assets being depreciated	<u>50,446,759</u>	<u>658,753</u>	<u>14,405</u>	<u>51,091,107</u>
Less accumulated depreciation for				
Buildings, additions and improvements	2,218,040	228,592	-	2,446,632
Machinery and equipment	644,510	25,588	11,796	658,302
Water system	5,168,274	271,265	-	5,439,539
Sewer system	<u>10,833,396</u>	<u>551,661</u>	<u>-</u>	<u>11,385,057</u>
Total accumulated depreciation	<u>18,864,220</u>	<u>1,077,106</u>	<u>11,796</u>	<u>19,929,530</u>
Net capital assets being depreciated	<u>31,582,539</u>	<u>(418,353)</u>	<u>2,609</u>	<u>31,161,577</u>
Business-type capital assets, net	<u>\$ 33,193,050</u>	<u>\$ (332,690)</u>	<u>\$ 608,993</u>	<u>\$ 32,251,367</u>

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 4 - Capital Assets - Continued

Depreciation expense was charged to the following:

Governmental activities

General government	\$ 151,142
Public safety	283,148
Public works	588,651
Recreation and culture	7,109
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>79,073</u>
Total governmental activities	<u>1,109,123</u>

Business-type activities

Sewer	556,792
Water	<u>520,314</u>
Total business-type activities	<u>1,077,106</u>
Total primary government	<u><u>\$2,186,229</u></u>

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 4 - Capital Assets - Concluded

Capital assets activity of the component units for the current year is as follows:

Downtown Development Authority

Capital assets not being depreciated

Land	\$ 425,000	\$ -	\$ -	\$ 425,000
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Capital assets being depreciated

Buildings, additions and improvements	372,688	-	372,688	-
Machinery and equipment	20,440	13,700	-	34,140

Total capital assets being depreciated	393,128	13,700	372,688	34,140
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Less accumulated depreciation for

Buildings, additions and improvements	83,257	-	83,257	-
Machinery and equipment	20,440	457	-	20,897

Total accumulated depreciation	103,697	457	83,257	20,897
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Net capital assets being depreciated	289,431	13,243	289,431	13,243
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Component unit capital assets, net	<u>\$ 714,431</u>	<u>\$ 13,243</u>	<u>\$ 289,431</u>	<u>\$ 438,243</u>
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Local Development Financing Authority

Capital assets not being depreciated

Buildings, additions and improvements	\$ 37,630	\$ -	\$ -	\$ 37,630
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Less accumulated depreciation for

Buildings, additions and improvements	1,254	7,526	-	8,780
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Component unit capital assets, net	<u>\$ 36,376</u>	<u>\$ (7,526)</u>	<u>\$ -</u>	<u>\$ 28,850</u>
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City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 5 - Long-Term Debt

The following is a summary of changes in long-term debt (including current portion) of the City for the year ended June 30, 2017:

Primary Government	<u>Amount of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities									
General obligation bond									
2015 LTGO Special Assessment Bonds	\$ 555,000	4/1/26	2.730%	\$55,000 - \$60,000	\$ 555,000	\$ -	\$ 55,000	\$ 500,000	\$ 55,000
Installment purchase agreements									
Central State Fire Apparatus	200,000	11/1/16	3.480%	\$31,550	31,550	-	31,550	-	-
Capital Lease - In-car cameras	41,315	1/15/17	2.700%	\$10,505	10,505	-	10,505	-	-
Compensated absences					52,539	21,532	11,570	62,501	-
Internal service fund obligations									
Compensated absences					<u>214,105</u>	<u>63,058</u>	<u>90,776</u>	<u>186,387</u>	<u>-</u>
Total governmental activities					<u>863,699</u>	<u>84,590</u>	<u>199,401</u>	<u>748,888</u>	<u>55,000</u>
Business-type activities									
General obligation bond									
2007 Sewage Disposal Bonds	2,885,399	4/1/2019	4.000%	\$465,055 - \$470,194	1,402,874	-	467,625	935,249	470,194
Revenue bonds									
1999 Michigan Municipal Bond Authority	1,413,759	4/1/2019	2.500%	\$98,759 - \$183,759	268,759	-	85,000	183,759	85,000
2002 Michigan Municipal Bond Authority	9,600,000	4/1/2023	2.500%	\$530,000 - \$600,000	3,910,000	-	520,000	3,390,000	530,000
2009 Michigan Municipal Bond Authority	1,419,839	4/1/2030	2.500%	\$55,000 - \$772,031	822,031	-	50,000	772,031	50,000
2014 Michigan Finance Authority	935,000	10/1/2035	2.500%	\$16,343 - \$50,000	606,450	9,893	35,000	581,343	35,000
Capital improvement bond									
2010 Capital Improvement Bonds	2,690,000	4/1/2035	5.000% - 6.375%	\$45,000 - \$195,000	<u>2,505,000</u>	<u>-</u>	<u>40,000</u>	<u>2,465,000</u>	<u>45,000</u>
Total					9,515,114	9,893	1,197,625	8,327,382	1,215,194
Compensated absences					<u>29,629</u>	<u>12,594</u>	<u>6,415</u>	<u>35,808</u>	<u>-</u>
Total business-type activities					<u>9,544,743</u>	<u>22,487</u>	<u>1,204,040</u>	<u>8,363,190</u>	<u>1,215,194</u>
Total primary government					<u>\$ 10,408,442</u>	<u>\$ 107,077</u>	<u>\$ 1,403,441</u>	<u>\$ 9,112,078</u>	<u>\$ 1,270,194</u>

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 5 - Long-term Debt - Continued

Component unit	<u>Amount of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Downtown Development Authority									
General obligation bond									
2011 GOLT Development Refunding Bonds	\$ 3,985,000	4/1/2021	3.000%	\$420,000	\$ 2,165,000	\$ -	\$ 405,000	\$ 1,760,000	\$ 420,000
2014 GOLT Development Bonds	3,650,000	10/1/2031	2.000% - 4.000%	\$135,000	3,520,000	-	135,000	3,385,000	135,000
2016 GOLT Development Bonds	1,000,000	10/1/2031	2.000% - 2.600%	\$55,000	1,000,000	-	50,000	950,000	55,000
Installment purchase agreement									
2012 DDA Dispatch Loan	260,000	4/1/2022	2.700%	\$26,000	156,000	-	26,000	130,000	26,000
Capitalized Bond Premium					<u>64,291</u>	<u>-</u>	<u>4,262</u>	<u>60,029</u>	<u>-</u>
Total component unit					<u>\$ 6,905,291</u>	<u>\$ -</u>	<u>\$ 620,262</u>	<u>\$ 6,285,029</u>	<u>\$ 636,000</u>

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 5 - Long-term Debt - Continued

Compensated Absences

In accordance with the City's personnel policies, individual employees have vested rights upon termination of employment to receive payment for unused sick pay under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$248,888 for governmental activities and \$35,808 for business-type activities at June 30, 2017. The governmental activities liability has historically been paid out of the General Fund.

Water and Sewer Obligations

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.

Future Revenues Pledged for Debt Payments

The City has pledged substantially all revenue of the water fund, net of operating expenses, to repay the above water revenue bonds. Proceeds from the bonds provided financing for the construction of the Water Treatment Plant. The bonds are payable solely from the net revenues of the water system. The remaining principal and interest to be paid on the bonds is \$3,883,450. During the current year, net revenues of the system were \$912,931 compared to the annual debt requirements of \$704,344.

Advance Refunding - Prior

On July 12, 2011, the City defeased a portion of the 2001 General Obligation Limited Tax Development Bonds (DDA), which were due and payable through April 1, 2021. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The City issued the 2011 General Obligation Limited Tax Refunding Bonds in the amount of \$3,985,000. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2017 bonds due and payable through April 1, 2021, for the 2001 General Obligation Limited Tax Development Bonds in the amount of \$1,785,000 are considered defeased.

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 55,000	\$ 12,738	\$ 1,215,194	\$ 298,332
2019	55,000	11,802	1,243,814	191,877
2020	55,000	10,812	755,000	229,915
2021	60,000	9,768	770,000	208,099
2022	55,000	8,388	790,000	185,549
2023-2027	220,000	18,152	1,775,000	648,596
2028-2032	-	-	1,218,374	349,438
2033-2035	-	-	560,000	72,358
	<u>\$ 500,000</u>	<u>\$ 71,660</u>	<u>\$ 8,327,382</u>	<u>\$ 2,184,164</u>

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 5 - Long-term Debt - Concluded

Year Ending June 30,	Component Unit	
	Principal	Interest
2018	\$ 636,000	\$ 180,284
2019	656,000	163,182
2020	671,000	145,530
2021	691,000	127,478
2022	336,000	108,690
2023-2027	1,685,000	405,334
2028-2031	1,550,000	138,046
	<u>\$ 6,225,000</u>	<u>\$ 1,268,544</u>

Note 6 - 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 participates 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 MML 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.

Note 7 - Defined Benefit Pension Plan

Plan description

The government participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer, statewide public employee defined benefit pension plan that covers all employees

of the government. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Summary of Significant Accounting Policies

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. Public Act 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The MERS plan covers full-time employees at the City including general employees, police union, and Department of Public Services employees.

Retirement benefits for employees are calculated as 2.0 percent of the employee's five-year final average compensation times the employee's years of service with a maximum of 80 percent of final average compensation. Normal retirement age is 60 with a reduced benefit at age 50 with 25 years of service or age 55 with 15 years of service. Deferred retirement benefits vest after 6 years of credited service, but are not paid until the date retirement would have occurred had the

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 7 - Defined Benefit Pension Plan - Continued

member remained an employee. Employees are eligible for non-duty disability benefits after 6-10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately and if duty-related without an actuarial reduction for retirement before age 60 is not applied. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. Police employee benefit terms may be subject to binding arbitration in certain circumstances.

At the December 31, 2016 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	42
Inactive employees entitled to, but not	
yet receiving benefits	4
Active employees	<u>46</u>
	<u>92</u>

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded

accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Employer contributions range from 8.54% to 25.80% based on annual payroll for open divisions.

Net pension liability

The employer's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the June 30, 2017 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 3.75%; 2) Salary increases 4.5% in the long-term; 3) Investment rate of return of 7.75%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.75% long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

Mortality rates used were based on the RP-2014 Mortality Tables of a 50% male and 50% female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 7 - Defined Benefit Pension Plan - Continued

term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Global equity	57.5%	5.02%
Global fixed income	20.0%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10.0%	6.56%

Discount rate – The discount rate used to measure the total pension liability is 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Total Pension Liability	
Service cost	\$ 272,063
Interest on the total pension liability	1,260,231
Experience differences	63,341
Benefit payments and refunds	<u>(914,331)</u>
Net change in total pension liability	681,304
Total pension liability - beginning	<u>16,074,018</u>
Total pension liability - ending (a)	<u><u>\$ 16,755,322</u></u>
Plan Fiduciary Net Position	
Employer contributions	\$ 550,985
Employee contributions	23,809
Pension plan net investment income (loss)	1,057,397
Benefit payments and refunds	(914,331)
Pension plan administrative expense	<u>(20,877)</u>
Net change in plan fiduciary net position	696,983
Plan fiduciary net position - beginning	<u>9,391,718</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 10,088,701</u></u>
Net pension liability (a-b)	<u><u>\$ 6,666,621</u></u>
Plan fiduciary net position as a percentage of total pension liability	60.21%
Covered employee payroll	<u><u>\$ 1,671,019</u></u>
Net pension liability as a percentage of covered employee payroll	398.96%

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 7 - Defined Benefit Pension Plan - Concluded

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 8.0%, as well as what the employer’s net pension liability would be using a discount rate that is 1% point lower (7%) or 1% higher (9%) than the current rate.

	<u>1% decrease</u>	<u>Current discount rate</u>	<u>1% increase</u>
Total pension liability	\$ 18,833,485	\$ 16,755,322	\$ 15,021,029
Fiduciary net position	<u>10,088,701</u>	<u>10,088,701</u>	<u>10,088,701</u>
 Net pension liability	 <u>\$ 8,744,784</u>	 <u>\$ 6,666,621</u>	 <u>\$ 4,932,328</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2017 the employer recognized pension expense of \$1,136,943. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Total to Amortize</u>
Differences in experience	\$ 159,376	\$ 159,376
Differences in assumptions	433,681	433,681
Excess (deficit) investment returns	358,606	358,606
Contributions subsequent to the measurement date*	<u>346,517</u>	<u>-</u>
 Total	 <u>\$ 1,298,180</u>	 <u>\$ 951,663</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2018.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended,	
2018	\$ 344,502
2019	344,503
2020	314,085
2021	<u>(51,427)</u>
	<u>\$ 951,663</u>

Note 8 - Other Postemployment Benefits

Plan description

The City provides post-employment health care benefits in accordance with a Council resolution to covered employees who retire on or after age 55 with at least 10 years of service and Police Local 214 employees who retire on or after age 50 with at least 10 years of service. The City pays 100% of the health insurance premiums for these retirees. Expenditures for the premiums are paid and recognized as they become due. For the year ended June 30, 2017, the City made estimated payments of \$358,053 for other post-employment health care benefits (OPEB). The plan does not issue separate stand-alone financial statements.

In June 2014 and 2016, the City revised the eligibility for retiree healthcare participants. These changes have not yet been reflected in the actuarial valuation information used to calculate the OPEB obligation and related deductibles and limits on contributions.

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 8 - Other Postemployment Benefits - Continued

The following are the GASB Statement No. 45 required disclosures. Membership in the plan at December 31, 2013 (latest actuarial report) is as follows:

Retires and Beneficiaries receiving benefits	38
Active plan members	<u>46</u>
	<u><u>84</u></u>

Funded Status and Funding Progress

The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (i.e., may be financed on a “pay-as-you-go” basis). The only current contributions being made are to pay the actual current premiums of the retirees. That amount was less than the annual required contribution and is reflected in the schedule that follows. Administrative costs of the plan are paid for by the City.

For the year ended June 30, 2017, the City has determined an estimated cost of providing retiree post-employment benefits through an actuarial valuation as of December 31, 2013. The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period of twenty-four (24) years.

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

Annual required contribution (ARC)	\$ 713,721
Interest on net OPEB obligation	106,378
Adjustment to annual required contribution	<u>(96,398)</u>
Annual OPEB cost	723,701
Contributions made	<u>358,053</u>
Increase in net OPEB obligation	365,648
Net OPEB obligation - beginning of year	<u>2,659,440</u>
Net OPEB obligation - end of year	<u><u>\$ 3,025,088</u></u>

The annual OPEB cost, the percentage contributed to the plan, and the net OPEB obligation are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2015	\$ 687,076	42.98%	\$ 2,276,737
2016	703,818	45.62%	2,659,440
2017	723,701	49.48%	3,025,088

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 8 - Other Postemployment Benefits - Concluded

The current funded status of the plan based on the most recent valuation, is as follows:

	December 31, 2013
Actuarial value of assets	\$ -
Actuarial accrued liability (AAL)	9,106,113
Unfunded AAL (UAAL)	9,106,113
Funded ratio	0.0%

The covered payroll information is not disclosed as the plan is funded on a “pay as you go” basis.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, healthcare cost trends, and other factors. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the plan by the employer in comparison to the Annual Required Contribution (ARC), an amount that is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years.

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

Actuarial valuation:

Frequency	Triennial
Latest date	December 31, 2013
Actuarial cost method	Individual entry age
Amortization method	Level percent of payroll on an open basis
Remaining amortization period	24 year period
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	4%
Projected salary increases	4%
Includes inflation at:	4%
Healthcare cost trend rates	4.0% - 9.0%

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 9 - Building and Zoning Financial Information

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, 2017 is as follows:

Revenues	
Building permits	\$ 109,431
Zoning permits	<u>14,388</u>
Total Revenues	123,819
Expenditures	
Salaries and fringes	198,612
Supplies and other	11,051
Professional services	<u>39,143</u>
Total expenditures	<u>248,806</u>
Excess of revenues (under) expenditures	(124,987)
Prior cumulative excess of revenues (under) expenditures	<u>(1,738,475)</u>
Cumulative excess of revenues (under) expenditures	<u>\$ (1,863,462)</u>

Note 10 - Contingent Liabilities

At times, the City may be a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City and its attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Note 11 - Details of Fund Balance Classifications

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The following are the five (5) classifications of fund balance under this standard:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulation or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

City of Fenton
Notes to the Financial Statements
June 30, 2017

Note 11 - Details of Fund Balance Classifications - Concluded

Unassigned - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, the City of Fenton highest level of decision-making authority is the City Council. Formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is through a resolution of the City Council.

For assigned fund balance, the City Council has not approved a policy indicating who is authorized to assign amounts to a specific purpose. As a result, this authority is retained by the City Council.

The City of Fenton has not adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, resources with the highest level of restriction will be used first.

	General Fund	Nonmajor Governmental Funds
Fund Balances		
Non-spendable		
Inventory	\$ 37,398	\$ -
Prepaid items	75,860	5,200
Restricted for		
Streets and highways	-	564,657
Public communications	-	22,058
Committed for		
Parks and recreation	-	73,415
Cemetery	-	256,017
Garbage collection	-	62,837
Narcotics enforcement	-	5,881
D.A.R.E.	-	32,504
Emergency 911	-	3,334
Fire equipment	-	134,858
Fire truck equipment	-	50,064
Fire ladder truck	-	250,497
Capital projects	-	1,317,570
Debt Service	-	187,933
Unassigned	3,627,539	-
Total fund balances	\$ 3,740,797	\$ 2,966,825

**City of Fenton
General Fund
Fund Description**

The General Fund is used to account for all financial transactions not properly accounted for in another fund. The transactions relating to the general governmental activities of the City, which are financed by property tax levies, by distribution of State and Federal revenues, and by revenue from various activities and services, are recorded in this fund. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenue received by the General Fund.

City of Fenton
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes	\$ 3,629,060	\$ 3,684,000	\$ 3,708,882	\$ 24,882
Licenses and permits	325,000	325,000	341,797	16,797
Intergovernmental	985,524	976,416	1,021,710	45,294
Charges for services	321,600	315,886	419,258	103,372
Fines and forfeitures	60,000	60,325	66,954	6,629
Interest income	60,200	59,767	63,038	3,271
Proceeds from sale of land	-	1,023,390	1,023,390	-
Other revenue	125,500	90,000	111,437	21,437
Total revenues	<u>5,796,884</u>	<u>6,534,784</u>	<u>6,756,466</u>	<u>221,682</u>
Expenditures				
Current				
General government	1,101,311	1,366,518	1,350,682	(15,836)
Public safety	3,323,920	3,060,204	2,953,655	(106,549)
Public works	374,400	287,583	268,729	(18,854)
Community and economic development	55,425	36,695	38,071	1,376
Recreation and culture	93,600	152,715	152,727	12
Other	317,000	279,800	267,504	(12,296)
Debt service	66,450	12,194	12,194	-
Total expenditures	<u>5,332,106</u>	<u>5,195,709</u>	<u>5,043,562</u>	<u>(152,147)</u>
Other Financing Uses				
Transfers out	455,300	457,300	468,832	11,532
Net change in fund balance	464,778	881,775	1,244,072	362,297
Fund balance - beginning of year	<u>2,496,725</u>	<u>2,496,725</u>	<u>2,496,725</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,961,503</u>	<u>\$ 3,378,500</u>	<u>\$ 3,740,797</u>	<u>\$ 362,297</u>

City of Fenton
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2017

Measurement date December 31,	2016	2015	2014
Total Pension Liability			
Service cost	\$ 272,063	\$ 253,276	\$ 251,037
Interest on the total pension liability	1,260,231	1,143,433	747,006
Other changes	-	939,704	386,453
Experience differences	63,341	-	-
Benefit payments and refunds	<u>(914,331)</u>	<u>(857,340)</u>	<u>(805,830)</u>
Net change in total pension liability	681,304	1,479,073	578,666
Total pension liability - beginning	<u>16,074,018</u>	<u>14,594,945</u>	<u>14,016,279</u>
Total pension liability - ending (a)	<u>\$ 16,755,322</u>	<u>\$ 16,074,018</u>	<u>\$ 14,594,945</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 550,985	\$ 510,109	\$ 471,992
Employee contributions	23,809	22,633	22,830
Pension plan net investment income (loss)	1,057,397	(146,630)	603,787
Benefit payments and refunds	(914,331)	(857,340)	(805,830)
Pension plan administrative expense	<u>(20,877)</u>	<u>(22,691)</u>	<u>(22,123)</u>
Net change in plan fiduciary net position	696,983	(493,919)	270,656
Plan fiduciary net position - beginning	<u>9,391,718</u>	<u>9,885,636</u>	<u>9,614,980</u>
Plan fiduciary net position - ending (b)	<u>\$ 10,088,701</u>	<u>\$ 9,391,717</u>	<u>\$ 9,885,636</u>
Net pension liability (a-b)	<u>\$ 6,666,621</u>	<u>\$ 6,682,301</u>	<u>\$ 4,709,309</u>
Plan fiduciary net position as a percentage of total pension liability	60.21%	58.43%	67.73%
Covered employee payroll	<u>\$ 1,671,019</u>	<u>\$ 1,234,638</u>	<u>\$ 1,226,942</u>
Net pension liability as a percentage of covered employee payroll	398.96%	541.24%	383.82%

GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Fenton
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions - Pension
June 30, 2017

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
6/30/2015	\$ 505,822	\$ 505,822	-	\$ 1,133,303	44.63%
6/30/2016	519,813	519,813	-	1,464,006	35.51%
6/30/2017	572,230	572,230	-	1,728,486	33.11%

GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Fenton
Required Supplementary Information
Other Post Employment Benefits (OPEB)
Schedules of Funding Progress and Employer Contributions

Schedule of Funding Progress

Valuation Date	Fair Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio
12/31/2013	\$ -	\$ 9,106,113	\$ 9,106,113	0%
12/31/2010	-	7,079,664	7,079,664	0%
12/31/2007	-	11,271,344	11,271,344	0%

Schedule of Employer Contributions

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2015	\$ 687,076	42.98%	\$ 2,276,737
2016	703,818	45.62%	2,659,440
2017	723,701	49.48%	3,025,088

City of Fenton
Note to Required Supplementary Information
For the Year Ended June 30, 2017

Note 1: Excess of expenditures over appropriations

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

The City's budgeted expenditures for the General Fund have been shown at the functional expense level. The approved budgets of the City have been adopted at the activity level for the General Fund and at the total fund level for other funds.

During the year ended June 30, 2017, the City incurred expenditures in excess of the amounts appropriated as follows:

	<u>Amounts</u> <u>Appropriated</u>	<u>Expended</u>	<u>Variance</u>
General Fund			
Community and economic development	\$ 36,695	\$ 38,071	\$ 1,376
Parks and recreation	152,715	152,727	12
Transfers out	457,300	468,832	11,532
Local Street Fund	417,110	417,131	21
Garbage Collection Fund	462,000	497,763	35,763
D.A.R.E. Fund	-	905	905

City of Fenton
Nonmajor Governmental Funds
Fund Descriptions

Special Revenue Funds

Major Street Fund - To account for 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.

Local Street Fund - 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.

Parks and Recreation Fund - To account for the activity related to the operation of the City's parks and recreation programs which are partially 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.

CDBG Fund - To account for the operation of the City's community and economic development which relies on Community Development Block Grant funding to cover expenses.

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 (D.A.R.E.) Program. The City Police Department has set up the program to provide drug education to local elementary school students.

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.

Neighborhood Stabilization Fund - To account for the activity of stabilizing communities that have suffered from foreclosures and abandonment.

Public Communications - To account for the activity related to public communications.

Capital Projects Funds

Fire Equipment Fund - To account for revenues earmarked for the purchase of fire equipment.

Police Equipment Fund - To account for revenues earmarked for the purchase of police equipment.

Fire Ladder Truck Fund - To account for revenues earmarked for the purchase of a fire ladder truck.

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.

Eagles on Water SA Capital - To account for financial resources to be used for the acquisition or construction of Eagles on Water capital projects.

Debt Service Funds

Eagles on Water SA Debt Service - To account for financial resources to be used for the acquisition or construction of Eagles on Water capital projects.

City of Fenton
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds								
	Major Street	Local Street	Parks and Recreation	Cemetery	CDBG	Garbage Collection	Narcotics Enforcement	D.A.R.E.	Emergency 911
Assets									
Cash	\$ 289,981	\$ 145,974	\$ 97,306	\$ 266,490	\$ -	\$ -	\$ 5,881	\$ 32,504	\$ 10,189
Receivables									
Customers	-	-	-	11,790	2,376	179,181	-	-	119
Special assessments	-	-	-	-	-	-	-	-	-
Due from other units of government	135,660	49,349	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	5,200
Total assets	<u>\$ 425,641</u>	<u>\$ 195,323</u>	<u>\$ 97,306</u>	<u>\$ 278,280</u>	<u>\$ 2,376</u>	<u>\$ 179,181</u>	<u>\$ 5,881</u>	<u>\$ 32,504</u>	<u>\$ 15,508</u>
Liabilities									
Accounts payable	\$ 46,528	\$ 465	\$ 15,641	\$ 10,453	\$ 675	\$ 7,971	\$ -	\$ -	\$ 689
Accrued and other liabilities	5,201	4,113	8,250	-	-	-	-	-	6,285
Due to other funds	-	-	-	-	1,701	108,373	-	-	-
Unearned revenue	-	-	-	11,810	-	-	-	-	-
Total liabilities	<u>51,729</u>	<u>4,578</u>	<u>23,891</u>	<u>22,263</u>	<u>2,376</u>	<u>116,344</u>	<u>-</u>	<u>-</u>	<u>6,974</u>
Deferred inflows of resources									
Unavailable revenue	-	-	-	-	-	-	-	-	-
Fund Balances									
Non-spendable									
Prepaid items	-	-	-	-	-	-	-	-	5,200
Restricted	373,912	190,745	-	-	-	-	-	-	-
Committed	-	-	73,415	256,017	-	62,837	5,881	32,504	3,334
Total fund balances	<u>373,912</u>	<u>190,745</u>	<u>73,415</u>	<u>256,017</u>	<u>-</u>	<u>62,837</u>	<u>5,881</u>	<u>32,504</u>	<u>8,534</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 425,641</u>	<u>\$ 195,323</u>	<u>\$ 97,306</u>	<u>\$ 278,280</u>	<u>\$ 2,376</u>	<u>\$ 179,181</u>	<u>\$ 5,881</u>	<u>\$ 32,504</u>	<u>\$ 15,508</u>

City of Fenton
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds					Capital Projects Funds				Total
	Neighborhood Stabilization	Public Communications	Fire Equipment	Police Equipment	Fire Ladder Truck	C.I.P.	Working Capital	Eagles on Water SA Capital	Eagles on Water SA Debt	
Assets										
Cash	\$ -	\$ 23,725	\$ 134,858	\$ 50,064	\$ 250,497	\$ 1,114,715	\$ 205,685	\$ 74,302	\$ 114,176	\$ 2,816,347
Receivables										
Customers	-	-	-	-	-	-	-	-	-	193,466
Special assessments	-	-	-	-	-	-	7,439	-	399,086	406,525
Due from other units of government	-	-	-	-	-	-	-	-	-	185,009
Prepaid items	-	-	-	-	-	-	-	-	-	5,200
Total assets	<u>\$ -</u>	<u>\$ 23,725</u>	<u>\$ 134,858</u>	<u>\$ 50,064</u>	<u>\$ 250,497</u>	<u>\$ 1,114,715</u>	<u>\$ 213,124</u>	<u>\$ 74,302</u>	<u>\$ 513,262</u>	<u>\$ 3,606,547</u>
Liabilities										
Accounts payable	\$ -	\$ 1,667	\$ -	\$ -	\$ -	\$ -	\$ 2,830	\$ 545	\$ -	\$ 87,464
Accrued and other liabilities	-	-	-	-	-	-	-	-	-	23,849
Due to other funds	-	-	-	-	-	-	-	-	-	110,074
Unearned revenue	-	-	-	-	-	-	-	-	-	11,810
Total liabilities	<u>-</u>	<u>1,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,830</u>	<u>545</u>	<u>-</u>	<u>233,197</u>
Deferred inflows of resources										
Unavailable revenue	-	-	-	-	-	-	7,439	-	399,086	406,525
Fund Balances										
Non-spendable										
Prepaid items	-	-	-	-	-	-	-	-	-	5,200
Restricted	-	22,058	-	-	-	-	-	-	-	586,715
Committed	-	-	134,858	50,064	250,497	1,114,715	202,855	73,757	114,176	2,374,910
Total fund balances	<u>-</u>	<u>22,058</u>	<u>134,858</u>	<u>50,064</u>	<u>250,497</u>	<u>1,114,715</u>	<u>202,855</u>	<u>73,757</u>	<u>114,176</u>	<u>2,966,825</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 23,725</u>	<u>\$ 134,858</u>	<u>\$ 50,064</u>	<u>\$ 250,497</u>	<u>\$ 1,114,715</u>	<u>\$ 213,124</u>	<u>\$ 74,302</u>	<u>\$ 513,262</u>	<u>\$ 3,606,547</u>

Concluded.

City of Fenton
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

Special Revenue Funds

	Major Street	Local Street	Parks and Recreation	Cemetery	CDBG	Garbage Collection	Narcotics Enforcement	D.A.R.E.	Emergency 911
Revenues									
Intergovernmental	\$ 762,050	\$ 293,648	\$ -	\$ -	\$ 7,875	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	34,351	30,907	-	492,234	-	-	135,103
Interest income	298	150	5,390	272	-	-	6	33	10
Other revenue	-	-	25	-	-	-	-	-	-
Total revenues	762,348	293,798	39,766	31,179	7,875	492,234	6	33	135,113
Expenditures									
Current									
General government	-	-	-	58,410	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	905	293,822
Public works	697,229	417,131	-	-	-	497,763	-	-	-
Community and economic development	-	-	-	-	7,875	-	-	-	-
Recreation and culture	-	-	175,293	-	-	-	-	-	-
Other functions	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	697,229	417,131	175,293	58,410	7,875	497,763	-	905	293,822
Excess (deficiency) of revenues over (under) expenditures	65,119	(123,333)	(135,527)	(27,231)	-	(5,529)	6	(872)	(158,709)
Other financing sources (uses)									
Transfers in	-	130,000	125,000	38,625	-	-	-	-	157,300
Transfers out	(130,000)	-	-	(2,625)	-	-	-	-	-
Total other financing sources and uses	(130,000)	130,000	125,000	36,000	-	-	-	-	157,300
Net change in fund balance	(64,881)	6,667	(10,527)	8,769	-	(5,529)	6	(872)	(1,409)
Fund balance - beginning of year	438,793	184,078	83,942	247,248	-	68,366	5,875	33,376	9,943
Fund balance - end of year	\$ 373,912	\$ 190,745	\$ 73,415	\$ 256,017	\$ -	\$ 62,837	\$ 5,881	\$ 32,504	\$ 8,534

City of Fenton
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds		Capital Projects Funds							Total
	Neighborhood Stabilization	Public Communications	Fire Equipment	Police Equipment	Fire Ladder Truck	C.I.P.	Working Capital	Eagles on Water SA Capital	Eagles on Water SA Debt	
Revenues										
Intergovernmental	\$ -	\$ 16,187	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 1,129,760
Charges for services	-	-	-	-	-	-	-	-	-	692,595
Interest income	-	24	138	51	258	1,146	404	-	17,287	25,467
Other revenue	-	-	5,000	25,013	-	-	4,356	-	68,160	102,554
Total revenues	-	16,211	5,138	25,064	50,258	1,146	4,760	-	85,447	1,950,376
Expenditures										
Current										
General government	-	-	-	-	-	-	-	-	-	58,410
Public safety	-	20,000	-	-	-	-	-	-	-	314,727
Public works	700	-	-	-	-	-	-	-	-	1,612,823
Community and economic development	-	-	-	-	-	-	2,830	-	-	10,705
Recreation and culture	-	-	-	-	-	-	-	-	-	175,293
Other functions	-	1,807	-	-	-	-	-	-	-	1,807
Capital outlay	-	-	47,881	-	-	-	-	4,291	-	52,172
Debt service										
Principal retirement	-	-	31,550	-	-	-	-	-	55,000	86,550
Interest and fiscal charges	-	-	1,098	-	-	-	-	75	13,618	14,791
Total expenditures	700	21,807	80,529	-	-	-	2,830	4,366	68,618	2,327,278
Excess (deficiency) of revenues over (under) expenditures	(700)	(5,596)	(75,391)	25,064	50,258	1,146	1,930	(4,366)	16,829	(376,902)
Other financing sources (uses)										
Transfers in	-	4,000	100,000	25,000	-	-	-	-	-	579,925
Transfers out	-	-	-	-	-	-	-	-	-	(132,625)
Total other financing sources and uses	-	4,000	100,000	25,000	-	-	-	-	-	447,300
Net change in fund balance	(700)	(1,596)	24,609	50,064	50,258	1,146	1,930	(4,366)	16,829	70,398
Fund balance - beginning of year	700	23,654	110,249	-	200,239	1,113,569	200,925	78,123	97,347	2,896,427
Fund balance - end of year	\$ -	\$ 22,058	\$ 134,858	\$ 50,064	\$ 250,497	\$ 1,114,715	\$ 202,855	\$ 73,757	\$ 114,176	\$ 2,966,825

Concluded.

City of Fenton
Other Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

Major Street Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 762,000	\$ 763,760	\$ 762,050	\$ (1,710)
Interest income	<u>-</u>	<u>-</u>	<u>298</u>	<u>298</u>
Total revenues	<u>762,000</u>	<u>763,760</u>	<u>762,348</u>	<u>(1,412)</u>
Expenditures				
Current				
Public works	<u>793,200</u>	<u>697,850</u>	<u>697,229</u>	<u>(621)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,200)</u>	<u>65,910</u>	<u>65,119</u>	<u>(791)</u>
Other financing sources (uses)				
Transfers in	210,000	-	-	-
Transfers out	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
Total other financing sources and uses	<u>80,000</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
Net change in fund balance	48,800	(64,090)	(64,881)	(791)
Fund balance - beginning of year	<u>438,793</u>	<u>438,793</u>	<u>438,793</u>	<u>-</u>
Fund balance - end of year	<u>\$ 487,593</u>	<u>\$ 374,703</u>	<u>\$ 373,912</u>	<u>\$ (791)</u>

City of Fenton
Other Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

Local Street Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 283,300	\$ 295,000	\$ 293,648	\$ (1,352)
Interest income	-	-	150	150
Total revenues	<u>283,300</u>	<u>295,000</u>	<u>293,798</u>	<u>(1,202)</u>
Expenditures				
Current				
Public works	<u>440,100</u>	<u>417,110</u>	<u>417,131</u>	<u>21</u>
(Deficiency) of revenues (under) expenditures	<u>(156,800)</u>	<u>(122,110)</u>	<u>(123,333)</u>	<u>(1,223)</u>
Other financing sources				
Transfers in	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>-</u>
Net change in fund balance	(26,800)	7,890	6,667	(1,223)
Fund balance - beginning of year	<u>184,078</u>	<u>184,078</u>	<u>184,078</u>	<u>-</u>
Fund balance - end of year	<u>\$ 157,278</u>	<u>\$ 191,968</u>	<u>\$ 190,745</u>	<u>\$ (1,223)</u>

City of Fenton
Other Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

Parks and Recreation Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				
Charges for services	\$ 30,000	\$ 30,000	\$ 34,351	\$ 4,351
Interest income	5,000	5,000	5,390	390
Other revenue	<u>1,000</u>	<u>1,000</u>	<u>25</u>	<u>(975)</u>
Total revenues	<u>36,000</u>	<u>36,000</u>	<u>39,766</u>	<u>3,766</u>
Expenditures				
Current				
Recreation and culture	<u>193,850</u>	<u>193,850</u>	<u>175,293</u>	<u>(18,557)</u>
(Deficiency) of revenues (under) expenditures	<u>(157,850)</u>	<u>(157,850)</u>	<u>(135,527)</u>	<u>22,323</u>
Other financing sources				
Transfers in	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Net change in fund balance	(32,850)	(32,850)	(10,527)	22,323
Fund balance - beginning of year	<u>83,942</u>	<u>83,942</u>	<u>83,942</u>	<u>-</u>
Fund balance - end of year	<u>\$ 51,092</u>	<u>\$ 51,092</u>	<u>\$ 73,415</u>	<u>\$ 22,323</u>

City of Fenton
Other Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

Cemetery Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 21,000	\$ 22,000	\$ 30,907	\$ 8,907
Interest income	-	-	272	272
Total revenues	<u>21,000</u>	<u>22,000</u>	<u>31,179</u>	<u>9,179</u>
Expenditures				
Current				
General government	<u>66,250</u>	<u>64,750</u>	<u>58,410</u>	<u>(6,340)</u>
(Deficiency) of revenues (under) expenditures	<u>(45,250)</u>	<u>(42,750)</u>	<u>(27,231)</u>	<u>15,519</u>
Other financing sources				
Transfers in	<u>36,000</u>	<u>36,000</u>	<u>38,625</u>	<u>2,625</u>
Net change in fund balance	(7,650)	(5,150)	8,769	13,919
Fund balance - beginning of year	<u>247,248</u>	<u>247,248</u>	<u>247,248</u>	<u>-</u>
Fund balance - end of year	<u>\$ 239,598</u>	<u>\$ 242,098</u>	<u>\$ 256,017</u>	<u>\$ 13,919</u>

City of Fenton
Other Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

CDBG Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
				<u>Final</u>
				<u>Budget</u>
Revenues				
Intergovernmental	<u>\$ 47,122</u>	<u>\$ 36,289</u>	<u>\$ 7,875</u>	<u>\$ (28,414)</u>
Expenditures				
Current				
Community and economic development	<u>47,122</u>	<u>36,289</u>	<u>7,875</u>	<u>(28,414)</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Fenton
Other Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

Garbage Collection Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				
Charges for services	<u>\$ 468,000</u>	<u>\$ 493,000</u>	<u>\$ 492,234</u>	<u>\$ (766)</u>
Expenditures				
Current				
Public works	<u>462,000</u>	<u>462,000</u>	<u>497,763</u>	<u>35,763</u>
Net change in fund balance	6,000	31,000	(5,529)	(36,529)
Fund balance - beginning of year	<u>68,366</u>	<u>68,366</u>	<u>68,366</u>	<u>-</u>
Fund balance - end of year	<u>\$ 74,366</u>	<u>\$ 99,366</u>	<u>\$ 62,837</u>	<u>\$ (36,529)</u>

City of Fenton
Other Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

Narcotics Enforcement Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
				<u>Final</u>
				<u>Budget</u>
Revenues				
Interest income	\$ 2,000	\$ -	\$ 6	\$ 6
Expenditures				
	-	-	-	-
Net change in fund balance	2,000	-	6	6
Fund balance - beginning of year	<u>5,875</u>	<u>5,875</u>	<u>5,875</u>	<u>-</u>
Fund balance - end of year	<u>\$ 7,875</u>	<u>\$ 5,875</u>	<u>\$ 5,881</u>	<u>\$ 6</u>

City of Fenton
Other Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

D.A.R.E. Fund	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Interest income	\$ -	\$ -	\$ 33	\$ 33
Expenditures				
Current				
Public safety	-	-	905	905
Net change in fund balance	-	-	(872)	(872)
Fund balance - beginning of year	<u>33,376</u>	<u>33,376</u>	<u>33,376</u>	<u>-</u>
Fund balance - end of year	<u>\$ 33,376</u>	<u>\$ 33,376</u>	<u>\$ 32,504</u>	<u>\$ (872)</u>

City of Fenton
Other Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

Emergency 911 Fund	Budgeted Amounts		<u>Actual</u>	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Charges for services	<u>\$ 137,500</u>	<u>\$ 134,300</u>	<u>\$ 135,103</u>	<u>\$ 803</u>
Expenditures				
Current				
Public safety	<u>292,800</u>	<u>301,500</u>	<u>293,822</u>	<u>(7,678)</u>
(Deficiency) of revenues (under) expenditures	(155,300)	(167,200)	(158,709)	8,491
Other financing sources				
Transfers in	<u>155,300</u>	<u>157,300</u>	<u>157,300</u>	<u>-</u>
Net change in fund balance	-	(9,900)	(1,409)	8,491
Fund balance - beginning of year	<u>9,943</u>	<u>9,943</u>	<u>9,943</u>	<u>-</u>
Fund balance - end of year	<u>\$ 9,943</u>	<u>\$ 43</u>	<u>\$ 8,534</u>	<u>\$ 8,491</u>

City of Fenton
Other Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

Neighborhood Stabilization Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under) Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
Current				
Public works	<u>-</u>	<u>700</u>	<u>700</u>	<u>-</u>
(Deficiency) of revenues (under) expenditures	<u>-</u>	<u>(700)</u>	<u>(700)</u>	<u>-</u>
Fund balance - beginning of year	<u>700</u>	<u>700</u>	<u>700</u>	<u>-</u>
Fund balance - end of year	<u>\$ 700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Fenton
Other Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

Public Communications Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
				<u>Final</u>
				<u>Budget</u>
Revenues				
Intergovernmental	\$ 16,200	\$ 16,200	\$ 16,187	\$ (13)
Interest income	-	-	24	24
	<u>16,200</u>	<u>16,200</u>	<u>16,211</u>	<u>11</u>
Expenditures				
Current				
Public safety	20,000	20,000	20,000	-
Other functions	<u>1,560</u>	<u>1,810</u>	<u>1,807</u>	<u>(3)</u>
	<u>21,560</u>	<u>21,810</u>	<u>21,807</u>	<u>(3)</u>
	<u>(5,360)</u>	<u>(5,610)</u>	<u>(5,596)</u>	<u>14</u>
Other financing sources				
Transfers in	<u>3,810</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
	(1,550)	(1,610)	(1,596)	14
Fund balance - beginning of year	<u>23,654</u>	<u>23,654</u>	<u>23,654</u>	<u>-</u>
Fund balance - end of year	<u>\$ 22,104</u>	<u>\$ 22,044</u>	<u>\$ 22,058</u>	<u>\$ 14</u>

City of Fenton
Internal Service Funds
Fund Descriptions

Equipment Fund - To account for the costs of operating and maintaining certain automotive and street maintenance equipment used by various 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
Internal Service Funds
Combining Statement of Net Position
June 30, 2017

	<u>Equipment</u>	<u>Sick Pay</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 625,800	\$ 208,858	\$ 834,658
Receivables	40	-	40
Due from other units of government	2,425	-	2,425
Due from other funds	<u>49,161</u>	<u>-</u>	<u>49,161</u>
Total current assets	<u>677,426</u>	<u>208,858</u>	<u>886,284</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation	<u>265,719</u>	<u>-</u>	<u>265,719</u>
Total assets	<u>943,145</u>	<u>208,858</u>	<u>1,152,003</u>
Liabilities			
Current liabilities			
Accounts payable	16,223	-	16,223
Accrued and other liabilities	<u>1,211</u>	<u>-</u>	<u>1,211</u>
Total current liabilities	<u>17,434</u>	<u>-</u>	<u>17,434</u>
Noncurrent liabilities			
Long-term debt	<u>-</u>	<u>186,387</u>	<u>186,387</u>
Total liabilities	<u>17,434</u>	<u>186,387</u>	<u>203,821</u>
Net Position			
Net investment in capital assets	265,719	-	265,719
Unrestricted	<u>659,992</u>	<u>22,471</u>	<u>682,463</u>
Total net position	<u>\$ 925,711</u>	<u>\$ 22,471</u>	<u>\$ 948,182</u>

City of Fenton
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

	<u>Equipment</u>	<u>Sick Pay</u>	<u>Total</u>
Operating revenue			
Billings to other funds	\$ 390,243	\$ -	\$ 390,243
Operating expenses			
Personnel services	20,816	-	20,816
Supplies	92,389	-	92,389
Utilities	60,796	-	60,796
Repairs and maintenance	62,287	-	62,287
Other expenses	15,272	-	15,272
Depreciation	<u>79,073</u>	<u>-</u>	<u>79,073</u>
Total operating expenses	<u>330,633</u>	<u>-</u>	<u>330,633</u>
Operating income	<u>59,610</u>	<u>-</u>	<u>59,610</u>
Nonoperating revenue			
Interest income	643	-	643
Gain on sale of assets	<u>2,517</u>	<u>-</u>	<u>2,517</u>
Total nonoperating revenues	<u>3,160</u>	<u>-</u>	<u>3,160</u>
Income before transfers	62,770	-	62,770
Transfers in	<u>-</u>	<u>21,532</u>	<u>21,532</u>
Change in net position	<u>62,770</u>	<u>21,532</u>	<u>84,302</u>
Net position - beginning of year	<u>862,941</u>	<u>939</u>	<u>863,880</u>
Net position - end of year	<u>\$ 925,711</u>	<u>\$ 22,471</u>	<u>\$ 948,182</u>

City of Fenton
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2017

	<u>Equipment</u>	<u>Sick Pay</u>	<u>Total</u>
Cash flows from operating activities			
Receipts from interfund users	\$ 346,020	\$ -	\$ 346,020
Payments to suppliers	(229,950)	-	(229,950)
Payments to employees	<u>(20,816)</u>	<u>(27,718)</u>	<u>(48,534)</u>
Net cash provided (used) by operating activities	<u>95,254</u>	<u>(27,718)</u>	<u>67,536</u>
Cash flows from noncapital financing activities			
Transfer from other funds	<u>-</u>	<u>21,532</u>	<u>21,532</u>
Cash flows from capital and related financing activities			
Purchases/construction of capital assets	(109,169)	-	(109,169)
Proceeds from sale of capital assets	<u>8,469</u>	<u>-</u>	<u>8,469</u>
Net cash provided (used) by capital and related financing activities	<u>(100,700)</u>	<u>-</u>	<u>(100,700)</u>
Cash flows from investing activities			
Interest received	<u>643</u>	<u>-</u>	<u>643</u>
Net change in cash	(4,803)	(6,186)	(10,989)
Cash - beginning of year	<u>630,603</u>	<u>215,044</u>	<u>845,647</u>
Cash - end of year	<u>\$ 625,800</u>	<u>\$ 208,858</u>	<u>\$ 834,658</u>

City of Fenton
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2017

	<u>Equipment</u>	<u>Sick Pay</u>	<u>Total</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income	\$ 59,610	\$ -	\$ 59,610
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation	79,073	-	79,073
Changes in assets and liabilities			
Due from other units of government	(2,425)	-	(2,425)
Due from other funds	(44,223)	-	(44,223)
Accounts payable	2,290	-	2,290
Accrued and other liabilities	929	-	929
Compensated absences	-	(27,718)	(27,718)
	<u>-</u>	<u>(27,718)</u>	<u>(27,718)</u>
Net cash provided (used) by operating activities	<u>\$ 95,254</u>	<u>\$ (27,718)</u>	<u>\$ 67,536</u>

City of Fenton
Agency Funds
Fund Descriptions

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 Fund - To account for amounts withheld from City employee payroll related to union dues and related payments.

Health Savings Fund - To account for amounts withheld from City employee payroll related for their health savings account.

Payroll Fund - To account for amounts withheld from City employee payroll related payments.

Community Center - To account for amounts held for the benefit of the Fenton Community Center.

City of Fenton
Agency Funds
Combining Statement of Fiduciary Assets and Liabilities
June 30, 2017

	<u>Tax Collection</u>	<u>Employees Union</u>	<u>Health Savings</u>	<u>Payroll</u>	<u>Fenton Community Center</u>	<u>Total</u>
Assets						
Cash	\$ 1,427	\$ 8,832	\$ -	\$ 3,268	\$ 10,764	\$ 24,291
Liabilities						
Due to other units of government	\$ 1,427	\$ -	\$ -	\$ -	\$ -	\$ 1,427
Due to union groups	-	8,832	-	-	-	8,832
Due to individuals and agencies	-	-	-	3,268	10,764	14,032
Total liabilities	<u>\$ 1,427</u>	<u>\$ 8,832</u>	<u>\$ -</u>	<u>\$ 3,268</u>	<u>\$ 10,764</u>	<u>\$ 24,291</u>

City of Fenton
Agency Funds
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
<u>Tax Collection Fund</u>				
Assets				
Cash	\$ 5,484	\$ 38,801,818	\$ 38,805,875	\$ 1,427
Liabilities				
Due to other governmental units	\$ 5,484	\$ 38,801,818	\$ 38,805,875	\$ 1,427
<u>Employees Union Fund</u>				
Assets				
Cash	\$ 8,832	\$ -	\$ -	\$ 8,832
Liabilities				
Due to union groups	\$ 8,832	\$ -	\$ -	\$ 8,832
<u>Health Savings Fund</u>				
Assets				
Cash	\$ 291	\$ -	\$ 291	\$ -
Liabilities				
Due to individuals and agencies	\$ 291	\$ -	\$ 291	\$ -

City of Fenton
Agency Funds
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>Payroll Fund</u>				
Assets				
Cash	\$ 124,191	\$ 4,143,746	\$ 4,264,669	\$ 3,268
Due from other governmental units	23,434	-	23,434	-
Total assets	<u>\$ 147,625</u>	<u>\$ 4,143,746</u>	<u>\$ 4,288,103</u>	<u>\$ 3,268</u>
Liabilities				
Due to individuals and agencies	<u>\$ 147,625</u>	<u>\$ 4,143,746</u>	<u>\$ 4,288,103</u>	<u>\$ 3,268</u>
<u>Fenton Community Center</u>				
Assets				
Cash	<u>\$ 5,753</u>	<u>\$ 5,011</u>	<u>\$ -</u>	<u>\$ 10,764</u>
Liabilities				
Due to individuals and agencies	<u>\$ 5,753</u>	<u>\$ 5,011</u>	<u>\$ -</u>	<u>\$ 10,764</u>
<u>Total Agency Funds</u>				
Assets				
Cash	\$ 144,551	\$ 42,950,575	\$ 43,070,835	\$ 24,291
Due from other units of government	23,434	-	23,434	-
Total assets	<u>\$ 167,985</u>	<u>\$ 42,950,575</u>	<u>\$ 43,094,269</u>	<u>\$ 24,291</u>
Liabilities				
Due to other units of government	\$ 5,484	\$ 38,801,818	\$ 38,829,309	\$ 1,427
Due to union groups	8,832	-	-	8,832
Due to individuals and agencies	153,669	4,148,757	4,288,394	14,032
Total liabilities	<u>\$ 167,985</u>	<u>\$ 42,950,575</u>	<u>\$ 43,117,703</u>	<u>\$ 24,291</u>

City of Fenton
Component Unit Funds
Combining Balance Sheet - Downtown Development Authority
June 30, 2017

	Special Revenue Fund	Capital Projects Fund	2013 Bond Construction Fund	Total
Assets				
Cash	\$ 1,266,820	\$ 60,267	\$ 499,726	\$ 1,826,813
Receivables				
Customers	-	-	98,059	98,059
Accrued interest and other	-	4,102	-	4,102
Internal balances	-	166,637	104,000	270,637
Prepaid items	-	3,640	-	3,640
Total assets	<u>\$ 1,266,820</u>	<u>\$ 234,646</u>	<u>\$ 701,785</u>	<u>\$ 2,203,251</u>
Liabilities				
Accounts payable	\$ -	\$ 14,645	\$ 1,632	\$ 16,277
Accrued and other liabilities	-	6,186	-	6,186
Internal balances	153,373	-	117,264	270,637
Due to other units of government	-	5,212	5,079	10,291
Total liabilities	<u>153,373</u>	<u>26,043</u>	<u>123,975</u>	<u>303,391</u>
Deferred inflows of resources				
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>98,059</u>	<u>98,059</u>
Fund Balances				
Non-spendable				
Prepaid items	-	3,640	-	3,640
Assigned	<u>1,113,447</u>	<u>204,963</u>	<u>479,751</u>	<u>1,798,161</u>
Total fund balances	<u>1,113,447</u>	<u>208,603</u>	<u>479,751</u>	<u>1,801,801</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,266,820</u>	<u>\$ 234,646</u>	<u>\$ 701,785</u>	<u>\$ 2,203,251</u>

City of Fenton
Component Unit Funds
Reconciliation of the Combining Balance Sheet to the Statement
of Net Position - Downtown Development Authority
June 30, 2017

Total fund balances - component unit	\$ 1,801,801
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
The cost of capital assets is	459,140
Accumulated depreciation is	(20,897)
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	
	98,059
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(44,334)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Long-term liabilities at year-end consist of:	
Bonds payable and related items	(6,285,029)
Unamortized deferred amounts on debt issuance	<u>34,885</u>
Net position of governmental activities	<u>\$ (3,956,375)</u>

City of Fenton
Component Unit Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Downtown Development Authority
For the Year Ended June 30, 2017

	Special Revenue Fund	Capital Projects Fund	2013 Bond Construction Fund	Total
Revenues				
Taxes	\$ 1,366,646	\$ -	\$ -	\$ 1,366,646
Interest income	<u>2,373</u>	<u>-</u>	<u>-</u>	<u>2,373</u>
Total revenues	<u>1,369,019</u>	<u>-</u>	<u>-</u>	<u>1,369,019</u>
Expenditures				
Current				
Community and economic development	-	414,014	146,501	560,515
Debt service				
Principal retirement	616,000	-	-	616,000
Interest and fiscal charges	<u>197,419</u>	<u>-</u>	<u>-</u>	<u>197,419</u>
Total expenditures	<u>813,419</u>	<u>414,014</u>	<u>146,501</u>	<u>1,373,934</u>
Excess (deficiency) of revenues over expenditures	<u>555,600</u>	<u>(414,014)</u>	<u>(146,501)</u>	<u>(4,915)</u>
Other financing sources (uses)				
Transfers in	-	253,373	100,000	353,373
Transfers out	<u>(353,373)</u>	<u>-</u>	<u>-</u>	<u>(353,373)</u>
Total other financing sources and uses	<u>(353,373)</u>	<u>253,373</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	202,227	(160,641)	(46,501)	(4,915)
Fund balance - beginning of year	<u>911,220</u>	<u>369,244</u>	<u>526,252</u>	<u>1,806,716</u>
Fund balance - end of year	<u>\$ 1,113,447</u>	<u>\$ 208,603</u>	<u>\$ 479,751</u>	<u>\$ 1,801,801</u>

City of Fenton
Component Unit Funds
Reconciliation of the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities - Downtown Development Authority
For the Year Ended June 30, 2017

Net change in fund balances - component unit \$ (4,915)

Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays 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.

Depreciation expense	(457)
Capital outlay	13,700
Disposal of capital assets	(289,431)

Expenses are recorded when incurred in the statement of activities

Accrued interest	1,820
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Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Repayments of long-term debt	616,000
Amortization of deferred charge and premium	<u>(4,459)</u>

Change in net position of component units **\$ 332,258**

City of Fenton
Component Unit Funds
Combining Balance Sheet - Local Development Finance Authority
June 30, 2017

	Special Revenue Fund	Capital Projects Fund	Total
Assets			
Cash	\$ 1,079,360	\$ 270,477	\$ 1,349,837
Due from other funds	-	13,167	13,167
Prepaid items	-	650	650
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,079,360</u>	<u>\$ 284,294</u>	<u>\$ 1,363,654</u>
Liabilities			
Accounts payable	\$ -	\$ 678	\$ 678
Accrued and other liabilities	-	261	261
Due to other funds	13,167	-	13,167
Due to other units of government	89	29,567	29,656
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>13,256</u>	<u>30,506</u>	<u>43,762</u>
Fund Balances			
Non-spendable	-	650	650
Committed	1,066,104	253,138	1,319,242
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>1,066,104</u>	<u>253,788</u>	<u>1,319,892</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 1,079,360</u>	<u>\$ 284,294</u>	<u>\$ 1,363,654</u>

City of Fenton
Component Unit Funds
Reconciliation of the Combining Balance Sheet to the Statement
of Net Position - Local Development Finance Authority
June 30, 2017

Total fund balances - component unit	\$ 1,319,892
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
The cost of capital assets is	37,630
Accumulated depreciation is	<u>(8,780)</u>
Net position of governmental activities	<u>\$ 1,348,742</u>

City of Fenton
Component Unit Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Local Development Finance Authority
For the Year Ended June 30, 2017

	Special Revenue Fund	Capital Projects Fund	Total
Revenues			
Taxes	\$ 168,718	\$ -	\$ 168,718
Interest income	1,157	-	1,157
Total revenues	<u>169,875</u>	<u>-</u>	<u>169,875</u>
Expenditures			
Current			
Community and economic development	<u>-</u>	<u>73,528</u>	<u>73,528</u>
Excess (deficiency) of revenues over expenditures	<u>169,875</u>	<u>(73,528)</u>	<u>96,347</u>
Other financing sources (uses)			
Transfers in	-	200,000	200,000
Transfers out	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Total other financing sources and uses	<u>(200,000)</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	(30,125)	126,472	96,347
Fund balance - beginning of year	<u>1,096,229</u>	<u>127,316</u>	<u>1,223,545</u>
Fund balance - end of year	<u>\$ 1,066,104</u>	<u>\$ 253,788</u>	<u>\$ 1,319,892</u>

City of Fenton
Component Unit Funds
Reconciliation of the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities - Local Development Finance Authority
For the Year Ended June 30, 2017

Net change in fund balances - component unit	\$ 96,347
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays 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.	
Depreciation expense	<u>(7,526)</u>
Change in net position of component units	<u>\$ 88,821</u>

City of Fenton Statistical Section

This part of the City's comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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City of Fenton
Net Position by Component (Unaudited)
2008 - 2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 13,330,319	\$ 15,330,866	\$ 15,477,218	\$ 15,323,859	\$ 14,984,354	\$ 15,226,130	\$ 14,595,457	\$ 17,991,239	\$ 19,539,308	\$ 19,284,057
Restricted	410,856	265,457	317,283	141,844	306,634	342,981	325,746	466,969	646,525	22,058
Unrestricted	<u>2,870,834</u>	<u>3,336,351</u>	<u>3,639,156</u>	<u>4,224,040</u>	<u>4,536,097</u>	<u>4,270,293</u>	<u>4,563,196</u>	<u>967,655</u>	<u>272,032</u>	<u>1,461,620</u>
Total governmental activities net position	<u>\$ 16,612,009</u>	<u>\$ 18,932,674</u>	<u>\$ 19,433,657</u>	<u>\$ 19,689,743</u>	<u>\$ 19,827,085</u>	<u>\$ 19,839,404</u>	<u>\$ 19,484,399</u>	<u>\$ 19,425,863</u>	<u>\$ 20,457,865</u>	<u>\$ 20,767,735</u>
Business-type activities										
Net investment in capital assets	\$ 20,116,220	\$ 20,620,459	\$ 22,692,609	\$ 21,994,491	\$ 22,430,452	\$ 22,299,268	\$ 22,864,031	\$ 22,870,359	\$ 23,677,936	\$ 23,923,985
Restricted	855,831	887,139	894,335	897,379	899,207	902,777	903,659	718,141	497,023	497,524
Unrestricted	<u>2,364,107</u>	<u>1,817,062</u>	<u>2,351,447</u>	<u>2,363,388</u>	<u>3,061,763</u>	<u>4,151,403</u>	<u>4,400,159</u>	<u>2,794,630</u>	<u>2,560,862</u>	<u>2,954,143</u>
Total business-type activities net position	<u>\$ 23,336,158</u>	<u>\$ 23,324,660</u>	<u>\$ 25,938,391</u>	<u>\$ 25,255,258</u>	<u>\$ 26,391,422</u>	<u>\$ 27,353,448</u>	<u>\$ 28,167,849</u>	<u>\$ 26,383,130</u>	<u>\$ 26,735,821</u>	<u>\$ 27,375,652</u>
Primary government in total										
Net investment in capital assets	\$ 35,951,325	\$ 36,969,827	\$ 37,318,350	\$ 37,414,806	\$ 37,513,398	\$ 37,459,488	\$ 40,861,598	\$ 43,217,244	\$ 43,217,244	\$ 43,208,042
Restricted	1,152,596	1,211,618	1,039,223	1,205,841	1,245,758	1,229,405	1,185,110	1,143,548	1,143,548	519,582
Unrestricted	<u>5,153,413</u>	<u>5,990,603</u>	<u>6,587,428</u>	<u>7,597,860</u>	<u>8,421,696</u>	<u>8,963,355</u>	<u>3,762,285</u>	<u>2,832,894</u>	<u>2,832,894</u>	<u>4,415,763</u>
Total primary government net position	<u>\$ 42,257,334</u>	<u>\$ 44,172,048</u>	<u>\$ 44,945,001</u>	<u>\$ 46,218,507</u>	<u>\$ 47,180,852</u>	<u>\$ 47,652,248</u>	<u>\$ 45,808,993</u>	<u>\$ 47,193,686</u>	<u>\$ 47,193,686</u>	<u>\$ 48,143,387</u>

City of Fenton
Changes in Governmental Net Position (Unaudited)
2008 - 2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
General government	\$ 1,439,316	\$ 1,010,207	\$ 1,106,229	\$ 1,177,043	\$ 1,113,243	\$ 1,187,672	\$ 1,158,881	\$ 901,765	\$ 1,522,667	\$ 1,553,731
Public safety	3,414,988	3,629,441	3,522,764	3,354,743	3,193,232	3,537,017	3,862,440	3,435,808	3,806,701	3,816,834
Public works	1,665,853	1,135,807	1,836,728	1,637,839	1,714,085	1,617,226	1,941,813	1,674,754	2,662,804	2,530,687
Community and economic development	75,288	49,423	46,800	118,270	81,215	148,585	146,317	80,389	136,692	48,530
Recreation and culture	296,654	338,235	270,807	250,303	247,276	233,723	235,592	197,997	242,489	333,480
Interest on long-term debt	27,104	9,162	19,866	18,035	14,838	10,728	5,384	2,685	42,771	18,463
Total governmental activities expenses	\$ 6,919,203	\$ 6,172,275	\$ 6,803,194	\$ 6,556,233	\$ 6,363,889	\$ 6,734,951	\$ 7,350,427	\$ 6,293,398	\$ 8,414,124	\$ 8,301,725
Program revenues										
Charges for services										
General government	\$ 80,681	\$ 164,739	\$ 172,299	\$ 189,867	\$ 202,365	\$ 208,100	\$ 255,473	\$ 276,839	\$ 283,420	\$ 401,846
Public safety	647,191	666,916	533,197	581,059	660,348	657,777	791,750	640,201	593,827	688,795
Public works	444,049	494,407	511,425	500,429	514,795	482,083	504,184	515,954	564,705	444,023
Recreation and culture	50,237	45,507	34,062	41,434	48,239	36,439	35,040	33,609	48,837	39,641
Total charges for services	1,222,158	1,371,569	1,250,983	1,312,789	1,425,747	1,384,399	1,586,447	1,466,603	1,490,789	1,574,305
Operating grants and contributions	2,399,695	1,104,536	853,593	812,924	848,615	853,534	994,172	1,027,860	915,938	1,097,117
Capital grants and contributions	15,185	640,093	41,482	37,659	53,961	369,868	96,490	2,300,171	2,291,884	57,875
Total program revenue	3,637,038	3,116,198	2,146,058	2,163,372	2,328,323	2,607,801	2,677,109	4,794,634	4,698,611	2,729,297
Net (expense) revenue	\$ (3,282,165)	\$ (3,056,077)	\$ (4,657,136)	\$ (4,392,861)	\$ (4,035,566)	\$ (4,127,150)	\$ (4,673,318)	\$ (1,498,764)	\$ (3,715,513)	\$ (5,572,428)
General revenues										
Property taxes	\$ 4,496,996	\$ 4,460,368	\$ 4,339,222	\$ 3,802,193	\$ 3,363,316	\$ 3,262,058	\$ 3,322,738	\$ 3,424,206	\$ 3,534,843	\$ 3,708,882
State-shared revenues	862,880	811,891	721,565	793,649	878,056	891,798	926,059	934,921	928,933	1,000,935
Investment earnings	189,044	80,634	17,360	22,824	11,975	8,650	5,537	865	21,275	7,310
Proceeds from sale of land	-	-	-	-	-	-	-	-	-	1,023,390
Miscellaneous	10,740	23,849	79,972	30,281	29,561	39,777	24,711	79,943	161,161	141,781
Transfers	-	-	-	-	-	-	-	-	-	-
Total general revenues	5,559,660	5,376,742	5,158,119	4,648,947	4,282,908	4,202,283	4,279,045	4,439,935	4,646,212	5,882,298
Change in net position	2,277,495	2,320,665	500,983	256,086	247,342	75,133	(394,273)	2,941,171	930,699	309,870
Restated net position, beginning of the year	14,334,514	16,612,009	18,932,674	19,433,657	19,579,743	19,752,271	19,878,672	16,484,692	19,527,166	20,457,865
Net position, end of the year	\$ 16,612,009	\$ 18,932,674	\$ 19,433,657	\$ 19,689,743	\$ 19,827,085	\$ 19,827,404	\$ 19,484,399	\$ 19,425,863	\$ 20,457,865	\$ 20,767,735

City of Fenton
Changes in Business-Type Net Position (Unaudited)
2008 - 2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Water	\$ 2,179,363	\$ 2,402,112	\$ 2,302,524	\$ 2,697,917	\$ 2,295,676	\$ 2,550,571	\$ 2,520,564	\$ 2,798,558	\$ 2,814,340	\$ 2,818,907
Sewer	<u>2,215,830</u>	<u>2,063,615</u>	<u>2,114,313</u>	<u>2,265,302</u>	<u>2,082,283</u>	<u>2,120,388</u>	<u>2,350,065</u>	<u>2,443,606</u>	<u>2,362,559</u>	<u>2,416,564</u>
Total expenses	<u>\$ 4,395,193</u>	<u>\$ 4,465,727</u>	<u>\$ 4,416,837</u>	<u>\$ 4,963,219</u>	<u>\$ 4,377,959</u>	<u>\$ 4,670,959</u>	<u>\$ 4,870,629</u>	<u>\$ 5,242,164</u>	<u>\$ 5,176,899</u>	<u>\$ 5,235,471</u>
Program revenues										
Charges for services										
Water	\$ 2,198,405	\$ 2,091,329	\$ 2,415,330	\$ 2,779,345	\$ 2,817,673	\$ 2,902,028	\$ 2,789,912	\$ 2,682,329	\$ 2,699,712	\$ 2,829,006
Sewer	<u>2,156,951</u>	<u>2,260,702</u>	<u>2,257,131</u>	<u>2,465,111</u>	<u>2,506,911</u>	<u>2,530,529</u>	<u>2,701,837</u>	<u>2,775,942</u>	<u>2,632,951</u>	<u>2,868,472</u>
Total charges for services	4,355,356	4,352,031	4,672,461	5,244,456	5,324,584	5,432,557	5,491,749	5,458,271	5,332,663	5,697,478
Operating grants and contributions										
Water	-	-	-	-	-	-	-	-	8,377	4,566
Sewer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital grants and contributions	-	-	-	-	-	-	-	-	8,377	4,566
Capital grants and contributions										
Water	3,050	-	-	-	-	-	1,155	-	-	-
Sewer	<u>16,190</u>	<u>-</u>	<u>1,054,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital grants and contributions	19,240	-	1,054,000	-	-	-	1,155	-	-	-
Total program revenue	<u>4,374,596</u>	<u>4,352,031</u>	<u>5,726,461</u>	<u>5,244,456</u>	<u>5,324,584</u>	<u>5,432,557</u>	<u>5,492,904</u>	<u>5,458,271</u>	<u>5,341,040</u>	<u>5,702,044</u>
Net (expense) revenue	<u>\$ (20,597)</u>	<u>\$ (113,696)</u>	<u>\$ 1,309,624</u>	<u>\$ 281,237</u>	<u>\$ 946,625</u>	<u>\$ 761,598</u>	<u>\$ 622,275</u>	<u>\$ 216,107</u>	<u>\$ 164,141</u>	<u>\$ 466,573</u>
General revenues										
Investment earnings	\$ 105,532	\$ 53,855	\$ 10,042	\$ 16,270	\$ 80,003	\$ 81,470	\$ 69,254	\$ 68,472	\$ 69,103	\$ 69,502
Miscellaneous	<u>-</u>	<u>48,343</u>	<u>94,065</u>	<u>99,360</u>	<u>109,536</u>	<u>118,958</u>	<u>122,872</u>	<u>106,024</u>	<u>119,447</u>	<u>103,756</u>
Total general revenues	<u>105,532</u>	<u>102,198</u>	<u>104,107</u>	<u>115,630</u>	<u>189,539</u>	<u>200,428</u>	<u>192,126</u>	<u>174,496</u>	<u>188,550</u>	<u>173,258</u>
Change in net position	<u>\$ 84,935</u>	<u>\$ (11,498)</u>	<u>\$ 1,413,731</u>	<u>\$ 396,867</u>	<u>\$ 1,136,164</u>	<u>\$ 962,026</u>	<u>\$ 814,401</u>	<u>\$ 390,603</u>	<u>\$ 352,691</u>	<u>\$ 639,831</u>

City of Fenton
Fund Balances - Governmental Funds (Unaudited)
2008 - 2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 98,144	\$ 82,747	\$ 233,423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,293,699	1,424,971	1,360,450	-	-	-	-	-	-	-
Nonspendable	-	-	-	34,333	259,318	114,866	128,536	205,844	225,256	113,258
Unassigned	-	-	-	2,020,003	1,824,928	1,997,467	2,072,217	2,063,205	2,271,469	3,627,539
Total General Fund	\$ 1,391,843	\$ 1,507,718	\$ 1,593,873	\$ 2,054,336	\$ 2,084,246	\$ 2,112,333	\$ 2,200,753	\$ 2,269,049	\$ 2,496,725	\$ 3,740,797
All other governmental funds										
Reserved	\$ 5,986	\$ 2,513	\$ 131,659	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	780,578	671,323	699,293	-	-	-	-	-	-	-
Capital project funds	479,862	466,694	891,260	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	124,116	109,426	34,844	6,115	180,406	-	5,200
Restricted	-	-	-	141,844	306,634	342,981	325,746	466,969	646,525	586,715
Committed	-	-	-	1,681,517	2,234,661	2,453,146	2,814,515	2,225,843	2,249,902	2,374,910
Total all other governmental funds	\$ 1,266,426	\$ 1,140,530	\$ 1,722,212	\$ 1,947,477	\$ 2,650,721	\$ 2,830,971	\$ 3,146,376	\$ 2,873,218	\$ 2,896,427	\$ 2,966,825

Note: GASB Statement No. 54 became effective for fiscal year 2011. Prior period amounts were not restated.

City of Fenton
Changes in Fund Balances - Governmental Funds (Unaudited)
2008 - 2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 4,469,408	\$ 4,460,368	\$ 4,393,964	\$ 3,911,729	\$ 3,385,278	\$ 3,348,895	\$ 3,322,738	\$ 3,424,206	\$ 3,580,480	\$ 3,708,882
Licenses and permits	192,848	202,728	184,494	218,991	241,133	261,742	385,792	361,176	315,977	341,797
Intergovernmental	2,409,873	2,224,266	1,614,485	1,642,926	1,763,701	1,770,023	1,958,266	2,119,347	2,086,654	2,151,470
Charges for services	990,606	942,784	918,363	949,460	1,017,853	956,694	1,024,081	952,684	1,000,674	1,111,853
Fines and forfeitures	113,225	82,639	60,189	62,174	63,386	69,385	86,273	56,117	59,182	66,954
Interest and rents	165,142	149,780	87,911	90,649	78,983	75,167	71,163	65,576	87,428	88,505
Proceeds from sale of land	-	-	-	-	-	-	-	-	-	1,023,390
Other	704,615	104,936	88,880	45,928	82,860	138,420	107,841	115,488	163,121	213,991
Total revenues	9,045,717	8,167,501	7,348,286	6,921,857	6,633,194	6,620,326	6,956,154	7,094,594	7,293,516	8,706,842
Expenditures										
Current										
General government	1,351,239	968,649	983,435	976,708	897,923	931,392	978,534	1,036,510	1,191,988	1,409,092
Public safety	3,443,691	3,465,217	3,009,260	2,903,285	2,751,813	2,887,330	3,210,569	3,104,603	3,118,232	3,268,382
Public works	3,492,752	2,984,733	1,820,818	1,617,583	1,492,077	1,866,562	1,727,676	2,364,363	1,830,656	1,881,552
Community and economic development	-	-	-	107,135	76,674	121,515	120,753	112,344	119,269	48,776
Recreation and culture	229,526	312,942	231,720	217,033	215,869	193,117	197,247	238,822	209,242	328,020
Other	127,621	308,798	321,552	305,755	216,098	312,066	239,149	285,125	306,052	269,311
Capital outlay	18,486	11,498	377,966	-	30,956	-	-	38,088	692,752	52,172
Debt service										
Principal	110,779	114,763	118,892	89,372	92,371	95,710	110,023	113,579	71,087	97,055
Interest and fiscal charges	24,920	20,936	16,806	19,258	16,259	12,920	9,693	6,137	11,712	16,480
Total Expenditures	8,799,014	8,187,536	6,880,449	6,236,129	5,790,040	6,420,612	6,593,644	7,299,571	7,550,990	7,370,840
Excess (deficiency) of revenues over expenditures	246,703	(20,035)	467,837	685,728	843,154	199,714	362,510	(204,977)	(257,474)	1,336,002
Other Financing Sources (Uses)										
Debt issuance	-	-	200,000	-	-	8,623	41,315	-	543,900	-
Sale of fixed assets	9,100	-	-	-	-	-	-	-	-	-
Transfers in	1,430,197	1,806,490	1,644,475	1,203,172	1,281,541	1,397,520	835,500	1,455,729	687,313	579,925
Transfers out	(1,396,223)	(1,796,476)	(1,644,475)	(1,203,172)	(1,281,541)	(1,397,520)	(835,500)	(1,455,614)	(722,854)	(601,457)
Total other financing sources (uses)	43,074	10,014	200,000	-	-	8,623	41,315	115	508,359	(21,532)
Net change in fund balances	289,777	(10,021)	667,837	685,728	843,154	208,337	403,825	(204,862)	250,885	1,314,470
Fund Balances - Beginning of year	2,368,492	2,658,269	2,648,248	3,316,085	3,891,813	4,734,967	4,943,304	5,347,129	5,142,267	5,393,152
Fund Balances - End of year	\$ 2,658,269	\$ 2,648,248	\$ 3,316,085	\$ 4,001,813	\$ 4,734,967	\$ 4,943,304	\$ 5,347,129	\$ 5,142,267	\$ 5,393,152	\$ 6,707,622
Debt service as a percentage of noncapital expenditures	1.96%	2.16%	1.66%	2.06%	1.85%	1.77%	1.81%	2.18%	1.80%	1.71%

City of Fenton
Taxable Value and Actual Value of Taxable Property (Unaudited)
2008 - 2017

Tax Year	Fiscal Year Ended June 30,	Taxable Value by Property Type					Tax Rate (mills)	Estimated Actual Value	Taxable Value % of Actual
		Residential	Commercial	Industrial	Personal Property	Total Value			
2007	2008	\$ 250,438,950	\$ 148,888,730	\$ 29,763,330	\$ 39,436,900	\$ 468,527,910	10.62	\$ 1,190,025,534	39.37%
2008	2009	244,096,797	149,947,115	31,055,846	38,425,700	463,525,458	10.62	1,130,479,218	41.00%
2009	2010	237,944,852	149,684,252	31,881,209	37,330,800	456,841,113	10.62	1,062,174,098	43.01%
2010	2011	198,412,078	149,934,673	25,558,171	33,822,344	407,727,266	10.62	919,502,852	44.34%
2011	2012	169,690,591	143,874,004	22,724,472	30,994,650	367,283,717	10.62	821,974,414	44.68%
2012	2013	167,761,995	140,539,194	20,001,157	28,211,700	356,514,046	10.62	728,190,650	48.96%
2013	2014	168,560,791	133,698,994	18,859,238	29,956,905	351,075,928	10.62	771,926,770	48.96%
2014	2015	172,420,345	130,599,352	17,873,885	28,776,200	349,669,782	10.62	783,071,802	44.65%
2015	2016	178,498,394	131,322,778	18,012,406	30,833,100	358,666,678	10.62	851,507,232	42.12%
2016	2017	185,386,955	145,428,380	18,227,991	28,181,518	377,224,844	10.43	936,157,572	40.30%

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)
2007 - 2016

Tax Year	<u>Millage Rates - Direct City Taxes</u>			<u>County</u>	<u>Overlapping taxes</u>							<u>Total tax rate</u>	
	<u>General Operating</u>	<u>Debt</u>	<u>Total Direct Taxes</u>		<u>Community College</u>	<u>Intermediate School District</u>	<u>Regional Parks</u>	<u>School Debt</u>	<u>School: Homestead</u>	<u>School: Non-homestead</u>	<u>Homestead</u>	<u>Non-homestead</u>	
2007	10.62	0.00	10.62	10.65	2.68	3.53	0.37	5.64	6.00	18.00	39.49	57.49	
2008	10.62	0.00	10.62	10.21	2.68	3.53	0.37	5.84	6.00	18.00	39.25	57.25	
2009	10.62	0.00	10.62	10.21	2.68	3.53	0.37	5.24	6.00	18.00	38.65	56.65	
2010	10.62	0.00	10.62	10.21	2.68	3.53	0.37	6.74	6.00	18.00	40.15	58.15	
2011	10.62	0.00	10.62	10.46	2.86	3.53	0.37	6.35	6.00	18.00	40.19	58.19	
2012	10.62	0.00	10.62	10.56	2.86	3.53	0.37	7.29	6.00	18.00	41.23	59.23	
2013	10.62	0.00	10.62	10.56	2.86	3.53	0.37	7.88	6.00	18.00	41.82	59.82	
2014	10.62	0.00	10.62	11.06	2.86	3.53	0.37	7.88	6.00	18.00	42.32	60.32	
2015	10.62	0.00	10.62	11.49	2.86	3.53	0.37	6.80	6.00	18.00	41.67	59.67	
2016	10.43	0.00	10.43	11.49	2.81	3.78	0.37	6.70	6.00	18.00	41.58	59.58	

City of Fenton
Principal Property Tax Payers (Unaudited)
June 30, 2017 and 2008

Taxpayer	2017 Taxable Value	Percentage of Total	2008 Taxable Value	Percentage of Total	2008 Rank
Georgetown	\$ 15,340,918	4.07%	\$ 8,517,360	1.82%	1
Consumers Energy	6,839,082	1.81%	6,269,780	1.34%	5
Silver Lake Hills	6,169,802	1.63%	6,006,520	1.28%	6
Walmart	5,764,182	1.53%	5,085,790	1.09%	2
Fenton Real Estate Co. LLC	4,784,534	1.27%	vacant land	n/a	n/a
Creative Foam	4,574,130	1.21%	6,958,250	1.48%	3
Regency Realty Group	3,478,834	0.92%	5,453,280	1.16%	7
Target Corporation	2,966,229	0.79%	1,881,800	0.40%	8
Fenton-Fairfield Apartments	2,963,363	0.79%	2,395,000	0.51%	n/a
Centro NP Holdings	2,958,850	0.78%	2,448,605	0.31%	n/a

Note:

Source: Data provided by local assessment records.

City of Fenton
Property Tax Levies and Collections (Unaudited)
2008 - 2017

<u>Tax Year</u>	<u>Fiscal Year June 30,</u>	<u>Total Levy</u>	<u>Current Collections</u>	<u>Percent Collected</u>	<u>Delinquent Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Levy Collected</u>
2007	2008	\$ 4,914,512	\$ 4,519,935	92.0%	\$ 348,091	\$ 4,868,026	99.1%
2008	2009	4,579,124	4,133,108	90.3%	415,649	4,548,757	99.3%
2009	2010	4,789,846	4,420,372	92.3%	344,712	4,765,084	99.5%
2010	2011	4,270,498	3,925,714	91.9%	317,241	4,242,955	99.4%
2011	2012	3,841,135	3,566,001	92.8%	255,883	3,821,884	99.5%
2012	2013	3,721,272	3,478,670	93.5%	227,994	3,706,664	99.6%
2013	2014	3,668,395	3,468,400	94.6%	192,217	3,660,617	99.8%
2014	2015	3,652,514	3,472,264	95.1%	168,628	3,640,892	99.7%
2015	2016	3,742,407	3,596,238	96.1%	141,438	3,737,676	99.9%
2016	2017	3,879,642	3,763,026	97.0%	110,661	3,873,687	99.8%

Note:

Source: Data provided from local Treasurer's Department.

City of Fenton
Ratios of Outstanding Debt (Unaudited)
2008 - 2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Installment purchase agreements	\$ 575,072	\$ 460,309	\$ 541,417	\$ 452,045	\$ 359,675	\$ 263,965	\$ 164,795	\$ 62,039	\$ 31,550	\$ -
Special assessment bonds	-	-	-	-	-	-	-	-	555,000	500,000
Capital leases	75,738	-	-	-	-	7,903	54,141	22,604	10,505	-
Total	650,810	460,309	541,417	452,045	359,675	271,868	218,936	84,643	597,055	500,000
Business-type Activities										
General obligation bonds	8,470,799	7,701,561	6,903,343	6,076,538	5,216,199	4,319,824	3,385,039	2,406,770	1,402,874	935,249
Capital improvement bonds	-	-	-	2,690,000	2,660,000	2,625,000	2,585,000	2,545,000	2,505,000	2,465,000
Revenue bonds	8,483,759	7,993,759	8,426,110	7,987,142	7,402,262	6,865,790	6,260,790	5,635,790	5,865,790	4,927,133
Total	16,954,558	15,695,320	15,329,453	16,753,680	15,278,461	13,810,614	12,230,829	10,587,560	9,773,664	8,327,382
Component Unit Activities										
General obligation bonds	4,870,000	4,535,000	4,245,000	3,940,000	3,675,000	3,315,000	2,945,000	6,210,000	6,685,000	6,095,000
Total debt of the government	\$ 22,475,368	\$ 20,690,629	\$ 20,115,870	\$ 21,145,725	\$ 19,313,136	\$ 17,397,482	\$ 15,394,765	\$ 16,882,203	\$ 17,055,719	\$ 14,922,382
Total Taxable Value	\$ 468,527,910	\$ 463,525,458	\$ 456,841,113	\$ 407,727,266	\$ 367,283,717	\$ 356,514,046	\$ 351,075,928	\$ 349,669,782	\$ 358,666,678	\$ 377,224,844
Ratio of total debt to taxable value	4.80%	4.46%	4.40%	5.19%	5.26%	4.92%	4.93%	4.83%	4.76%	3.96%
Total Population ⁽¹⁾	10,582	10,582	10,582	11,746	11,746	11,746	11,746	11,746	11,746	11,746
Total debt per capita	\$ 2,124	\$ 1,955	\$ 1,713	\$ 1,762	\$ 1,614	\$ 1,495	\$ 1,292	\$ 1,447	\$ 1,452	\$ 1,275
Personal Income ⁽¹⁾	\$ 29,488	\$ 29,526	\$ 29,060	\$ 30,542	\$ 31,639	\$ 32,421	\$ 33,033	N/A	N/A	N/A
Ratio of total debt to personal income	0.13%	0.14%	0.14%	0.14%	0.16%	0.19%	0.21%	N/A	N/A	N/A

Note:

Source: Actual 2000 and 2010 Census Reports.

(1) Source: Bureau of Economic Analysis. Information is not yet available for 2015.

City of Fenton
Ratios of General Bonded Debt Outstanding
2008 - 2017

<u>Fiscal Year</u>	<u>Limited-Tax General Obligation Bonds (LTGO)</u>	<u>Tax Supported Bonds (UTGO)</u>	<u>Less Pledged Debt Service Funds</u>	<u>Other General Obligation Debt</u>	<u>Net General Bonded Debt</u>	<u>Estimated Actual Value</u>	<u>Debt as a Percentage of Estimated Actual Value</u>	<u>Population (1)</u>	<u>Debt Per Capita</u>
2008	\$ -	\$ -	\$ -	\$ 8,470,799	\$ 8,470,799	\$1,190,025,534	0.0071	10,582	\$ 800
2009	-	-	-	7,701,561	7,701,561	1,130,479,218	0.0068	10,582	728
2010	-	-	-	6,903,343	6,903,343	1,062,174,098	0.0065	10,582	652
2011	-	-	-	6,076,537	6,076,537	919,502,852	0.0066	11,746	517
2012	-	-	-	5,216,199	5,216,199	821,974,414	0.0063	11,746	444
2013	-	-	-	4,319,825	4,319,825	728,190,650	0.0059	11,746	368
2014	-	-	-	3,385,039	3,385,039	771,926,770	0.0044	11,746	288
2015	-	-	-	2,406,770	2,406,770	783,071,802	0.0031	11,746	205
2016	-	-	-	1,957,874	1,957,874	851,507,232	0.0023	11,746	167
2017	-	-	-	1,435,249	1,435,249	936,157,572	0.0015	11,746	122

Note:

(1) Source: Actual 2000 and 2010 Census Reports.

City of Fenton
Direct and Overlapping Governmental Activities Debt (Unaudited)
June 30, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated % Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Genesee County	\$ 84,162,272	4.12%	\$ 3,585,313
Mott Community College	51,920,000	3.88%	2,081,992
Holly School District	52,499,655	0.05%	57,750
Fenton School District	33,475,000	43.16%	14,581,710
Lake Fenton School District	14,295,000	4.63%	673,295
Genesee Intermediate School District	7,555,000	3.87%	302,200
Bishop Airport Authority	<u>9,895,000</u>	4.12%	<u>421,527</u>
 Total Overlapping Debt	 253,801,927		 21,703,787
 Direct City Debt	 <u>500,000</u>	 100.00%	 <u>500,000</u>
 Total Direct and Overlapping Debt	 <u><u>\$ 254,301,927</u></u>		 <u><u>\$ 22,203,787</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the City Assessor. Debt outstanding data provided by each governmental unit.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Fenton. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

City of Fenton
Legal Debt Margin (Unaudited)
2008 - 2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Calculation of debt limit:										
State equalized valuation	\$ 595,012,767	\$ 567,344,609	\$ 531,087,049	\$ 459,751,426	\$ 410,987,207	\$ 364,095,325	\$ 385,963,385	\$ 391,535,901	\$ 425,753,616	\$ 468,078,786
10% of taxable value	59,501,276	56,734,460	53,108,705	45,975,143	41,098,720	36,409,532	38,596,338	39,153,590	42,575,361	46,807,878
Calculation of debt subject to limit:										
Total debt	22,636,714	21,057,956	20,480,464	22,655,285	19,313,016	17,166,930	15,206,058	17,000,316	17,055,819	14,972,382
Less: debt not subject to limit:										
Special assessment bonds	-	-	-	-	-	-	-	-	555,000	500,000
Revenue bonds	8,470,799	7,701,561	8,426,110	7,987,142	7,402,262	6,865,790	6,260,790	5,635,790	5,865,790	4,927,133
Net debt subject to limit	14,165,915	13,356,395	12,054,354	14,668,143	11,910,754	10,301,140	8,945,268	11,364,526	10,635,029	9,545,249
Legal debt margin	\$ 59,501,276	\$ 56,734,460	\$ 53,108,705	\$ 45,975,143	\$ 41,098,720	\$ 36,409,532	\$ 38,596,338	\$ 39,153,590	\$ 42,575,361	\$ 46,807,878
Net debt subject to limit as % of debt limit	23.81%	23.54%	22.70%	31.90%	28.98%	28.29%	23.18%	29.03%	24.98%	20.39%

City of Fenton
Pledged-Revenue Coverage (Unaudited)
2008 - 2017

Fiscal Year	Gross Revenues	Applicable Expenses	Net Revenues	Water Revenue Bonds		
				Debt service		Coverage
				Principal	Interest	
2008	\$ 2,232,035	\$ 1,514,112	\$ 717,923	\$ 480,000	\$ 223,829	1.02
2009	2,115,761	1,750,910	364,851	490,000	208,032	0.52
2010	2,464,508	1,664,432	800,076	505,000	196,688	1.14
2011	2,843,029	1,987,612	855,417	515,000	216,257	1.17
2012	2,950,604	1,513,113	1,437,491	565,000	329,463	1.61
2013	3,045,284	1,726,019	1,319,265	580,000	315,762	1.47
2014	2,921,725	1,714,538	1,207,187	595,000	305,115	1.34
2015	2,803,468	2,000,575	802,893	615,000	288,274	0.89
2016	2,823,439	2,296,255	527,184	625,000	273,025	0.59
2017	2,957,767	2,298,593	659,174	605,000	179,745	0.84

Fiscal Year	Gross Revenues	Applicable Expenses	Net Revenues	Sewer Revenue Bonds		
				Debt service		Coverage
				Principal	Interest	
2008	\$ 2,248,093	\$ 1,314,490	\$ 933,603	\$ 735,189	\$ 405,343	0.82
2009	2,338,464	1,213,357	1,125,107	769,238	354,260	1.00
2010	2,312,060	1,232,423	1,079,637	798,218	329,023	0.96
2011	2,517,057	1,254,997	1,262,060	872,805	324,935	1.05
2012	2,563,519	1,209,474	1,354,045	910,339	286,531	1.13
2013	2,587,701	1,233,798	1,353,903	946,375	248,044	1.13
2014	2,763,304	1,556,720	1,206,584	984,785	206,368	1.01
2015	2,829,299	1,720,183	1,109,116	1,028,269	161,484	0.93
2016	2,706,151	1,800,547	905,604	1,053,896	129,941	0.76
2017	2,917,535	1,859,772	1,057,763	552,625	87,321	1.65

City of Fenton
Demographic and Economic Statistics (Unaudited)
2008 - 2017

Fiscal Year	Population ⁽¹⁾	Personal Income* (in thousands)	Per Capita ⁽²⁾ Personal Income	Unemployment Rate ⁽³⁾
2008	10,582	\$ 12,648,248	\$ 29,488	9.7
2009	10,582	12,520,000	29,526	15.8
2010	11,746	12,373,500	29,060	14.1
2011	11,746	13,004,500	30,542	11.4
2012	11,746	13,406,200	31,639	8.7
2013	11,746	13,565,279	32,421	6.2
2014	11,746	13,708,677	33,033	6.3
2015	11,746	14,400,945	34,878	6.2
2016	11,746	15,402,062	36,612	5.8
2017	11,746	N/A	N/A	5.0

Note:

- (1) Source: Actual 2000 and 2010 Census Reports.
- (2) Source: Personal Income figures are for the County of Genesee.
- (3) Source: Michigan Department of Labor & Economic Growth.

City of Fenton
Principal Employment Industries (Unaudited)
June 30, 2017

Industry	2017 Number of Jobs (1)	Percentage of Total	2008 Number of Jobs (1)	Percentage of Total
Trade, Transportation, and Utilities	\$ 30,300	21.25%	\$ 31,200	21.47%
Education and Health Services	28,200	19.78%	25,200	17.34%
Government	18,700	13.11%	23,600	16.24%
Manufacturing	12,200	8.56%	14,200	9.77%
Leisure and Hospitality	16,400	11.50%	16,100	11.08%
Professional and Business Services	15,700	11.01%	13,200	9.08%
Natural Resources, Mining, and Construction	5,600	3.93%	5,000	3.44%
Other Services	5,600	3.93%	6,000	4.13%
Financial Activities	6,000	4.21%	7,000	4.82%
Information	<u>3,900</u>	<u>2.73%</u>	<u>3,800</u>	<u>2.62%</u>
Total	<u>\$ 142,600</u>	<u>1.00</u>	<u>\$ 145,300</u>	<u>1.00</u>

Note:

(1) Source: Michigan Department of Technology, Management & Budget
Data for Genesee County

City of Fenton
Full-Time Equivalent Government Employees (Unaudited)
2008 - 2017

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	13	11	10	11	10	13	12	14	12	13
Public safety:										
Police	21	19	18	16	15	15	17	16	16	16
Building inspection	2	1	1	1	1	1	1	2	2	
Fire	1	1	1	1	1	1	1	1	1	1
Public works:										
DPW	8	7	8	8	8	8	8	8	8	11
Water and sewer	10	9	8	8	8	8	8	8	8	8
Total	55	48	46	45	43	46	46	49	47	49

City of Fenton
Operating Indicators (Unaudited)
2008 - 2017

Function/ program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Election data										
Registered voters	8,783	8,882	8,812	9,211	9,198	9,407	9,438	9,426	9,672	9,367
Voters (at the polls or absentee)	1,005	1,437	2,346	2,268	2,266	5,852	1,105	6,164	1,950	5,884
Percent voting	11.44%	16.18%	26.62%	23.32%	23.33%	62.20%	11.71%	65.39%	20.16%	62.82%
Police										
Physical arrests	1,175	813	870	633	481	664	470	247	305	502
Traffic violations	2,020	1,596	1,429	1,368	1,808	2,260	1,675	1,090	1,176	1,564
Investigations	9,100	9,635	9,725	10,458	9,603	8,818	10,767	8,440	9,303	8,859
Fire										
Fire runs	389	412	497	326	304	259	298	356	262	331
Emergency medical runs	162	170	147	140	150	181	198	143	170	178
Inspections	500	250	50	50	125	100	200	300	250	100
Public works										
Miles of street resurfaced	1.40	1.16	1.80	1.80	1.80	1.60	-	0.63	0.95	-
Water										
Number of customers billed	3,759	3,480	3,485	3,469	3,501	3,494	3,509	3,500	3,574	3,580
Total consumption*	360,325	313,909	299,308	295,980	307,881	320,124	287,802	294,545	374,579	299,856
Average consumption per user	96	90	86	85	88	91	82	84	105	84
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

**Sewer Plant is shared with other communities

N/A - data not available

City of Fenton
Capital Asset Statistics (Unaudited)
2008 - 2017

Function/ program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	9	9	9	9	9	9	9	11
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire response vehicles	8	8	8	8	8	8	8	8	8	10
Public works										
Streets (miles)										
Major streets	15.22	15.22	18.69	18.69	18.69	18.69	18.69	18.69	18.69	18.69
Local streets	31.60	31.60	35.05	35.05	35.05	35.05	35.05	35.05	35.05	35.05
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
Water										
Mains (miles)	64	64	64	64	64	64	64	64	64	64
Fire hydrants										
Storage capacity	1.5 mil gal.	1.5 mil gal.	1.5 mil gal.	1.5 mil gal.	1.5 mil gal.	1.5 mil gal.	1.5 mil gal	1.5 mil gal	1.5 mil gal	1.5 mil gal
Sewer										
Miles of sanitary sewers	56	56	56	56	56	56	56	56	56	56
Miles of storm sewers	39	39	39	39	39	39	39	39	39	39