

CITY OF FENTON, MICHIGAN

Comprehensive Annual Financial Report
Year Ended June 30, 2013

**Prepared by:
Treasurer's Department**

**Cynthia A. Shane
City Treasurer**

City of Fenton

Comprehensive Annual Financial Report
Year Ended June 30, 2013

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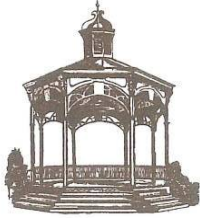
City of Fenton

Comprehensive Annual Financial Report
Year Ended June 30, 2013

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INTRODUCTORY SECTION



City of Fenton

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

December 12, 2013

Honorable Mayor Osborn and the Fenton City Council:

In accordance with State statute and provisions of the City Charter, it is my pleasure to submit to you and the citizens of Fenton, the comprehensive annual financial report of the City of Fenton for the fiscal year ending June 30, 2013 (FY 13). 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 City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of our financial transactions.

This report has been formulated following the guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada. The GFOA annually awards certificates of Achievement to those governments whose financial reports are judged to meet the high standards of public financial reporting including generally accepted accounting principles. We can point with some pride that for twenty-fifth consecutive years, beginning with Fiscal Year 1987, we have been the recipients of the GFOA's Certificate of Achievement. The City of Fenton celebrated the 25th 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 account selected by the City Council. This requirement has been met through bidding out and retaining the services of Abraham & Gaffney, 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 in stable financial condition and the economy in the community has seen some improvement. The business community has begun to reinvest in their places of business. Again this year, several businesses have remodeled or updated their facilities including Hertz Rental Cars, Sunry's Archery, Azdel, Inc., and others. New businesses that have come into the community include Ross Mortgage, a new Halo Burger store, Suski Used Cars, Epic CNC Training. The continued investments by the business community represent a positive sign for the future of the local economy.

The City of Fenton Downtown Development Authority (DDA) has completed an agreement with the Union Joints, Inc. They are in the process of completing the renovation of the Old Fire Hall for reuse as a restaurant. The DDA has also been working with the Corlin Builders to build a four-story 47,000 square foot building at the corner of Silver Lake Road and S. Leroy Street. The building will have a Japanese steakhouse, jewelry store, café and an upscale salon on the first floor. The remaining three floors will have apartments where residents will be able to have a full experience of downtown residential living. With a commitment of \$1.3 million from the City of Fenton Downtown Development Authority several large donations from business and individuals and many other donations; the Fenton Community & Cultural Center Board of Governors are preparing for an addition to the city-owned facility. Together these projects will represent an investment of over \$10 million in downtown Fenton. As of this writing, the Fire Hall restaurant is nearing completion, the Cornerstone Building is under construction and the bids for the addition to the Community & Cultural Center are due next week.

Member Michigan Municipal League

During the FY 2012 year the city began taking possession of tax reverted properties through Genesee County. This practice continued in 2013. The recent economic crisis had a severe negative impact on residential development. During the 2012 fiscal year one of the residential developments was tax reverted to the city (Orchard Hills Phase II and some lots in Phase I). In FY 2013 the city assumed ownership of another development that is nearly complete with the infrastructure already constructed. The city will seek to package these properties for sale in hopes of finding suitable developer(s).

The 2010 decennial census count showed a population gain of 11% in the last 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 projections by Genesee County indicate that growth is still occurring in the City of Fenton and is expected to continue through 2035. There is a continued high level of interest for developing in Fenton as reflected by interest from business and developers. The tight credit market continued to ease in FY 2013 and we have seen continued interest in commercial projects. Our 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 overall quality of life will continue to make Fenton a community in demand.

We have continued to implement some programs and cost reductions to address the economic challenges we face. Significant examples of programs/cost savings measures designed to assist in dealing with the economic issues and loss of revenue include:

- A couple of years ago the City of Fenton partnered with Genesee County to implement a Neighborhood Stabilization Plan. The City has now purchased five homes that have been rehabilitated and sold. One house was purchased and demolished.
- Reduction in Healthcare expenditures in the amount of \$250,000

The City of Fenton accomplished the completion of a major capital improvement project. The project that has been completed:

- N. Leroy Resurfacing Project \$1,600,000

Wherever possible the City has made use of grant, matching, 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. The City has also worked with other outside organizations to help provide the infrastructure necessary to meet the City's current and future needs.

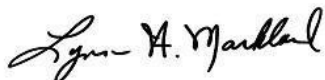
In December of 2013, the City of Fenton hosted a community forum to provide the public an opportunity for input to develop a strategic plan for the City of Fenton. The public participation was excellent with a great turnout of residents and business related individuals. Several areas were identified for improvements. The areas identified by the City Council for implementation by the administration include downtown development, improvements to the Library, and Improvements to the Parks. These projects have been given priority in FY 14 budget.

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 12, 2013

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, 2013 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 complement 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.

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.

Member Michigan Municipal League

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 with 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.

Fenton continues to grow and draw more new businesses to the area, including two new restaurants and a 68,000 sq. ft. senior extended care facility. Outside of its downtown is the commercial area of Silver Lake Village, a 153.9 acre Planned Unit Business development on the west side of the City.

A multi-million dollar industrial park is located in the City. Many of these industrial businesses were auto related but are changing to other areas of manufacturing. Creative Foam plans to invest 1.5 million and create 63 new jobs over the next five years to support their growth in producing high tolerance composite foam cores and specialized processing equipment for wind turbine blades. Creative Foam is relocating their global headquarters to Fenton.

Standard and Poors reviewed the City of Fenton credit rating in 2010. The credit rating was upgraded from an A+ to AA-. The Financial Management Assessment (FMA) score is "good".

MAJOR INITIATIVES

For the Year.

As part of the city's ongoing strategic planning, a Community Forum was held On December 5, 2012 and the general public was invited. The vision-goal setting session with the citizens provided a basis for the city council to compare previous discussions and develop a final community strategic plan. Entertainment and recreational activities, downtown walkability and an improved or new library were universal interests of the public.

A feasibility study was conducted by an architect firm of the library. Fixing all of the issues listed as first priority is estimated to cost \$204,664. The library receives about 387 visits daily while averaging 115,000 annually and is located in downtown Fenton. The DDA has budgeted \$100,000 FYE 2014 and is planning on dedicating another \$100,000 FYE 2015 for Library improvements.

Fenton's Old Fire Hall, which was built in the 1930's, is being transformed into a new restaurant in the downtown. The project is estimated to cost between \$1.3 and \$1.6 million, which includes rooftop seating and outdoor seating. Many of the old fire hall features will be preserved. Additions to the building include two extensions; one is a stairwell, elevator, restrooms, and storage area and the other is walk-in coolers. The project is privately funded with the DDA contributing \$100,000 to the project. The city is leasing the building to the proprietor for five years. The fire hall is located on the Shiawassee River and the proprietor is also converting the Old Pump House into a custard stand.

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 fundraising is almost complete for the renovation/ addition to the Fenton Community and Cultural Center. This project will be partially funded by the DDA. The addition will include two studios dedicated to arts and culture. Also included in the project, will be improved handicapped accessibility to the building and restroom facilities. This historical building was established in 1938 through the generosity of Horace and Mary Rackham and the University of Michigan. Eliel and Eero Saarinen were the architects for the building. Eero Saarinen later designed many famous structures including the Gateway Arch in St. Louis, Missouri.

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.

The North Leroy Street project was completed in FYE 2013. This project is part of the Genesee County Alliance's Transportation Improvement Program which is federally funded. The total cost of the project is \$1.4 million and the federally fund portion is 1.1 million. The city paid the remaining 20% plus engineering. This project consists of reconstruction, resurfacing, curb and gutter of one mile of five lane highway.

For July 1 2012 and Thereafter

The city has implemented significant changes in retiree health care benefits, reducing the annual premiums by 40%. These changes are reflected in the OPEB (Other Postemployment Benefits) actuarial completed as of December 31, 2010. The actuarial accrued liability at 4.50% interest was \$11,271,344 as of December 31, 2007. This actuarial accrued liability is \$7,079,664 in the current OPEB actuarial valuation report.

Current employees are contributing 20% of their monthly health care premiums. The city was paying 100% of the premiums in previous years. Their health insurance plan also has a higher deductible which is funded by the city but reduces the monthly health insurance premiums.

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.

In 2014 the DDA & Corlin Builders Inc. are planning the Cornerstone Project which is a 4 story, 48,000 square foot building with an approximated cash value of \$5.2 million. The first floor will include retail and dining and 23 residential units on the upper floors. Corlin Builders will receive an \$880,000 Michigan Community Revitalization Program incentive, awarded through the Michigan Strategic Fund. The Corlin Builders have private investors for the remainder of the building project. The DDA has planned on funding \$1.2 million of improvements for this project. This project will create 80-100 new jobs in Fenton.

The DDA is planning a new downtown streetscape project in 2014. The downtown will have larger sidewalks, to make room for outdoor seating and encourage walking, and narrower streets to help calm traffic. Tinted and decorative sidewalks, plant beds and benches will be added to improve the aesthetics from Elizabeth Street to Silver Lake Rd. The city will be receiving \$2 million in grant funds for this project, total estimated cost of construction is 4.25 million.

Michigan Department of Transportation (MDOT) Local Bridge Program will be funding 95% of the 1.4 million construction costs for replacement of the Silver Lake Road Bridge in 2015. This project will be the third bridge in the city to have received the local bridge funding.

The city plans on addressing the improvement of local streets in 2014. Capital improvement funds of \$400,000 have been budgeted for FYE 2014.

The city has recently contracted with the nationally recognized lobbying firm of Ferguson Group. One of their functions is to partner with communities nationwide and assist them with federal grants. The city is interested in seeking grants to expand bicycle/pedestrian trails along the Shiawassee River, underground utilities on N. Leroy St. and redevelopment of Brownfield areas.

The city has entered into an intergovernmental agreement with the City of Grand Blanc to provide assessing services. This agreement is for a two year period and the City of Fenton will provide assessing services for the fee of \$45,000 per year to the City of Grand Blanc.

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 assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

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

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 Abraham & Gaffney, 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, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

Acknowledgments. The continuing efforts of department heads and office staff make possible the preparation of this comprehensive annual financial report. Commitment to fiscal integrity and financial leadership by the City Council is appreciated. The accounting firm of Abraham & Gaffney, 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, 2012

Executive Director/CEO

City of Fenton

Comprehensive Annual Financial Report
Year Ended June 30, 2013

LIST OF CITY OFFICIALS

CITY COUNCIL

Barbara Sue Osborn, Mayor

Les Bland

Cheryl A. King

Patricia Lockwood

Scott Grossmeyer

Bradley Jacob

Benjamin Smith

APPOINTED OFFICIALS

Lynn Markland, City Manager

Tonya Molloseau, City Assessor

Jennifer Naismith, City Clerk

Cynthia A. Shane, City Treasurer

Noel Brad Hissong, Building & Zoning Administrator

Robert Cairnduff, Fire Chief

Richard Aro, Police Chief

Daniel Czarniecki, Director of Public Works

**City of Fenton, Michigan
Organizational Chart**

Citizens of the City of Fenton

**Mayor and
City Council**

City Attorney

Planning Commission

Library Board

Local Development Finance Authority

Compensation Commission

Building Authority

Cemetery Board

Museum Board

Board of Review

Zoning Board of Appeals

Beautification Commission

Downtown Development Authority

Park And Recreation Board

City Manager

Police
Chief

Fire
Chief

City
Clerk

Building and
Zoning
Administrator

Treasurer

Assessor

Public Works
Director

Support Staff

FINANCIAL SECTION

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fenton, Michigan (the City), as of and for the year ended June 30, 2013, 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, 2013, 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.

Changes in Accounting Principles

As discussed in Note N, during the year the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result of this implementation, the format and reporting of the financial statements has changed to reflect the required components of GASB Statements No. 63 and 65, as applicable. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fenton, Michigan's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual nonmajor fund financial statements were fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

December 12, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using this Annual Report

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

Government-wide Financial Statements are designed to provide readers with a board overview of the City of Fenton's finances, in a manner similar to a private sector business. The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two 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 statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover costs from user fees and charges for services (business-type activities). The governmental activities include general government, public works, parks and recreation, community service, and cemetery. The business-type activities include the water and sewer operation of the City. The government-wide financial statements include not only the City of Fenton (known as the primary government), but also the legally separate Downtown Development Authority and Local Development Authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the City.

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

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

Both the balance sheet and the statement of revenues, expenditures, and changes in fund balances for the governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Fenton maintains 16 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 Major Street Fund which are considered to be a major funds. Data for the other 14 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.

**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

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 thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current & other assets	\$ 6.6	\$ 6.9	\$ 5.6	\$ 6.2	\$ 12.2	\$ 13.1
Capital assets	15.3	15.5	37.1	36.1	52.4	51.6
Total assets	21.9	22.4	42.7	42.3	64.6	64.7
Long-term liabilities	1.2	1.4	14.3	12.9	15.5	14.3
Other liabilities	0.9	1.2	2.0	2.0	2.9	3.2
Total liabilities	2.1	2.6	16.3	14.9	18.4	17.5
Net position:						
Net investment in capital assets	15.0	15.2	22.4	22.3	37.4	37.5
Restricted	0.3	0.3	0.9	0.9	1.2	1.2
Unrestricted (deficit)	4.5	4.3	3.1	4.2	7.6	8.5
Total net position	\$ 19.8	\$ 19.8	\$ 26.4	\$ 27.4	\$ 46.2	\$ 47.2

The City's combined net position increased 2.2 percent from a year ago, increasing from \$46.2 million to \$47.2 million. A review of the governmental activities, separate from the business-type activities, shows the net position remained the same during the fiscal year 2013. 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 \$4.3 million at June 30, 2013. The business-type activities experienced an increase in net position of approximately \$1.0 million or four (4) percent. This increase is attributable an increase in water consumption which resulted in cash and accounts receivable increases. Reduction of long-term debt accounted for the remainder of the increase.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenue						
Program revenue:						
Charges for services	\$ 1.4	\$ 1.4	\$ 5.3	\$ 5.4	\$ 6.7	\$ 6.8
Operating grants and Contributions	0.8	0.8	0.0	0.0	0.8	0.8
Capital grants and Contributions	0.0	0.4	-	0.0	-	0.4
General revenue:						
Property taxes	3.4	3.3	0.0	0.0	3.4	3.3
State-shared revenue	0.9	0.9	0.0	0.0	0.9	0.9
Unrestricted						
Miscellaneous	0.0	0.0	0.1	0.1	0.1	0.1
Investment earnings	0.0	0.0	0.1	0.1	0.1	0.1
Total revenue	6.5	6.8	5.5	5.6	12.0	12.4
Program Expenses						
General government	1.1	1.2	0.0	0.0	1.1	1.2
Public safety	3.2	3.5	0.0	0.0	3.2	3.5
Public works	1.7	1.6	0.0	0.0	1.7	1.6
Parks & recreation	0.2	0.2	0.0	0.0	0.2	0.2
Community service	0.1	0.2	0.0	0.0	0.1	0.2
Cemetery	0.0	0.0	0.0	0.0	-	0.0
Interest on long-term debt	0.0	0.0	0.0	0.0	0.0	0.0
Water	0.0	0.0	2.3	2.6	2.3	2.6
Sewer	0.0	0.0	2.1	2.1	2.1	2.1
Total program expenses	6.3	6.7	4.4	4.7	10.7	11.4
Change in Net Position	\$ 0.20	\$ 0.10	\$ 1.10	\$ 0.90	\$ 1.30	\$ 1.00

Governmental Activities

The City's total governmental revenues increased by approximately \$0.3 million due to an increase in capital grants.

Expenses increased by approximately \$0.4 million, or six (6) percent, from last fiscal year. This increase resulted from reinstating some of the police overtime which increased public safety expenses.

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 increased for FYE 13 due a lagoon drainage, well repairs and increased costs of operating supplies.

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 Sewer Fund expenses remained the same as the previous year in FY 2013. During fiscal 2013, \$769,773 in operating income was incurred in the Sewer Fund and \$733,237 in operating income was incurred in the Water Fund.

The City's Funds

Our analysis of the City's major funds begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes as well as show accountability for certain activities, such as State of Michigan Act 51 major and local road revenue sharing.

The City's major governmental funds for 2013 were the General Fund and Major Street 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 \$2.6 million in 2013. The general operating millage levied by the City supports these two services. FY 2013, revenues decreased in the General Fund by \$6,654, mainly due to the decreases in taxable values and property taxes. The City made a great effort to keep spending stable, expenditures increased by \$256,772. This increase was mainly from the reinstatement of police overtime. Fund Balance in the General Fund increased by \$34,926.

General Fund Budgetary Highlights

Over the course of the year, City administration and City Council monitor and amend the budget to take into account unanticipated events that occur during the year. At year end, actual General Fund revenues were under budget by \$13,132. Property taxes actually collected were less than expected. Expenditures were \$39,754 under budget. Various departments contributed to the positive budget variance.

Capital Assets and Debt Administration

At the end of fiscal 2013, the City had \$52.8 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 \$7.5 million and \$7.2 million for fiscal 2013 and 2012, respectively. The increase in infrastructure assets every year is due to continuous capital improvement program in which the city improves streets every year.

	Governmental Activities	Business- Type Activities	Component Unit Activities	Total
Land	\$ 1,605,104	\$ 190,930	\$ 425,000	\$ 2,221,034
Construction in progress	924,543	111,455	450,464	1,486,462
Buildings, net	3,801,606	-	326,707	4,128,313
Building and land improvements, net	83,725	7,311,866	-	7,395,591
Machinery, vehicles and equipment, net	1,547,355	29,667	8,176	1,585,198
Roads, lights, and bridges, net	7,523,665	-	-	7,523,665
Sewer and water lines, net	-	28,465,964	-	28,465,964
Capital assets, net	\$ 15,485,998	\$ 36,109,882	\$ 1,210,347	\$ 52,806,227

At the end of the 2013 fiscal year, the City of Fenton (primary government) had net outstanding debt of \$14,460,113. 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 \$1,537,466 during the fiscal year.

Standard and poor's reviewed the City of Fenton credit rating during FY 2010. The rating was upgraded from an A+ to AA-. The Financial Management Assessment (FMA) score is "good". The Water Fund issued revenue bonds in this fiscal year. The ratio of net general bonded debt to assessed valuation and the amount of net bonded debt per capita are as follows:

	<u>2012</u>	<u>2013</u>
Net direct bonded debt	\$ 359,675	\$ 263,965
Ratio of debt to assessed valuation	0.0010	0.0007
Debt per capita	\$ 31	\$ 22

Additional information on the City of Fenton's capital assets and long term debt can be found in note E on pages 24-26 and note F on pages 26-30, respectively, of this report.

Economic Factors and Next Year's Budgets and Rates

The City levied an operating millage of 11 mills from 1989 to 2001. The City charter's operating millage is 13 mills. During these years the Headlee Amendment authorized millage was higher than 11 mills but the City Council chose not to levy the full authorized millage. In the past twelve years the Headlee Amendment has rolled the City's operating millage below 11 mills. For 2012 and 2013 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 2012 under Proposal A was only 2.7 percent. Property taxes make up 66 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 slow.

The General Fund budget for 2014 is structured so that revenues exceed expenditures by \$47,975. 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. Each year the city tackles a major road infrastructure project, this year N. Leroy was resurfaced. The City prepares a Five Year Financial Plan for the General Fund, foreseeing the possible financial condition for more than just one year.

Contacting the City's Management

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

BASIC FINANCIAL STATEMENTS

City of Fenton

STATEMENT OF NET POSITION

June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash	\$ 5,286,976	\$ 3,339,156	\$ 8,626,132	\$ 2,989,695
Cash - restricted	-	681,844	681,844	-
Investments	251,535	-	251,535	-
Investments - restricted	-	220,933	220,933	-
Receivables	603,205	1,800,279	2,403,484	-
Due from other governmental units	674,380	-	674,380	50,000
Internal balances	(64,868)	64,868	-0-	-
Inventories	44,336	33,194	77,530	-
Prepays	74,335	-	74,335	-
Assets held for resale	31,039	-	31,039	-
Total current assets	6,900,938	6,140,274	13,041,212	3,039,695
Noncurrent assets				
Capital assets not being depreciated	2,529,647	302,385	2,832,032	875,464
Capital assets, net of accumulated depreciation	12,956,351	35,807,497	48,763,848	334,883
Total noncurrent assets	15,485,998	36,109,882	51,595,880	1,210,347
TOTAL ASSETS	22,386,936	42,250,156	64,637,092	4,250,042
LIABILITIES				
Current liabilities				
Accounts payable	208,328	327,256	535,584	104,418
Accrued wages	107,246	14,012	121,258	1,723
Deposits payable	250,122	-	250,122	-
Due to other governmental units	345,505	-	345,505	65,122
Accrued interest payable	4,545	114,861	119,406	26,442
Unearned revenue	8,497	-	8,497	-
Current portion of compensated absences	124,940	11,998	136,938	-
Current portion of long-term debt	102,050	1,579,785	1,681,835	396,000
Total current liabilities	1,151,233	2,047,912	3,199,145	593,705
Noncurrent liabilities				
Meter deposits	-	4,178	4,178	-
Noncurrent portion of compensated absences	192,703	47,991	240,694	-
Noncurrent portion of long-term debt	169,818	12,230,829	12,400,647	3,153,000
Net other post-employment benefit obligation	1,045,778	565,798	1,611,576	-
Total noncurrent liabilities	1,408,299	12,848,796	14,257,095	3,153,000
TOTAL LIABILITIES	2,559,532	14,896,708	17,456,240	3,746,705
NET POSITION				
Net investment in capital assets	15,214,130	22,299,268	37,513,398	1,210,347
Restricted				
Highways and streets	342,981	-	342,981	-
Bond reserve	-	902,777	902,777	-
Unrestricted	4,270,293	4,151,403	8,421,696	(707,010)
TOTAL NET POSITION	\$ 19,827,404	\$ 27,353,448	\$ 47,180,852	\$ 503,337

See accompanying notes to financial statements.

City of Fenton
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

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	\$ 1,187,672	\$ 208,100	\$ 12,671	\$ -	\$ (966,901)	\$ -	\$ (966,901)	\$ -
Public safety	3,537,017	657,777	19,266	50,000	(2,809,974)	-	(2,809,974)	-
Public works	1,617,226	482,083	812,466	43,245	(279,432)	-	(279,432)	-
Community and economic development	148,585	-	7,781	276,593	135,789	-	135,789	-
Recreation and culture	233,723	36,439	1,350	30	(195,904)	-	(195,904)	-
Interest and fees on long-term debt	10,728	-	-	-	(10,728)	-	(10,728)	-
Total governmental activities	6,734,951	1,384,399	853,534	369,868	(4,127,150)	-0-	(4,127,150)	-0-
Business-type activities								
Sewer	2,120,388	2,530,529	-	-	-	410,141	410,141	-
Water	2,550,571	2,902,028	-	-	-	351,457	351,457	-
Total business-type activities	4,670,959	5,432,557	-0-	-0-	-0-	761,598	761,598	-0-
Total primary government	<u>\$ 11,405,910</u>	<u>\$ 6,816,956</u>	<u>\$ 853,534</u>	<u>\$ 369,868</u>	<u>(4,127,150)</u>	<u>761,598</u>	<u>(3,365,552)</u>	<u>-0-</u>
Component units								
Downtown development authority	\$ 1,268,765	\$ -	\$ -	\$ -	-	-	-0-	(1,268,765)
Local development finance authority	123,648	-	38,999	-	-	-	-0-	(84,649)
Total component units	<u>\$ 1,392,413</u>	<u>\$ -0-</u>	<u>\$ 38,999</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(1,353,414)</u>
General revenues								
Property taxes					3,262,058	-	3,262,058	1,106,849
State shared revenue					891,798	-	891,798	-
Investment earnings					8,650	81,470	90,120	6,693
Miscellaneous					39,777	118,958	158,735	-
Total general revenues					<u>4,202,283</u>	<u>200,428</u>	<u>4,402,711</u>	<u>1,113,542</u>
Change in net position					75,133	962,026	1,037,159	(239,872)
Restated net position, beginning of the year					<u>19,752,271</u>	<u>26,391,422</u>	<u>46,143,693</u>	<u>743,209</u>
Net position, end of the year					<u>\$ 19,827,404</u>	<u>\$ 27,353,448</u>	<u>\$ 47,180,852</u>	<u>\$ 503,337</u>

See accompanying notes to financial statements.

City of Fenton
Governmental Funds
BALANCE SHEET
June 30, 2013

	General	Major Street	Nonmajor Governmental Funds	Total
ASSETS				
Cash	\$ 1,823,635	\$ -	\$ 2,677,751	\$ 4,501,386
Investments	251,535	-	-	251,535
Receivables				
Accounts	251,582	16,005	98,705	366,292
Taxes	202,635	-	-	202,635
Special assessments	10,533	-	23,705	34,238
Due from other funds	96,277	-	-	96,277
Due from other governmental units	352,127	236,763	85,490	674,380
Inventories	40,531	-	3,805	44,336
Prepays	74,335	-	-	74,335
Assets held for resale	-	-	31,039	31,039
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 3,103,190</u>	<u>\$ 252,768</u>	<u>\$ 2,920,495</u>	<u>\$ 6,276,453</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 144,482	\$ 19,920	\$ 22,114	\$ 186,516
Accrued wages	93,113	3,048	10,903	107,064
Deposits payable	250,122	-	-	250,122
Due to other funds	5,000	95,432	108,673	209,105
Unearned revenue	-	-	8,497	8,497
Due to other governmental units	295,505	-	50,000	345,505
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	788,222	118,400	200,187	1,106,809
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	202,635	-	23,705	226,340
FUND BALANCES				
Nonspendable	114,866	-	34,844	149,710
Restricted	-	134,368	208,613	342,981
Committed	-	-	2,453,146	2,453,146
Unassigned	1,997,467	-	-	1,997,467
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>2,112,333</u>	<u>134,368</u>	<u>2,696,603</u>	<u>4,943,304</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
	<u>\$ 3,103,190</u>	<u>\$ 252,768</u>	<u>\$ 2,920,495</u>	<u>\$ 6,276,453</u>

See accompanying notes to financial statements.

City of Fenton

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

June 30, 2013

Total fund balances - governmental funds **\$ 4,943,304**

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

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

The cost of capital assets is	\$ 23,352,267	
Accumulated depreciation is	<u>(7,866,269)</u>	
Capital assets, net		15,485,998

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Government-wide Statement of Net Position

Net position of governmental activities accounted for in Internal Service Funds	765,522	
Add: compensated absences included in total below	210,284	
Less: net capital assets included in totals above	<u>(164,210)</u>	
		811,596

Long-term assets are not available to pay for current period expenditures and are therefore deferred in the funds. 226,340

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

Installment purchase agreements	(271,868)	
Compensated absences	(317,643)	
Accrued interest payable	(4,545)	
Net other post-employment benefit obligation	<u>(1,045,778)</u>	
		<u>(1,639,834)</u>

Net position of governmental activities **\$ 19,827,404**

City of Fenton

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2013

	General	Major Street	Nonmajor Governmental Funds	Total
REVENUES				
Taxes	\$ 3,348,895	\$ -	\$ -	\$ 3,348,895
Licenses and permits	261,742	-	-	261,742
Intergovernmental	906,531	621,007	242,485	1,770,023
Charges for services	336,471	-	620,223	956,694
Fines and forfeits	69,385	-	-	69,385
Interest and rents	61,554	-	13,613	75,167
Other	53,975	-	84,445	138,420
TOTAL REVENUES	5,038,553	621,007	960,766	6,620,326
EXPENDITURES				
Current				
General government	883,382	-	48,010	931,392
Public safety	2,628,921	-	258,409	2,887,330
Public works	216,615	860,721	789,226	1,866,562
Community and economic development	40,857	-	80,658	121,515
Recreation and culture	53,728	-	139,389	193,117
Other	312,066	-	-	312,066
Debt service	-	-	108,630	108,630
TOTAL EXPENDITURES	4,135,569	860,721	1,424,322	6,420,612
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	902,984	(239,714)	(463,556)	199,714
OTHER FINANCING SOURCES (USES)				
Lease proceeds	8,623	-	-	8,623
Transfers in	-	385,000	1,012,520	1,397,520
Transfers out	(883,520)	(129,000)	(385,000)	(1,397,520)
TOTAL OTHER FINANCING SOURCES (USES)	(874,897)	256,000	627,520	8,623
NET CHANGE IN FUND BALANCES	28,087	16,286	163,964	208,337
Fund balances, beginning of year	2,084,246	118,082	2,532,639	4,734,967
Fund balances, end of year	<u>\$ 2,112,333</u>	<u>\$ 134,368</u>	<u>\$ 2,696,603</u>	<u>\$ 4,943,304</u>

See accompanying notes to financial statements.

City of Fenton

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

Year Ended June 30, 2013

Net change in fund balances - total governmental funds \$ 208,337

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

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

Capital outlay	\$ 722,154	
Depreciation expense	<u>(867,666)</u>	
Excess of depreciation expense over capital outlay		(145,512)

The net effect of contributions of capital assets is to increase net position: 276,593

Internal service funds are used by management to charge the costs of certain activities to individual funds.

Decrease in Net Position of Internal Service Funds	(39,716)	
Add: Decrease in capital assets included above	24,882	
Less: Decrease in compensated absences included below	<u>(3,276)</u>	
		(18,110)

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

Loan principal retirement	96,430	
Lease proceeds	<u>(8,623)</u>	
		87,807

Some items reported in the statement of activities do not result in the use of or provide current financial resources and therefore are reported differently than in the governmental funds. These activities consist of:

Decrease in accrued interest payable	1,472	
(Increase) in compensated absences	(18,380)	
Decrease in unavailable revenue	(86,837)	
(Increase) in net other post-employment benefit obligation	<u>(230,237)</u>	
		<u>(333,982)</u>

Change in net position of governmental activities \$ 75,133

City of Fenton

Proprietary Funds

STATEMENT OF NET POSITION

June 30, 2013

	Business-type Activities		Total	Governmental
	Sewer Fund	Water Fund		Internal Service
ASSETS				
Current assets				
Cash	\$ 1,869,434	\$ 1,469,722	\$ 3,339,156	\$ 785,590
Cash - restricted	-	681,844	681,844	-
Investments - restricted	-	220,933	220,933	-
Accounts receivable	834,372	965,907	1,800,279	40
Due from other funds	108,373	-	108,373	47,960
Inventories	-	33,194	33,194	-
Total current assets	2,812,179	3,371,600	6,183,779	833,590
Noncurrent assets				
Capital assets not being depreciated	269,258	33,127	302,385	-
Capital assets, net of accumulated depreciation	20,696,962	15,110,535	35,807,497	164,210
Total noncurrent assets	20,966,220	15,143,662	36,109,882	164,210
TOTAL ASSETS	23,778,399	18,515,262	42,293,661	997,800
LIABILITIES				
Current liabilities				
Accounts payable	263,486	63,770	327,256	21,812
Accrued wages	2,515	11,497	14,012	182
Accrued interest payable	53,733	61,128	114,861	-
Due to other funds	1,315	42,190	43,505	-
Current portion of compensated absences	4,310	7,688	11,998	64,089
Current portion of long-term debt	984,785	595,000	1,579,785	-
Total current liabilities	1,310,144	781,273	2,091,417	86,083
Noncurrent liabilities				
Meter deposits	-	4,178	4,178	-
Noncurrent portion of compensated absences	17,239	30,752	47,991	146,195
Noncurrent portion of long-term debt	4,307,070	7,923,759	12,230,829	-
Other post-employment benefit obligation	157,013	408,785	565,798	-
Total noncurrent liabilities	4,481,322	8,367,474	12,848,796	146,195
TOTAL LIABILITIES	5,791,466	9,148,747	14,940,213	232,278
NET POSITION				
Net investment in capital assets	15,674,365	6,624,903	22,299,268	164,210
Restricted for bond reserve	-	902,777	902,777	-
Unrestricted	2,312,568	1,838,835	4,151,403	601,312
TOTAL NET POSITION	\$ 17,986,933	\$ 9,366,515	\$ 27,353,448	\$ 765,522

See accompanying notes to financial statements.

City of Fenton

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2013

	Business-type Activities		Total	Governmental
	Sewer Fund	Water Fund		Internal Service
OPERATING REVENUES				
Charges for services	\$ 2,530,529	\$ 2,902,028	\$ 5,432,557	\$ 223,853
Other	52,940	66,018	118,958	4,073
TOTAL OPERATING REVENUES	2,583,469	2,968,046	5,551,515	227,926
OPERATING EXPENSES				
Personnel services	199,838	883,776	1,083,614	15,239
Professional services	914,073	42,069	956,142	-
Operating supplies	26,497	539,526	566,023	31,364
Fuel and utilities	38,224	156,943	195,167	73,457
Repairs and maintenance	1,709	49,132	50,841	26,216
Equipment and building rent	39,968	33,405	73,373	32,413
Insurance	12,600	20,000	32,600	12,800
Depreciation	579,898	508,790	1,088,688	78,112
Other	889	1,168	2,057	38
TOTAL OPERATING EXPENSES	1,813,696	2,234,809	4,048,505	269,639
OPERATING INCOME (LOSS)	769,773	733,237	1,503,010	(41,713)
NONOPERATING REVENUES (EXPENSES)				
Interest earned	4,232	77,238	81,470	1,997
Interest expense and fees	(248,044)	(315,762)	(563,806)	-
Other	(58,648)	-	(58,648)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(302,460)	(238,524)	(540,984)	1,997
CHANGE IN NET POSITION	467,313	494,713	962,026	(39,716)
Net position, beginning of year	17,519,620	8,871,802	26,391,422	805,238
Net position, end of year	<u>\$ 17,986,933</u>	<u>\$ 9,366,515</u>	<u>\$ 27,353,448</u>	<u>\$ 765,522</u>

See accompanying notes to financial statements.

City of Fenton

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended June 30, 2013

	Business-type Activities			Governmental
	Sewer Fund	Water Fund	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 2,589,750	\$ 2,982,202	\$ 5,571,952	\$ -
Cash receipts from interfund services provided	6,948	-	6,948	232,112
Cash payments for interfund services used	(10,399)	(6,863)	(17,262)	-
Cash paid to suppliers	(1,004,399)	(819,976)	(1,824,375)	(175,102)
Cash paid to employees	(179,447)	(850,186)	(1,029,633)	(10,241)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,402,453	1,305,177	2,707,630	46,769
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(170,103)	(9,749)	(179,852)	(53,230)
Proceeds from sale of assets	-	-	-0-	-
Interest and fees paid	(258,659)	(319,283)	(577,942)	-
Capital contributions	-	-	-0-	-
Payments on borrowings	(946,375)	(580,000)	(1,526,375)	-
Proceeds from bond issuance	58,648	-	58,648	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,316,489)	(909,032)	(2,225,521)	(53,230)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	4,232	77,238	81,470	1,997
NET INCREASE (DECREASE) IN CASH	90,196	473,383	563,579	(4,464)
Cash, beginning of year	1,779,238	1,678,183	3,457,421	790,054
Cash, end of year	<u>\$ 1,869,434</u>	<u>\$ 2,151,566</u>	<u>\$ 4,021,000</u>	<u>\$ 785,590</u>

City of Fenton

Proprietary Funds

STATEMENT OF CASH FLOWS - CONCLUDED

Year Ended June 30, 2013

	Business-type Activities		Total	Governmental
	Sewer Fund	Water Fund		Internal Service
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 769,773	\$ 733,237	\$ 1,503,010	\$ (41,713)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	579,898	508,790	1,088,688	78,112
(Increase) decrease in:				
Accounts receivable	6,281	14,156	20,437	(40)
Due from other funds	6,948	-	6,948	4,226
Inventories	-	2,676	2,676	-
Increase (decrease) in:				
Accounts payable	29,561	19,591	49,152	9,278
Accrued wages	535	(757)	(222)	182
Compensated absences	(326)	15	(311)	(3,276)
Other post-employment benefits obligation	20,182	34,332	54,514	-
Due to other funds	(10,399)	(6,863)	(17,262)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,402,453	\$ 1,305,177	\$ 2,707,630	\$ 46,769

See accompanying notes to financial statements.

City of Fenton

Fiduciary Funds

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 56,774
Due from other governmental units	<u>93,412</u>
TOTAL ASSETS	<u>\$ 150,186</u>
LIABILITIES	
Due to other governmental units	\$ 12,296
Due to union groups	7,806
Due to individuals and agencies	<u>130,084</u>
TOTAL LIABILITIES	<u>\$ 150,186</u>

See accompanying notes to financial statements.

City of Fenton

Component Units

COMBINING STATEMENT OF NET POSITION

June 30, 2013

	Downtown Development Authority	Local Development Finance Authority	Total
ASSETS			
Current assets			
Cash	\$ 2,018,308	\$ 971,387	\$ 2,989,695
Due from other governmental units	-	50,000	50,000
Total current assets	2,018,308	1,021,387	3,039,695
Noncurrent assets			
Capital assets not being depreciated	875,464	-	875,464
Capital assets, net of accumulated depreciation	334,883	-	334,883
Total noncurrent assets	1,210,347	-0-	1,210,347
TOTAL ASSETS	3,228,655	1,021,387	4,250,042
LIABILITIES			
Current liabilities			
Accounts payable	96,642	7,776	104,418
Accrued wages	1,025	698	1,723
Due to other governmental units	53,257	11,865	65,122
Accrued interest payable	26,442	-	26,442
Current portion of long-term debt	396,000	-	396,000
Total current liabilities	573,366	20,339	593,705
Noncurrent liabilities			
Noncurrent portion of long-term debt	3,153,000	-	3,153,000
TOTAL LIABILITIES	3,726,366	20,339	3,746,705
NET POSITION			
Net investment in capital assets	1,210,347	-	1,210,347
Unrestricted	(1,708,058)	1,001,048	(707,010)
TOTAL NET POSITION	\$ (497,711)	\$ 1,001,048	\$ 503,337

See accompanying notes to financial statements.

City of Fenton

Component Units

COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

Net (Expense) Revenues and
Changes in Net Position

Functions/Programs	Expenses	Program Revenue Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Position		
			Downtown Development Authority	Local Development Finance Authority	Total
Downtown Development Authority Community and economic development	\$ 1,268,765	\$ -	\$ (1,268,765)	\$ -	\$ (1,268,765)
Local Development Finance Authority Community and economic development	123,648	38,999	-	(84,649)	(84,649)
TOTAL	\$ 1,392,413	\$ 38,999	(1,268,765)	(84,649)	(1,353,414)
General revenues					
Property taxes			1,006,673	100,176	1,106,849
Investment earnings			4,850	1,843	6,693
Total general revenues			1,011,523	102,019	1,113,542
CHANGE IN NET POSITION			(257,242)	17,370	(239,872)
Restated net position, beginning of year			(240,469)	983,678	743,209
Net position, end of year			\$ (497,711)	\$ 1,001,048	\$ 503,337

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Fenton, Michigan (the City), has a population of approximately 11,756. 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 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.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, *The Financial Reporting Entity* (as amended by GASB Statements 39 and 61); and *Michigan Committee on Governmental Accounting and Auditing Statement No. 4*, these financial statements present the financial activities of the City of Fenton (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.

2. Blended Component Unit

The City of Fenton's Building Authority is governed by a board appointed by the City of Fenton's governing body. Although it is legally separate from the City of Fenton, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City of Fenton's public buildings. The Building Authority had no activity in 2012 or 2013.

3. 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, 2013, 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Basis of Presentation

GOVERNMENT-WIDE 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 funds:

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

The City reports the following major enterprise funds:

- a. The Sewer Fund is used to account for the operations required to providing sewer services to the general public, the costs (expenses, including depreciation) is financed or recovered primarily through user charges.
- b. The Water Fund is used to account for the operations required to providing water services to the general public, the costs (expenses, including depreciation) is 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 of the City on cost reimbursement basis.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Measurement Focus

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

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, 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.

6. Basis of Accounting

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

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and 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 Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. 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.
- 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.

8. Cash and Investments

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

Investments consist of certificates of deposit with original maturities of greater than 90 days. All certificates of deposit are stated at cost, which approximates market value.

Restricted cash and investments 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.

9. 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. 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.

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, 2013, the City levied 10.6226 mills per \$1,000 of taxable valuation for general governmental services. The total taxable value for the 2012 levy for property within the City was \$369,333,758.

11. 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.

12. Prepays

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.

13. Assets Held for Resale

Assets held for resale consist of properties that the City acquired with the express intent of resale after providing the properties with suitable economic development. Assets held for resale are valued at cost for the governmental funds and 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.

14. 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 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. Capital Assets - Concluded

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

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

15. Compensated Absences

a. Accumulated unpaid sick pay

Substantially all City employees are paid for unused sick days upon termination of employment. Accumulated vested unpaid sick pay at June 30, 2013, 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.

b. Accumulated unpaid vacation pay

All employees may carry over from year to year a maximum of one-half of the unused vacation days earned in the current year. Upon involuntary termination of employment, no payment will be made to an employee for any unused accumulated vacation days. However, upon voluntary termination with notice, an employee may receive payment for any unused accumulated vacation days. At June 30, 2013, the unused vacation days are recorded in the government-wide financial statements of the City.

16. 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.

17. Unearned/Unavailable Revenue

Governmental funds report unavailable revenues in connection with receivables for revenue that is not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Government-wide financial statements also report unearned revenue for amounts received but not yet earned.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED

18. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet, when applicable, will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City does not report any deferred outflows of resources.

In addition to liabilities, the statement of net position and the balance sheet when applicable will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows, represents an acquisition of net position/fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item of this type, uncollected taxes receivable, that qualifies as a deferred inflow of resources.

19. 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.

20. Restricted Net Assets

Restrictions of net assets shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes.

21. 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.

22. Comparative Data

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

City of Fenton

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE B: CASH AND INVESTMENTS

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

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. 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 eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
3. 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.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers' acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Deposits

As of June 30, 2013, the carrying amounts and bank balances for each type of bank account are as follows:

<u>STATEMENT OF NET POSITION</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
PRIMARY GOVERNMENT		
Checking and savings	\$ 9,304,807	\$ 9,331,141
Certificates of deposit	<u>472,468</u>	<u>472,252</u>
Total primary government	9,777,275	9,803,393
FIDUCIARY FUNDS		
Checking and savings	56,774	158,556
COMPONENT UNITS		
Checking and savings	<u>2,989,695</u>	<u>2,993,310</u>
TOTAL REPORTING ENTITY	<u><u>\$ 12,823,744</u></u>	<u><u>\$ 12,955,259</u></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, 2013, the City did not have any investments that would be subject to rating.

City of Fenton

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE B: CASH AND INVESTMENTS - CONCLUDED

Interest rate risk

The City has not adopted a policy that indicates how the City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by 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 the City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized if/when the City has investments that are subject to this type of risk.

Custodial credit 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, 2013, the City accounts were insured by the FDIC for \$978,469 and the amount of \$11,976,790 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.

The cash and investments referred to above have been reported in either the cash or investments captions on the basic financial statements, based upon criteria disclosed in Note A.

The following summarizes the categorization of these amounts as of June 30, 2013:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Cash	\$ 8,626,132	\$ 2,989,695	\$ 56,774	\$ 11,672,601
Cash - restricted	681,844	-	-	681,844
Investments	251,535	-	-	251,535
Investments - restricted	220,933	-	-	220,933
	<u>\$ 9,780,444</u>	<u>\$ 2,989,695</u>	<u>\$ 56,774</u>	<u>\$ 12,826,913</u>

The primary government cash caption on the financial statements includes \$3,169 in imprest cash.

City of Fenton

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE C: INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 2013, are as follows:

Due to General Fund from:	
Major Street Fund	\$ 95,432
Water Fund	545
Nonmajor governmental funds	<u>300</u>
	<u>\$ 96,277</u>
Due to Sewer Fund from:	
Nonmajor governmental funds	<u>\$ 108,373</u>
Due to Internal Service Funds from:	
General Fund	\$ 5,000
Sewer Fund	1,315
Water Fund	<u>41,645</u>
	<u>\$ 47,960</u>

Amounts appearing as interfund payables and receivables arise from two 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.

NOTE D: INTERFUND TRANSFERS

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

The transfers from the General Fund to the nonmajor governmental funds were to fund current year operations.

Transfer to Major Street Fund from:	
Nonmajor governmental funds	<u>\$ 385,000</u>
Transfers to nonmajor governmental funds from:	
General Fund	\$ 883,520
Major Street Fund	<u>129,000</u>
	<u>\$ 1,012,520</u>

City of Fenton

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE E: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

Primary Government

	Restated Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,605,104	\$ -	\$ -	\$ 1,605,104
Construction in progress - roads	1,009,393	640,282	(725,132)	924,543
 Total capital assets not being depreciated	 2,614,497	 640,282	 (725,132)	 2,529,647
Capital assets, being depreciated				
Buildings	6,007,171	-	-	6,007,171
Building and land improvements	552,838	-	-	552,838
Machinery, vehicles, and equipment	4,709,488	358,465	(130,834)	4,937,119
Roads, lights, and bridges	8,600,360	725,132	-	9,325,492
 Total capital assets being depreciated	 19,869,857	 1,083,597	 (130,834)	 20,822,620
Less accumulated depreciation for:				
Buildings	(2,059,697)	(145,868)	-	(2,205,565)
Building and land improvements	(452,798)	(16,315)	-	(469,113)
Machinery, vehicles, and equipment	(3,260,669)	(252,929)	123,834	(3,389,764)
Roads, lights, and bridges	(1,356,273)	(445,554)	-	(1,801,827)
 Total accumulated depreciation	 (7,129,437)	 (860,666)	 123,834	 (7,866,269)
 Total capital assets being depreciated, net	 12,740,420	 222,931	 (7,000)	 12,956,351
 Net capital assets	 \$ 15,354,917	 \$ 863,213	 \$ (732,132)	 \$ 15,485,998

Depreciation expense was charged to the following governmental activities:

General government	\$ 83,983
Public safety	252,907
Public works	523,666
Recreation and cultural	7,110
 Total depreciation expense	 \$ 867,666

The current depreciation expense in the Governmental Activities of \$860,666 has been adjusted by \$7,000 for the disposal of capital assets during the year, in accordance with the GASB Statement No. 34 implementation guide which states that immaterial losses may be handled as an adjustment to the current period's depreciation expense.

City of Fenton

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE E: CAPITAL ASSETS - CONTINUED

Primary Government - Concluded

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 190,930	\$ -	\$ -	\$ 190,930
Construction in progress	2,399,017	111,455	(2,399,017)	111,455
Total capital assets not being depreciated	2,589,947	111,455	(2,399,017)	302,385
Capital assets, being depreciated				
Building improvements	8,859,988	-	-	8,859,988
Sewer and water lines	38,287,339	2,406,660	-	40,693,999
Machinery and equipment	671,280	-	-	671,280
Total capital assets being depreciated	47,818,607	2,406,660	-0-	50,225,267
Less accumulated depreciation for:				
Building improvements	(1,326,628)	(221,494)	-	(1,548,122)
Sewer and water lines	(11,373,448)	(854,587)	-	(12,228,035)
Machinery and equipment	(629,006)	(12,607)	-	(641,613)
Total accumulated depreciation	(13,329,082)	(1,088,688)	-0-	(14,417,770)
Total capital assets being depreciated, net	34,489,525	1,317,972	-0-	35,807,497
Net capital assets	<u>\$ 37,079,472</u>	<u>\$ 1,429,427</u>	<u>\$ (2,399,017)</u>	<u>\$ 36,109,882</u>

Depreciation expense was charged to the following business-type activities:

Sewer	\$ 579,898
Water	<u>508,790</u>
Total depreciation expense	<u>\$ 1,088,688</u>

City of Fenton

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE E: CAPITAL ASSETS - CONCLUDED

Component Unit

	Restated Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Downtown Development Authority				
Capital assets, not being depreciated				
Land	\$ 425,000	\$ -	\$ -	\$ 425,000
Construction in progress	474,790	252,267	(276,593)	450,464
	899,790	252,267	(276,593)	875,464
Capital assets, being depreciated				
Buildings	620,234	-	(247,546)	372,688
Equipment	20,440	-	-	20,440
Total capital assets being depreciated	640,674	-0-	(247,546)	393,128
Less accumulated depreciation for:				
Buildings	(47,980)	(31,007)	33,006	(45,981)
Equipment	(8,176)	(4,088)	-	(12,264)
Total accumulated depreciation	(56,156)	(35,095)	33,006	(58,245)
Total capital assets being depreciated, net	584,518	(35,095)	(214,540)	334,883
Net capital assets	<u>\$ 1,484,308</u>	<u>\$ 217,172</u>	<u>\$ (491,133)</u>	<u>\$ 1,210,347</u>

NOTE F: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the City for the year ended June 30, 2013:

Primary Government

	Restated Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amounts Due Within One Year
Governmental Activities					
Installment purchase agreements	\$ 359,675	\$ -	\$ (95,710)	\$ 263,965	\$ 99,170
Copier lease	-	8,623	(720)	7,903	2,880
Compensated absences	299,263	96,587	(78,207)	317,643	124,940
Total	658,938	105,210	(174,637)	589,511	226,990

City of Fenton

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE F: LONG-TERM DEBT - CONTINUED

Primary Government - Concluded

	Restated Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amounts Due Within One Year
Business-type Activities					
2005 Sewage Refunding Bonds	\$ 2,821,549	\$ -	\$ (713,950)	\$ 2,107,599	\$ 708,681
2006 Sewage Disposal Bonds	2,394,650	-	(182,425)	2,212,225	226,104
1999 Michigan Municipal Bond Authority	578,759	-	(75,000)	503,759	75,000
2002 Michigan Municipal Bond Authority	5,860,000	-	(470,000)	5,390,000	480,000
2009 Michigan Municipal Bond Authority	963,383	58,648	(50,000)	972,031	50,000
2010 Capital Improvement Bonds	2,660,000	-	(35,000)	2,625,000	40,000
Compensated absences	60,300	14,240	(14,552)	59,988	11,998
Total	15,338,641	72,888	(1,540,927)	13,870,602	1,591,783
TOTAL PRIMARY GOVERNMENT	<u>\$ 15,997,579</u>	<u>\$ 178,098</u>	<u>\$ (1,715,564)</u>	<u>\$ 14,460,113</u>	<u>\$ 1,818,773</u>

Component Unit

Component Unit (DDA)					
2012 DDA Dispatch Loan	\$ -	\$ 260,000	\$ (26,000)	\$ 234,000	\$ 26,000
2011 GOLT Development Refunding Bonds	3,675,000	-	(360,000)	3,315,000	370,000
	<u>\$ 3,675,000</u>	<u>\$ 260,000</u>	<u>\$ (386,000)</u>	<u>\$ 3,549,000</u>	<u>\$ 396,000</u>

Primary Government

Installment Purchase Agreements

\$630,000 Installment Purchase Agreement on Magnum fire truck dated March 1, 2005, due in annual installments of \$75,982, including interest through March 1, 2015, with interest of 3.67 percent. \$ 143,990

\$200,000 Installment Purchase Agreement on Central State fire apparatus dated November 13, 2009, due in annual installments of \$32,648, including interest through November 1, 2016, with interest of 3.48 percent. 119,975

\$ 263,965

Capital Lease - Copier

Capital Lease Agreement for a copier dated February 26, 2013, due in monthly installments of \$246, including interest through March 1, 2016, with interest of 2.70 percent. \$ 7,903

City of Fenton

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE F: LONG-TERM DEBT - CONTINUED

Primary Government - continued

General Obligation Bonds

\$6,818,086 2005 Sewage Refunding Bonds dated February 1, 2005, due in annual installments ranging from \$698,143 to \$713,950 through April 1, 2016, with interest ranging from 4.25 to 5.00 percent, payable semi-annually. \$ 2,107,599

\$2,885,399 2007 Sewage Disposal Bonds dated November 16, 2007, due in annual installments ranging from \$182,425 to \$470,194 through April 1, 2019, with interest of 4.00 percent, payable semi-annually. 2,212,225

\$ 4,319,824

Revenue Bonds

\$1,413,759 Michigan Municipal Bond Authority Series 1999 dated April 1, 1999, due in annual installments ranging from \$75,000 to \$98,759 through April 1, 2019, with an interest rate of 2.5 percent, payable semi-annually. \$ 503,759

\$9,600,000 Michigan Municipal Bond Authority Series 2002 dated December 19, 2002, due in annual installments ranging from \$460,000 to \$600,000 through April 1, 2023, with an interest rate of 2.5 percent, payable semi-annually. 5,390,000

\$1,419,839 Michigan Municipal Bond Authority Series 2009 (only \$1,118,031 drawn to date), dated September 21, 2009, due in annual installments ranging from \$50,000 to \$72,031 through April 1, 2030, with an interest rate of 2.50 percent, payable semi-annually. 972,031

\$ 6,865,790

Capital Improvement Bonds

\$2,690,000 2010 Capital Improvement Bonds dated April 1, 2011, due in annual installments ranging from \$35,000 to \$195,000 through April 1, 2035, with an interest rate ranging from 2.40 to 6.375 percent, payable semi-annually. \$ 2,625,000

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 \$317,643 for governmental activities and \$59,988 for business-type activities at June 30, 2013. Of these amounts, \$124,940 and \$11,998 have been recorded as current liabilities, and \$192,703 and \$47,990 have been recorded as noncurrent liabilities, respectively. The governmental activities liability has historically been paid out of the general fund.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE F: LONG-TERM DEBT - CONTINUED

Primary Government - Concluded

Advance Refunding - Prior

On July 12, 2011, the City defeased a portion of the 2002 General Obligation 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 2012 General Obligation Limited Tax Development 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, 2013, bonds due and payable through April 1, 2021 for the 2002 General Obligation Bonds (DDA) in the amount of \$3,285,000 are considered defeased.

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 expense, 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 \$6,713,823. During the current year, net revenues of the system were \$1,353,597 compared to the annual debt requirements of \$708,344.

Component Unit (DDA)

Installment Purchase Agreements

\$260,000 Installment Purchase Agreement for Dispatch Equipment dated September 20, 2012, due in annual installments of \$26,000, including interest through April 1, 2022, with interest of 2.70 percent.

\$ 234,000

General Obligation Bond

\$3,985,000 2011 General Obligation Limited Tax Development Refunding Bonds dated July 12, 2011, due in annual installments ranging from \$396,010 to \$466,900 through April 1, 2021, with an interest of 3.0% percent, payable semi-annually.

\$ 3,315,000

City of Fenton

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE F: LONG-TERM DEBT - CONCLUDED

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

Primary Government

Year Ending June 30,	Installment Purchase Agreements and Capital Lease		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 102,050	\$ 9,532	\$ 934,785	\$ 192,097
2015	105,636	5,946	978,269	149,391
2016	32,632	2,230	1,003,897	103,252
2017	31,550	1,098	467,624	56,115
2018	-	-	470,194	37,410
2019-2023	-	-	465,055	37,204
	<u>\$ 271,868</u>	<u>\$ 18,806</u>	<u>\$ 4,319,824</u>	<u>\$ 575,469</u>

Year Ending June 30,	Revenue Bonds		Capital Improvement Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 605,000	\$ 177,645	\$ 40,000	\$ 156,771
2015	625,000	156,520	40,000	155,431
2016	635,000	140,895	40,000	153,931
2017	655,000	125,020	40,000	152,231
2018	665,000	108,645	45,000	150,331
2019-2023	3,238,759	296,848	495,000	695,786
2024-2028	300,000	40,254	705,000	520,446
2029-2033	142,031	5,352	840,000	285,325
2034-2035	-	-	380,000	36,656
	<u>\$ 6,865,790</u>	<u>\$ 1,051,179</u>	<u>\$ 2,625,000</u>	<u>\$ 2,306,908</u>

Component Unit (DDA)

Year Ending June 30,	Installment Purchase Agreement		General Obligation Limited Tax Development Refunding Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 26,000	\$ 6,318	\$ 370,000	\$ 99,450
2015	26,000	5,616	385,000	88,350
2016	26,000	4,914	395,000	76,800
2017	26,000	4,212	405,000	64,950
2018	26,000	3,510	420,000	52,800
2019-2022	104,000	7,020	1,340,000	81,150
	<u>\$ 234,000</u>	<u>\$ 31,590</u>	<u>\$ 3,315,000</u>	<u>\$ 463,500</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

NOTE H: RETIREMENT PLAN

Plan Description

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

Funding Policy

The City is required to contribute at an actuarially determined rate; the current rate ranges from 3.29% of annual covered payroll for the administrative staff group to 17.75% for the Police Local 214 group. Employees are required to contribute 0% - 1% to the plan. The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any are established and may be amended by the City, depending on the MERS contribution program adopted by the City.

Annual Pension Cost

For the year ended June 30, 2013, the City's annual pension cost of \$387,872 for the plan was equal to the City's required and actual contribution. The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 3.0% per year for merit and longevity, and an asset valuation method that smoothes fair value of assets over 5 years. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, the date of the latest actuarial valuation, was twenty-seven (27) years.

City of Fenton

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE H: RETIREMENT PLAN - CONCLUDED

Three (3) year trend information

	Year Ended December 31,		
	2009	2010	2011
Actuarial value of assets	\$ 9,045,646	\$ 9,395,038	\$ 9,614,275
Actuarial accrued liability (AAL) (entry age)	11,706,640	12,546,115	13,095,179
Unfunded AAL	2,660,994	3,151,077	3,480,904
Funded ratio	77 %	75 %	73 %
Covered payroll	2,827,934	2,648,146	2,475,217
UAAL as a percentage of covered payroll	94 %	119 %	141 %

	Year Ended June 30,		
	2011	2012	2013
Annual pension cost	\$ 383,017	\$ 347,790	\$ 387,872
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

NOTE I: POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The City provides post-employment health care benefits in accordance with a City resolution to covered employees who retire on or after age 55 with at least 10 years of service and Police Local 214 for 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, 2013, the City made estimated payments of \$242,960 for post-employment health benefits. The plan does not issue separate stand-alone financial statements.

The following are the Governmental Accounting Standards Board Statement No. 45 (GASB Statement 45) required disclosures that have been implemented prospectively by the City.

Membership in the plan at December 31, 2010 (latest actuarial report) is as follows:

Retirees and Beneficiaries receiving benefits	36
Active plan members	<u>45</u>
	<u>81</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.

City of Fenton

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE I: POST-EMPLOYMENT HEALTH CARE BENEFITS - CONTINUED

Funded Status and Funding Progress - Concluded

For the year ended June 30, 2013, the City has determined an estimated cost of providing retiree post-employment benefits through an actuarial valuation as of December 31, 2010. 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 not to exceed twenty-seven (27) years.

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

Annual required contribution (ARC)	\$ 495,842
Interest on net OPEB obligation	59,707
Adjustment to annual required contribution	<u>(27,838)</u>
Annual OPEB cost	527,711
Contributions made	<u>242,960</u>
Increase in net OPEB obligation	284,751
Net OPEB obligation - beginning of year	<u>1,326,825</u>
Net OPEB obligation - end of year	<u><u>\$ 1,611,576</u></u>

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

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 822,702	37.21%	\$ 1,044,942
2012	504,063	44.08%	1,326,825
2013	527,711	46.04%	1,611,576

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

	December 31,	
	<u>2007</u>	<u>2010</u>
Actuarial value of assets	\$ -	\$ -
Actuarial accrued liability (AAL)	11,271,344	7,079,664
Unfunded AAL (UAAL)	11,271,344	7,079,664
Funded ratio	0 %	0 %

The covered payroll information was not available from the most recent valuations above.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE I: POST-EMPLOYMENT HEALTH CARE BENEFITS - CONCLUDED

Actuarial Methods and Assumptions - Concluded

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 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. Additional information as of the latest actuarial valuations follows:

Other Post-employment Benefit Plan

Actuarial valuation:	
Frequency	Triennial
Latest date	December 31, 2010
Actuarial cost method	Individual entry age
Amortization method	Level percent of payroll on an open basis
Remaining amortization period	27 year period
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	4.5%
Projected salary increases	4.5%
Includes inflation at:	4.0%
Healthcare cost trend rates	4.5% - 11.0%

NOTE J: 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, 2013 is as follows:

REVENUES	
Building permits	\$ 54,967
Zoning permits	11,991
	<hr/>
TOTAL REVENUES	66,958

City of Fenton

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE J: BUILDING AND ZONING FINANCIAL INFORMATION - CONCLUDED

EXPENDITURES	
Salaries and fringes	\$ 136,165
Supplies and other	16,990
Professional services	<u>27,585</u>
TOTAL EXPENDITURES	<u>180,740</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(113,782)
PRIOR CUMULATIVE EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(1,355,365)</u>
CUMULATIVE EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>\$ (1,469,147)</u>

NOTE K: CONTINGENT LIABILITIES

Various taxpayers have commenced litigation regarding property valuation issues with the City. Due to the inconclusive nature of many of the actions, it is not reasonably possible for Legal Counsel to determine the probable outcome or a reasonable estimate of the City's potential liability, if any. Those actions for which a reasonable estimate can be determined of the City's potential liability and that would not be covered by insurance and reserves, if any, are considered by City Management and Legal Counsel to be immaterial.

NOTE L: DETAILS OF FUND BALANCE CLASSIFICATIONS

In the fund financial statements, the governmental funds report the following classifications of fund balance:

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.

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 a fund balance commitment is a resolution of the City Council.

City of Fenton

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE L: DETAILS OF FUND BALANCE CLASSIFICATIONS - CONCLUDED

Fund Balance Classification Policies and Procedures - Concluded

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	Major Street	Nonmajor Governmental Funds	Total
Fund Balance				
Nonspendable				
Inventories	\$ 40,531	\$ -	\$ 3,805	\$ 44,336
Prepays	74,335	-	-	74,335
Assets held for sale	-	-	31,039	31,039
Restricted:				
Streets and highways	-	134,368	208,613	342,981
Committed:				
Parks and recreation	-	-	70,553	70,553
Cemetery	-	-	223,371	223,371
Garbage collection	-	-	22,883	22,883
Narcotics enforcement	-	-	4,790	4,790
D.A.R.E.	-	-	37,450	37,450
Emergency 911	-	-	362	362
Neighborhood stabilization	-	-	4,469	4,469
Fire equipment	-	-	279,847	279,847
Fire ladder truck	-	-	50,000	50,000
Capital projects	-	-	1,759,421	1,759,421
Unassigned	1,997,467	-	-	1,997,467
TOTAL FUND BALANCE	<u>\$ 2,112,333</u>	<u>\$ 134,368</u>	<u>\$ 2,696,603</u>	<u>\$ 4,943,304</u>

NOTE M: RESTATEMENT OF BEGINNING NET POSITION

Beginning net position of the governmental activities was restated by \$(74,815) to reflect:

- An increase in net capital assets from the prior year's audited financial statements of \$10,889 due to an asset added in the prior year but not included in the financial statements and,
- An increase of \$(85,703) in compensated absences for accrued vacation that was not previously included.

This resulted in a restated beginning net position in the governmental activities of \$19,752,271.

Beginning net position of the component unit activities was restated by \$26,042 to reflect an increase in net capital assets from the prior year's audited financial statements due to construction in progress that was not previously included. This resulted in a restated beginning net position in the component unit activities of \$743,209.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE N: CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, were implemented during the current year. These statements incorporate deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets and fund balance, when applicable.

NOTE O: UPCOMING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the City's 2014-2015 fiscal year.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The statement requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. The statement also requires: (1) a government guarantor to consider qualitative factors when determining if a payment on its guarantee is more likely than not to be required, (2) an issuer government that is required to repay a guarantor for guarantee payments made to continue to report a liability unless legally released, and (3) a government guarantor or issuer to disclose information about the amounts and nature of nonexchange financial guarantees. The City is currently evaluating the impact this standard will have on the financial statements when adopted for the City's 2013-14 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

City of Fenton

BUDGETARY COMPARISON SCHEDULE

Fund Descriptions

GENERAL FUND

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.

MAJOR STREET FUND

The Major Street Fund is used 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.

City of Fenton

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 3,436,700	\$ 3,404,960	\$ 3,348,895	\$ (56,065)
Licenses and permits	215,500	235,650	261,742	26,092
Intergovernmental	882,582	899,225	906,531	7,306
Charges for services	283,000	342,000	336,471	(5,529)
Fines and forfeits	60,000	60,500	69,385	8,885
Interest and rents	65,350	64,350	61,554	(2,796)
Other	24,000	45,000	53,975	8,975
TOTAL REVENUES	4,967,132	5,051,685	5,038,553	(13,132)
EXPENDITURES				
Current				
General government	889,221	880,960	883,382	(2,422)
Public safety				
Police department	1,898,910	1,834,931	1,862,846	(27,915)
Fire department	617,477	606,885	585,335	21,550
Building inspection	196,320	192,700	180,740	11,960
Total public safety	2,712,707	2,634,516	2,628,921	5,595
Public works	231,300	226,389	216,615	9,774
Community and economic development	40,165	37,815	40,857	(3,042)
Recreation and culture	120,225	74,735	53,728	21,007
Other	226,840	314,069	312,066	2,003
TOTAL EXPENDITURES	4,220,458	4,168,484	4,135,569	32,915
EXCESS OF REVENUES OVER EXPENDITURES	746,674	883,201	902,984	19,783
OTHER FINANCING (USES)				
Lease proceeds	-	-	8,623	8,623
Transfers out	(40,000)	(874,180)	(883,520)	(9,340)
TOTAL OTHER FINANCING SOURCES (USES)	(40,000)	(874,180)	(874,897)	(717)
NET CHANGE IN FUND BALANCE	706,674	9,021	28,087	19,066
Fund balance, beginning of year	2,084,246	2,084,246	2,084,246	-0-
Fund balance, end of year	<u>\$ 2,790,920</u>	<u>\$ 2,093,267</u>	<u>\$ 2,112,333</u>	<u>\$ 19,066</u>

City of Fenton

Major Street Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental - State				
Gas and weight tax	\$ 545,949	\$ 518,000	\$ 531,234	\$ 13,234
Other	71,000	72,000	89,773	17,773
Interest	500	500	-	(500)
TOTAL REVENUES	617,449	590,500	621,007	30,507
EXPENDITURES				
Current				
Public works	991,590	982,600	860,721	121,879
EXCESS OF REVENUES (UNDER) EXPENDITURES	(374,141)	(392,100)	(239,714)	152,386
OTHER FINANCING SOURCES (USES)				
Transfers in	455,840	455,840	385,000	(70,840)
Transfers out	(152,600)	(129,000)	(129,000)	-0-
TOTAL OTHER FINANCING SOURCES (USES)	303,240	326,840	256,000	(70,840)
NET CHANGE IN FUND BALANCE	(70,901)	(65,260)	16,286	81,546
Fund balance, beginning of year	118,082	118,082	118,082	-0-
Fund balance, end of year	<u>\$ 47,181</u>	<u>\$ 52,822</u>	<u>\$ 134,368</u>	<u>\$ 81,546</u>

City of Fenton

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2013

NOTE A: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

In the body of the required and other supplementary information to the financial statements, the City's budgeted expenditures in the General and Special Revenue Funds have been shown at the functional classification level. The approved budgets of the City have been adopted at the activity level for the General Fund and the total expenditure level for the Special Revenue Funds.

During the year ended June 30, 2013, the City incurred expenditures in the General Fund and one (1) Special Revenue Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Expended</u>	<u>Variance</u>
General Fund			
General government	\$ 880,960	\$ 883,382	\$ 2,422
Public safety			
Police department	1,834,931	1,862,846	27,915
Community and economic development	37,815	40,857	3,042
Transfers out	874,180	883,520	9,340
Emergency 911 Fund	252,400	258,157	5,757

OTHER SUPPLEMENTARY INFORMATION

City of Fenton

NONMAJOR GOVERNMENTAL FUNDS

Fund Descriptions

SPECIAL REVENUE FUNDS

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.

Community Development Block Grant (CDBG) Fund - To account for the federal awards associated with the Community Development Block Grant.

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

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

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

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

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

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.

CAPITAL PROJECTS FUNDS

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

Library Fund - To account for financial resources to be used for the library.

City of Fenton

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

June 30, 2013

	Special			
	Local Street	CDBG	Parks and Recreation	Cemetery
ASSETS				
Cash	\$ 128,235	\$ -	\$ 87,973	\$ 226,633
Accounts receivable	-	300	-	10,886
Special assessments receivable	-	-	-	-
Due from other governmental units	85,330	-	-	-
Inventories	-	-	-	-
Assets held for resale	-	-	-	-
TOTAL ASSETS	\$ 213,565	\$ 300	\$ 87,973	\$ 237,519
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,675	\$ -	\$ 13,764	\$ 5,651
Accrued wages	3,277	-	3,656	-
Due to other funds	-	300	-	-
Due to other governmental units	-	-	-	-
Unearned revenue	-	-	-	8,497
TOTAL LIABILITIES	4,952	300	17,420	14,148
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	208,613	-	-	-
Committed	-	-	70,553	223,371
TOTAL FUND BALANCES	208,613	-0-	70,553	223,371
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 213,565	\$ 300	\$ 87,973	\$ 237,519

Revenue Funds

Garbage Collection	Narcotics Enforcement	D.A.R.E.	Emergency 911	Neighborhood Stabilization
\$ 48,113	\$ 4,790	\$ 37,450	\$ 920	\$ 4,369
83,143	-	-	4,376	-
-	-	-	-	-
-	-	-	-	160
3,805	-	-	-	-
-	-	-	-	31,039
<u>\$ 135,061</u>	<u>\$ 4,790</u>	<u>\$ 37,450</u>	<u>\$ 5,296</u>	<u>\$ 35,568</u>
\$ -	\$ -	\$ -	\$ 964	\$ 60
-	-	-	3,970	-
108,373	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>108,373</u>	<u>-0-</u>	<u>-0-</u>	<u>4,934</u>	<u>60</u>
-	-	-	-	-
3,805	-	-	-	31,039
-	-	-	-	-
<u>22,883</u>	<u>4,790</u>	<u>37,450</u>	<u>362</u>	<u>4,469</u>
<u>26,688</u>	<u>4,790</u>	<u>37,450</u>	<u>362</u>	<u>35,508</u>
<u>\$ 135,061</u>	<u>\$ 4,790</u>	<u>\$ 37,450</u>	<u>\$ 5,296</u>	<u>\$ 35,568</u>

City of Fenton

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONCLUDED

June 30, 2013

	Capital Projects			
	Fire Equipment	Fire Ladder Truck	C.I.P. Fund	Working Capital Fund
ASSETS				
Cash	\$ 279,847	\$ 100,000	\$ 1,569,144	\$ 177,984
Accounts receivable	-	-	-	-
Special assessments receivable	-	-	-	23,705
Due from other governmental units	-	-	-	-
Inventories	-	-	-	-
Assets held for resale	-	-	-	-
TOTAL ASSETS	<u>\$ 279,847</u>	<u>\$ 100,000</u>	<u>\$ 1,569,144</u>	<u>\$ 201,689</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	-	-	-
Due to other funds	-	-	-	-
Due to other governmental units	-	50,000	-	-
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	-0-	50,000	-0-	-0-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	23,705
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	279,847	50,000	1,569,144	177,984
TOTAL FUND BALANCES	<u>279,847</u>	<u>50,000</u>	<u>1,569,144</u>	<u>177,984</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 279,847</u>	<u>\$ 100,000</u>	<u>\$ 1,569,144</u>	<u>\$ 201,689</u>

<u>Funds</u>	
<u>Library Fund</u>	<u>Total</u>
\$ 12,293	\$ 2,677,751
-	98,705
-	23,705
-	85,490
-	3,805
-	31,039
<u>\$ 12,293</u>	<u>\$ 2,920,495</u>
\$ -	\$ 22,114
-	10,903
-	108,673
-	50,000
-	8,497
-0-	200,187
-	23,705
-	34,844
-	208,613
<u>12,293</u>	<u>2,453,146</u>
<u>12,293</u>	<u>2,696,603</u>
<u>\$ 12,293</u>	<u>\$ 2,920,495</u>

City of Fenton

Nonmajor Governmental Funds

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

Year Ended June 30, 2013

	Special		
	Local Street	CDBG	Parks and Recreation
REVENUES			
Intergovernmental	\$ 234,704	\$ 5,138	\$ -
Charges for services	-	-	30,979
Interest and rents	285	-	5,608
Other	-	-	1,350
TOTAL REVENUES	234,989	5,138	37,937
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	343,928	-	-
Community and economic development	-	5,138	-
Recreation and culture	-	-	139,389
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	343,928	5,138	139,389
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(108,939)	-0-	(101,452)
OTHER FINANCING SOURCES (USES)			
Transfers in	129,000	-	131,000
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	129,000	-0-	131,000
NET CHANGE IN FUND BALANCES	20,061	-0-	29,548
Fund balances, beginning of year	188,552	-	41,005
Fund balances, end of year	<u>\$ 208,613</u>	<u>\$ -0-</u>	<u>\$ 70,553</u>

Revenue Funds

Cemetery	Garbage Collection	Narcotics Enforcement	D.A.R.E.	Emergency 911	Neighborhood Stabilization
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,643
22,062	423,683	-	-	143,499	-
216	-	12	97	-	4
-	2,371	1,770	14,951	5,789	-
22,278	426,054	1,782	15,048	149,288	2,647
48,010	-	-	-	-	-
-	-	72	180	258,157	-
-	445,298	-	-	-	-
-	-	-	-	-	75,520
-	-	-	-	-	-
-	-	-	-	-	-
48,010	445,298	72	180	258,157	75,520
(25,732)	(19,244)	1,710	14,868	(108,869)	(72,873)
38,650	-	-	-	108,870	-
-	-	-	-	-	-
38,650	-0-	-0-	-0-	108,870	-0-
12,918	(19,244)	1,710	14,868	1	(72,873)
210,453	45,932	3,080	22,582	361	108,381
<u>\$ 223,371</u>	<u>\$ 26,688</u>	<u>\$ 4,790</u>	<u>\$ 37,450</u>	<u>\$ 362</u>	<u>\$ 35,508</u>

City of Fenton

Nonmajor Governmental Funds

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

Year Ended June 30, 2013

	Capital Projects		
	Fire Equipment	Fire Equipment	C.I.P. Fund
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	-	-
Interest and rents	465	-	3,782
Other	-	50,000	-
TOTAL REVENUES	465	50,000	3,782
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Recreation and culture	-	-	-
Debt service			
Principal retirement	95,710	-	-
Interest and fiscal charges	12,920	-	-
TOTAL EXPENDITURES	108,630	-0-	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(108,165)	50,000	3,782
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000	-	505,000
Transfers out	-	-	(385,000)
TOTAL OTHER FINANCING SOURCES (USES)	100,000	-0-	120,000
NET CHANGE IN FUND BALANCES	(8,165)	50,000	123,782
Fund balances, beginning of year	288,012	-	1,445,362
Fund balances, end of year	<u>\$ 279,847</u>	<u>\$ 50,000</u>	<u>\$ 1,569,144</u>

Funds		
Working Capital Fund	Library Fund	Total
\$ -	\$ -	\$ 242,485
-	-	620,223
3,112	32	13,613
8,184	30	84,445
11,296	62	960,766
-	-	48,010
-	-	258,409
-	-	789,226
-	-	80,658
-	-	139,389
-	-	95,710
-	-	12,920
-0-	-0-	1,424,322
11,296	62	(463,556)
-	-	1,012,520
-	-	(385,000)
-0-	-0-	627,520
11,296	62	163,964
166,688	12,231	2,532,639
<u>\$ 177,984</u>	<u>\$ 12,293</u>	<u>\$ 2,696,603</u>

City of Fenton

Nonmajor Governmental Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Local Street Fund</u>				
REVENUES				
Intergovernmental - State				
Gas and weight tax	\$ 195,553	\$ 195,553	\$ 191,459	\$ (4,094)
Other	38,200	38,200	43,245	5,045
Interest	-	-	285	285
	<u>233,753</u>	<u>233,753</u>	<u>234,989</u>	<u>1,236</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Public works	<u>836,400</u>	<u>782,900</u>	<u>343,928</u>	<u>438,972</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES				
	(602,647)	(549,147)	(108,939)	440,208
OTHER FINANCING SOURCES				
Transfers in	<u>552,600</u>	<u>529,000</u>	<u>129,000</u>	<u>(400,000)</u>
NET CHANGE IN FUND BALANCE				
	(50,047)	(20,147)	20,061	40,208
Fund balance, beginning of year	<u>188,552</u>	<u>188,552</u>	<u>188,552</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 138,505</u>	<u>\$ 168,405</u>	<u>\$ 208,613</u>	<u>\$ 40,208</u>
<u>CDBG Fund</u>				
REVENUES				
Intergovernmental	\$ 67,000	\$ 35,838	\$ 5,138	\$ (30,700)
EXPENDITURES				
Current				
Community and economic development	<u>67,000</u>	<u>35,838</u>	<u>5,138</u>	<u>30,700</u>
NET CHANGE IN FUND BALANCE				
	-0-	-0-	-0-	-0-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

City of Fenton

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Parks and Recreation Fund</u>				
REVENUES				
Charges for services	\$ 30,000	\$ 30,000	\$ 30,979	\$ 979
Interest and rents	5,100	5,100	5,608	508
Other	-	1,500	1,350	(150)
TOTAL REVENUES	35,100	36,600	37,937	1,337
EXPENDITURES				
Current				
Recreation and culture	167,700	167,600	139,389	28,211
EXCESS OF REVENUES (UNDER) EXPENDITURES	(132,600)	(131,000)	(101,452)	29,548
OTHER FINANCING SOURCES				
Transfers in	132,600	131,000	131,000	-0-
NET CHANGE IN FUND BALANCE	-0-	-0-	29,548	29,548
Fund balance, beginning of year	41,005	41,005	41,005	-0-
Fund balance, end of year	<u>\$ 41,005</u>	<u>\$ 41,005</u>	<u>\$ 70,553</u>	<u>\$ 29,548</u>
<u>Cemetery Fund</u>				
REVENUES				
Charges for services	\$ 19,100	\$ 20,850	\$ 22,062	\$ 1,212
Interest	-	100	216	116
TOTAL REVENUES	19,100	20,950	22,278	1,328
EXPENDITURES				
Current				
General government	65,100	61,600	48,010	13,590
EXCESS OF REVENUES (UNDER) EXPENDITURES	(46,000)	(40,650)	(25,732)	14,918
OTHER FINANCING SOURCES				
Transfers in	47,000	42,650	38,650	(4,000)
NET CHANGE IN FUND BALANCE	1,000	2,000	12,918	10,918
Fund balance, beginning of year	210,453	210,453	210,453	-0-
Fund balance, end of year	<u>\$ 211,453</u>	<u>\$ 212,453</u>	<u>\$ 223,371</u>	<u>\$ 10,918</u>

City of Fenton

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Garbage Collection Fund</u>				
REVENUES				
Charges for services	\$ 452,000	\$ 454,000	\$ 423,683	\$ (30,317)
Miscellaneous revenue	-	-	2,371	2,371
TOTAL REVENUES	452,000	454,000	426,054	(27,946)
EXPENDITURES				
Current				
Public works	460,990	445,500	445,298	202
NET CHANGE IN FUND BALANCE	(8,990)	8,500	(19,244)	(27,744)
Fund balance, beginning of year	45,932	45,932	45,932	-0-
Fund balance, end of year	<u>\$ 36,942</u>	<u>\$ 54,432</u>	<u>\$ 26,688</u>	<u>\$ (27,744)</u>
<u>Narcotics Enforcement Fund</u>				
REVENUES				
Interest	\$ -	\$ -	\$ 12	\$ 12
Other	3,000	3,000	1,770	(1,230)
TOTAL REVENUES	3,000	3,000	1,782	(1,218)
EXPENDITURES				
Current				
Public safety	500	500	72	428
NET CHANGE IN FUND BALANCE	2,500	2,500	1,710	(790)
Fund balance, beginning of year	3,080	3,080	3,080	-0-
Fund balance, end of year	<u>\$ 5,580</u>	<u>\$ 5,580</u>	<u>\$ 4,790</u>	<u>\$ (790)</u>

City of Fenton

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>D.A.R.E. Fund</u>				
REVENUES				
Interest	\$ -	\$ -	\$ 97	\$ 97
Other	-	14,951	14,951	-
TOTAL REVENUES	-0-	14,951	15,048	97
EXPENDITURES				
Current				
Public safety	500	500	180	320
NET CHANGE IN FUND BALANCE	(500)	14,451	14,868	417
Fund balance, beginning of year	22,582	22,582	22,582	-0-
Fund balance, end of year	<u>\$ 22,082</u>	<u>\$ 37,033</u>	<u>\$ 37,450</u>	<u>\$ 417</u>
<u>Emergency 911 Fund</u>				
REVENUES				
Charges for services	\$ 153,000	\$ 153,000	\$ 143,499	\$ (9,501)
Other	-	2,870	5,789	2,919
TOTAL REVENUES	153,000	155,870	149,288	(6,582)
EXPENDITURES				
Current				
Public safety	230,300	252,400	258,157	(5,757)
EXCESS OF REVENUES (UNDER) EXPENDITURES	(77,300)	(96,530)	(108,869)	(12,339)
OTHER FINANCING SOURCES				
Transfers in	77,300	96,530	108,870	12,340
NET CHANGE IN FUND BALANCE	-0-	-0-	1	1
Fund balance, beginning of year	361	361	361	-0-
Fund balance, end of year	<u>\$ 361</u>	<u>\$ 361</u>	<u>\$ 362</u>	<u>\$ 1</u>

City of Fenton

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONCLUDED

Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Neighborhood Stabilization Fund</u>				
REVENUES				
Intergovernmental	\$ -	\$ 5,000	\$ 2,643	\$ (2,357)
Interest	-	-	4	4
TOTAL REVENUES	-0-	5,000	2,647	(2,353)
EXPENDITURES				
Current				
Community and economic development	<u>73,500</u>	<u>78,562</u>	<u>75,520</u>	<u>3,042</u>
NET CHANGE IN FUND BALANCE	(73,500)	(73,562)	(72,873)	689
Fund balance, beginning of year	<u>108,381</u>	<u>108,381</u>	<u>108,381</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 34,881</u>	<u>\$ 34,819</u>	<u>\$ 35,508</u>	<u>\$ 689</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, 2013

	<u>Equipment</u>	<u>Sick Pay</u>	<u>Total</u>
ASSETS			
Current assets			
Cash	\$ 579,568	\$ 206,022	\$ 785,590
Accounts receivable	40	-	40
Due from other funds	<u>42,960</u>	<u>5,000</u>	<u>47,960</u>
Total current assets	622,568	211,022	833,590
Noncurrent assets			
Capital assets, net of accumulated depreciation	<u>164,210</u>	-	<u>164,210</u>
TOTAL ASSETS	786,778	211,022	997,800
LIABILITIES			
Current liabilities			
Accounts payable	21,812	-	21,812
Accrued wages payable	182	-	182
Current portion of compensated absences	<u>-</u>	<u>64,089</u>	<u>64,089</u>
Total current liabilities	21,994	64,089	86,083
Noncurrent liabilities			
Noncurrent portion of compensated absences	<u>-</u>	<u>146,195</u>	<u>146,195</u>
TOTAL LIABILITIES	21,994	210,284	232,278
NET POSITION			
Investment in capital assets	164,210	-	164,210
Unrestricted	<u>600,574</u>	<u>738</u>	<u>601,312</u>
TOTAL NET POSITION	<u>\$ 764,784</u>	<u>\$ 738</u>	<u>\$ 765,522</u>

City of Fenton

Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2013

	<u>Equipment</u>	<u>Sick Pay</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 218,853	\$ 5,000	\$ 223,853
Other	797	3,276	4,073
	<u>219,650</u>	<u>8,276</u>	<u>227,926</u>
TOTAL OPERATING REVENUES	219,650	8,276	227,926
OPERATING EXPENSES			
Personnel services	7,147	8,092	15,239
Operating supplies	31,364	-	31,364
Fuel and utilities	73,457	-	73,457
Repairs and maintenance	26,216	-	26,216
Equipment rent	32,413	-	32,413
Insurance	12,800	-	12,800
Depreciation	78,112	-	78,112
Other	38	-	38
	<u>261,547</u>	<u>8,092</u>	<u>269,639</u>
TOTAL OPERATING EXPENSES	261,547	8,092	269,639
OPERATING (LOSS)	(41,897)	184	(41,713)
NONOPERATING REVENUES			
Interest earned	1,444	553	1,997
	<u>1,444</u>	<u>553</u>	<u>1,997</u>
CHANGE IN NET POSITION	(40,453)	737	(39,716)
Net position, beginning of year	<u>805,237</u>	<u>1</u>	<u>805,238</u>
Net position, end of year	<u>\$ 764,784</u>	<u>\$ 738</u>	<u>765,522</u>

City of Fenton

Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended June 30, 2013

	<u>Equipment</u>	<u>Sick Pay</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from interfund services provided	\$ 218,512	\$ 13,600	\$ 232,112
Cash paid to suppliers	(167,010)	(8,092)	(175,102)
Cash paid to employees	<u>(6,965)</u>	<u>(3,276)</u>	<u>(10,241)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	44,537	2,232	46,769
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(53,230)	-	(53,230)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>1,444</u>	<u>553</u>	<u>1,997</u>
NET INCREASE (DECREASE) IN CASH	(7,249)	2,785	(4,464)
Cash, beginning of year	<u>586,817</u>	<u>203,237</u>	<u>790,054</u>
Cash, end of year	<u>\$ 579,568</u>	<u>\$ 206,022</u>	<u>\$ 785,590</u>
Reconciliation of operating (loss) to net cash provided by operating activities			
Operating (loss)	\$ (41,897)	\$ 184	\$ (41,713)
Adjustments to reconcile operating (loss) to net cash provided by operating activities			
Depreciation	78,112	-	78,112
(Increase) decrease in:			
Accounts receivable	(40)	-	(40)
Due from other funds	(1,098)	5,324	4,226
Increase (decrease) in:			
Accounts payable	9,278	-	9,278
Accrued wages payable	182	-	182
Compensated absences	<u>-</u>	<u>(3,276)</u>	<u>(3,276)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 44,537</u>	<u>\$ 2,232</u>	<u>\$ 46,769</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.

City of Fenton

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2013

	<u>Tax Collection</u>	<u>Employees Union</u>	<u>Health Savings</u>	<u>Payroll</u>	<u>Total</u>
ASSETS					
Cash	\$ 12,296	\$ 7,806	\$ 36,672	\$ -	\$ 56,774
Due from other governmental units	<u>-</u>	<u>-</u>	<u>90,000</u>	<u>3,412</u>	<u>93,412</u>
TOTAL ASSETS	<u><u>\$ 12,296</u></u>	<u><u>\$ 7,806</u></u>	<u><u>\$ 126,672</u></u>	<u><u>\$ 3,412</u></u>	<u><u>\$ 150,186</u></u>
LIABILITIES					
Due to other governmental units	\$ 12,296	\$ -	\$ -	\$ -	\$ 12,296
Due to union groups	-	7,806	-	-	7,806
Due to individuals and agencies	<u>-</u>	<u>-</u>	<u>126,672</u>	<u>3,412</u>	<u>130,084</u>
TOTAL LIABILITIES	<u><u>\$ 12,296</u></u>	<u><u>\$ 7,806</u></u>	<u><u>\$ 126,672</u></u>	<u><u>\$ 3,412</u></u>	<u><u>\$ 150,186</u></u>

City of Fenton

Agency Funds

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended June 30, 2013

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
<u>Tax Collection Fund</u>				
ASSETS				
Cash	\$ 67,490	\$ 17,512,737	\$ 17,567,931	\$ 12,296
Taxes receivable	96	-	96	-0-
TOTAL ASSETS	<u>\$ 67,586</u>	<u>\$ 17,512,737</u>	<u>\$ 17,568,027</u>	<u>\$ 12,296</u>
LIABILITIES				
Due to other governmental units	<u>\$ 67,586</u>	<u>\$ 17,512,737</u>	<u>\$ 17,568,027</u>	<u>\$ 12,296</u>
<u>Employees Union Fund</u>				
ASSETS				
Cash	<u>\$ 7,078</u>	<u>\$ 728</u>	<u>\$ -</u>	<u>\$ 7,806</u>
LIABILITIES				
Due to union groups	<u>\$ 7,078</u>	<u>\$ 728</u>	<u>\$ -</u>	<u>\$ 7,806</u>
<u>Health Savings Fund</u>				
ASSETS				
Cash	\$ 83,002	\$ -	\$ 46,330	\$ 36,672
Due from other governmental units	-	90,000	-	90,000
TOTAL ASSETS	<u>\$ 83,002</u>	<u>\$ 90,000</u>	<u>\$ 46,330</u>	<u>\$ 126,672</u>
LIABILITIES				
Due to individuals and agencies	<u>\$ 83,002</u>	<u>\$ 90,000</u>	<u>\$ 46,330</u>	<u>\$ 126,672</u>
<u>Payroll Fund</u>				
ASSETS				
Cash	\$ 39,297	\$ 3,655,733	\$ 3,695,030	\$ -0-
Due from other governmental units	3,343	69	-	3,412
TOTAL ASSETS	<u>\$ 42,640</u>	<u>\$ 3,655,802</u>	<u>\$ 3,695,030</u>	<u>\$ 3,412</u>
LIABILITIES				
Due to individuals and agencies	<u>\$ 42,640</u>	<u>\$ 3,655,802</u>	<u>\$ 3,695,030</u>	<u>\$ 3,412</u>

City of Fenton

Agency Funds

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CONCLUDED

Year Ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash	\$ 196,867	\$ 21,169,198	\$ 21,309,291	\$ 56,774
Taxes receivable	96	-	96	-0-
Due from other governmental units	3,343	90,069	-	93,412
TOTAL ASSETS	<u><u>\$ 200,306</u></u>	<u><u>\$ 21,259,267</u></u>	<u><u>\$ 21,309,387</u></u>	<u><u>\$ 150,186</u></u>
LIABILITIES				
Due to other governmental units	\$ 67,586	\$ 17,512,737	\$ 17,568,027	\$ 12,296
Due to union groups	7,078	728	-	7,806
Due to individuals and agencies	125,642	3,745,802	3,741,360	130,084
TOTAL LIABILITIES	<u><u>\$ 200,306</u></u>	<u><u>\$ 21,259,267</u></u>	<u><u>\$ 21,309,387</u></u>	<u><u>\$ 150,186</u></u>

COMPONENT UNIT FUNDS

City of Fenton

Component Unit Funds

COMBINING BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY

June 30, 2013

	Special Revenue Fund	Capital Projects Fund	Total
ASSETS			
Cash	<u>\$ 1,848,444</u>	<u>\$ 169,864</u>	<u>\$ 2,018,308</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 96,642	\$ 96,642
Accrued wages	-	1,025	1,025
Due to other governmental units	<u>51,219</u>	<u>2,038</u>	<u>53,257</u>
TOTAL LIABILITIES	51,219	99,705	150,924
FUND BALANCES			
Assigned	<u>1,797,225</u>	<u>70,159</u>	<u>1,867,384</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,848,444</u>	<u>\$ 169,864</u>	<u>\$ 2,018,308</u>

City of Fenton

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO THE STATEMENT
OF NET POSITION - DOWNTOWN DEVELOPMENT AUTHORITY

June 30, 2013

Total fund balances - governmental funds \$ 1,867,384

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

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

The cost of capital assets is	\$ 1,268,592	
Accumulated depreciation is	<u>(58,245)</u>	
Capital assets, net		1,210,347

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds payable	(3,549,000)	
Accrued interest payable	<u>(26,442)</u>	
		<u>(3,575,442)</u>

Net position of governmental activities \$ (497,711)

City of Fenton

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - DOWNTOWN DEVELOPMENT AUTHORITY

Year Ended June 30, 2013

	Special Revenue Fund	Capital Projects Fund	Total
REVENUES			
Taxes	\$ 1,006,673	\$ -	\$ 1,006,673
Interest	4,849	-	4,849
Other	-	1	1
TOTAL REVENUES	1,011,522	1	1,011,523
EXPENDITURES			
Current			
Community and economic development	-	881,740	881,740
Debt service			
Principal	386,000	-	386,000
Interest and fiscal charges	114,185	-	114,185
TOTAL EXPENDITURES	500,185	881,740	1,381,925
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	511,337	(881,739)	(370,402)
OTHER FINANCING SOURCES (USES)			
Debt proceeds	-	260,000	260,000
Transfers in	-	670,276	670,276
Transfers out	(670,276)	-	(670,276)
TOTAL OTHER FINANCING SOURCES (USES)	(670,276)	930,276	260,000
NET CHANGE IN FUND BALANCES	(158,939)	48,537	(110,402)
Fund balances, beginning of year	1,956,164	21,622	1,977,786
Fund balances, end of year	<u>\$ 1,797,225</u>	<u>\$ 70,159</u>	<u>\$ 1,867,384</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

Year Ended June 30, 2013

Net change in fund balances - total governmental funds \$ (110,402)

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

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

Capital outlay	\$ 252,267
Loss on disposal	(214,540)
Depreciation expense	<u>(35,095)</u>

Excess of capital outlay over depreciation expense and loss on disposal 2,632

The net effect of contributions of capital assets is to (decrease) net position: (276,593)

Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Borrowing is shown as an other financing source. In the current year, these amounts consist of:

Bond principal retirement	386,000
Debt proceeds	<u>(260,000)</u>

126,000

Some items reported in the statement of activities do not result in the use of or provide current financial resources and therefore are reported differently than in the governmental funds. These activities consist of:

Decrease in accrued interest payable	<u>1,121</u>
--------------------------------------	--------------

Change in net position of governmental activities \$ (257,242)

City of Fenton

Component Unit Funds

COMBINING BALANCE SHEET - LOCAL DEVELOPMENT FINANCE AUTHORITY

June 30, 2013

	Special Revenue Fund	Capital Projects Fund	Total
ASSETS			
Cash	\$ 951,275	\$ 20,112	\$ 971,387
Due from other funds	-	120,000	120,000
Due from other governmental units	-	50,000	50,000
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 951,275</u>	<u>\$ 190,112</u>	<u>\$ 1,141,387</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 7,776	\$ 7,776
Accrued wages	-	698	698
Due to other funds	120,000	-	120,000
Due to other governmental units	10,491	1,374	11,865
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	130,491	9,848	140,339
FUND BALANCES			
Committed	<u>820,784</u>	<u>180,264</u>	<u>1,001,048</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 951,275</u>	<u>\$ 190,112</u>	<u>\$ 1,141,387</u>

Note: Reconciliation of the governmental fund balance sheet to the statement of net position for this component unit is not required as the fund balances were equal to the net position as of June 30, 2013.

City of Fenton

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - LOCAL DEVELOPMENT FINANCE AUTHORITY

Year Ended June 30, 2013

	Special Revenue Fund	Capital Projects Fund	Total
REVENUES			
Taxes	\$ 100,176	\$ -	\$ 100,176
Intergovernmental	-	38,999	38,999
Interest	1,843	-	1,843
TOTAL REVENUES	102,019	38,999	141,018
EXPENDITURES			
Current			
Community and economic development	-	123,648	123,648
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	102,019	(84,649)	17,370
OTHER FINANCING SOURCES (USES)			
Transfers in	-	120,000	120,000
Transfers out	(120,000)	-	(120,000)
TOTAL OTHER FINANCING SOURCES (USES)	(120,000)	120,000	-0-
NET CHANGE IN FUND BALANCES	(17,981)	35,351	17,370
Fund balances, beginning of year	838,765	144,913	983,678
Fund balances, end of year	<u>\$ 820,784</u>	<u>\$ 180,264</u>	<u>\$ 1,001,048</u>

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balances of this component unit to the statement of activities is not required as the net change in fund balances were equal to the change in net position for the year ended June 30, 2013.

**STATISTICAL SECTION
(UNAUDITED)**

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 ASSETS BY COMPONENT (UNAUDITED)

2004-2013

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Net investment in capital assets	\$ 9,023,545	\$ 9,544,656	\$ 11,081,127	\$ 11,468,410
Restricted	1,265,471	1,885,510	713,626	347,552
Unrestricted	<u>1,784,548</u>	<u>1,190,951</u>	<u>2,212,632</u>	<u>2,518,552</u>
Total governmental activities net assets	<u>\$ 12,073,564</u>	<u>\$ 12,621,117</u>	<u>\$ 14,007,385</u>	<u>\$ 14,334,514</u>
Business-type activities				
Net investment in capital assets	\$ 17,324,297	\$ 18,676,883	\$ 19,387,156	\$ 19,711,079
Restricted	-	891,239	919,808	815,410
Unrestricted	<u>6,009,886</u>	<u>3,505,141</u>	<u>2,943,468</u>	<u>2,724,734</u>
Total business-type activities net assets	<u>\$ 23,334,183</u>	<u>\$ 23,073,263</u>	<u>\$ 23,250,432</u>	<u>\$ 23,251,223</u>
Primary government in total				
Net investment in capital assets	\$ 26,347,842	\$ 28,221,539	\$ 30,468,283	\$ 31,179,489
Restricted	1,265,471	2,776,749	1,633,434	1,162,962
Unrestricted	<u>7,794,434</u>	<u>4,696,092</u>	<u>5,156,100</u>	<u>5,243,286</u>
Total primary government net assets	<u>\$ 35,407,747</u>	<u>\$ 35,694,380</u>	<u>\$ 37,257,817</u>	<u>\$ 37,585,737</u>

2008	2009	2010	2011	2012	2013
\$ 13,330,319	\$ 15,330,866	\$ 15,477,218	\$ 15,323,859	\$ 14,984,354	\$ 15,214,130
410,856	265,457	317,283	141,844	306,634	342,981
2,870,834	3,336,351	3,639,156	4,224,040	4,536,097	4,270,293
<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>\$ 19,827,404</u>
\$ 20,116,220	\$ 20,620,459	\$ 21,492,609	\$ 21,994,491	\$ 22,430,452	\$ 22,299,268
855,831	887,139	894,335	897,379	899,207	902,777
2,364,107	1,817,062	2,351,447	2,363,388	3,061,763	4,151,403
<u>\$ 23,336,158</u>	<u>\$ 23,324,660</u>	<u>\$ 24,738,391</u>	<u>\$ 25,255,258</u>	<u>\$ 26,391,422</u>	<u>\$ 27,353,448</u>
\$ 33,446,539	\$ 35,951,325	\$ 36,969,827	\$ 37,318,350	\$ 37,414,806	\$ 37,513,398
1,266,687	1,152,596	1,211,618	1,039,223	1,205,841	1,245,758
5,234,941	5,153,413	5,990,603	6,587,428	7,597,860	8,421,696
<u>\$ 39,948,167</u>	<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>

City of Fenton

CHANGES IN GOVERNMENTAL NET POSITION (UNAUDITED)

2004-2013

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses				
General government	\$ 1,355,486	\$ 1,489,855	\$ 1,420,465	\$ 1,648,574
Public safety	2,751,891	2,966,655	3,128,752	3,642,615
Public works	1,545,260	1,753,694	2,345,278	1,725,658
Community and economic development	135,106	142,844	139,098	107,223
Recreation and culture	200,848	202,809	243,015	309,018
Interest on long-term debt	354,504	3,305	34,296	57,766
	<u>6,343,095</u>	<u>6,559,162</u>	<u>7,310,904</u>	<u>7,490,854</u>
Total governmental activities expenses				
Program revenues				
Charges for services				
General government	\$ 10,438	\$ 99,340	\$ 89,408	\$ 81,528
Public safety	584,786	505,469	601,299	609,998
Public works	457,505	419,347	441,473	432,625
Recreation and culture	55,505	42,282	56,746	50,012
	<u>1,108,234</u>	<u>1,066,438</u>	<u>1,188,926</u>	<u>1,174,163</u>
Total charges for services				
Operating grants and contributions	732,282	892,297	893,444	1,138,543
Capital grants and contributions	208,061	307,150	1,303,418	30,551
	<u>2,048,577</u>	<u>2,265,885</u>	<u>3,385,788</u>	<u>2,343,257</u>
Total program revenue				
Net (expense) revenue				
	<u>\$ (4,294,518)</u>	<u>\$ (4,293,277)</u>	<u>\$ (3,925,116)</u>	<u>\$ (5,147,597)</u>
General revenues				
Property taxes	\$ 3,471,199	\$ 3,945,739	\$ 4,230,989	\$ 4,385,154
State-shared revenues	911,537	898,721	891,252	867,264
Investment earnings	63,613	92,820	158,579	211,208
Miscellaneous	11,616	10,583	30,564	11,100
	<u>4,457,965</u>	<u>4,947,863</u>	<u>5,311,384</u>	<u>5,474,726</u>
Total general revenues				
Change in net assets				
	<u>\$ 163,447</u>	<u>\$ 654,586</u>	<u>\$ 1,386,268</u>	<u>\$ 327,129</u>

2008	2009	2010	2011	2012	2013
\$ 1,439,316	\$ 1,010,207	\$ 1,106,229	\$ 1,177,043	\$ 1,113,243	\$ 1,187,672
3,414,988	3,629,441	3,522,764	3,354,743	3,193,232	3,537,017
1,665,853	1,135,807	1,836,728	1,637,839	1,714,085	1,617,226
75,288	49,423	46,800	118,270	81,215	148,585
296,654	338,235	270,807	250,303	247,276	233,723
27,104	9,162	19,866	18,035	14,838	10,728
<u>\$ 6,919,203</u>	<u>\$ 6,172,275</u>	<u>\$ 6,803,194</u>	<u>\$ 6,556,233</u>	<u>\$ 6,363,889</u>	<u>\$ 6,734,951</u>
\$ 80,681	\$ 164,739	\$ 172,299	\$ 189,867	\$ 202,365	\$ 208,100
647,191	666,916	533,197	581,059	660,348	657,777
444,049	494,407	511,425	500,429	514,795	482,083
50,237	45,507	34,062	41,434	48,239	36,439
1,222,158	1,371,569	1,250,983	1,312,789	1,425,747	1,384,399
2,399,695	1,104,536	853,593	812,924	848,615	853,534
15,185	640,093	41,482	37,659	53,961	369,868
<u>3,637,038</u>	<u>3,116,198</u>	<u>2,146,058</u>	<u>2,163,372</u>	<u>2,328,323</u>	<u>2,607,801</u>
<u>\$ (3,282,165)</u>	<u>\$ (3,056,077)</u>	<u>\$ (4,657,136)</u>	<u>\$ (4,392,861)</u>	<u>\$ (4,035,566)</u>	<u>\$ (4,127,150)</u>
\$ 4,496,996	\$ 4,460,368	\$ 4,339,222	\$ 3,802,193	\$ 3,363,316	\$ 3,262,058
862,880	811,891	721,565	793,649	878,056	891,798
189,044	80,634	17,360	22,824	11,975	8,650
10,740	23,849	79,972	30,281	29,561	39,777
<u>5,559,660</u>	<u>5,376,742</u>	<u>5,158,119</u>	<u>4,648,947</u>	<u>4,282,908</u>	<u>4,202,283</u>
<u>\$ 2,277,495</u>	<u>\$ 2,320,665</u>	<u>\$ 500,983</u>	<u>\$ 256,086</u>	<u>\$ 247,342</u>	<u>\$ 75,133</u>

City of Fenton

CHANGES IN BUSINESS-TYPE NET POSITION (UNAUDITED)

2004-2013

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses				
Water	\$ 1,270,492	\$ 1,806,817	\$ 2,057,635	\$ 2,334,328
Sewer	<u>2,423,351</u>	<u>2,423,654</u>	<u>2,286,890</u>	<u>2,344,030</u>
Total expenses	<u>\$ 3,693,843</u>	<u>\$ 4,230,471</u>	<u>\$ 4,344,525</u>	<u>\$ 4,678,358</u>
Program revenues				
Charges for services				
Water	\$ 1,410,117	\$ 1,748,795	\$ 2,133,655	\$ 2,263,120
Sewer	<u>1,794,138</u>	<u>1,669,022</u>	<u>1,640,425</u>	<u>2,108,018</u>
Total charges for services	3,204,255	3,417,817	3,774,080	4,371,138
Capital grants and contributions				
Water	154,665	133,070	149,488	51,000
Sewer	<u>413,085</u>	<u>305,060</u>	<u>469,600</u>	<u>117,395</u>
Total capital grants and contributions	567,750	438,130	619,088	168,395
Total program revenue	<u>3,772,005</u>	<u>3,855,947</u>	<u>4,393,168</u>	<u>4,539,533</u>
Net (expense) revenue	<u>\$ 78,162</u>	<u>\$ (374,524)</u>	<u>\$ 48,643</u>	<u>\$ (138,825)</u>
General revenues				
Investment earnings	\$ 122,291	\$ 113,604	\$ 128,526	\$ 139,616
Miscellaneous	<u>33,257</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues	<u>155,548</u>	<u>113,604</u>	<u>128,526</u>	<u>139,616</u>
Change in net assets	<u>\$ 233,710</u>	<u>\$ (260,920)</u>	<u>\$ 177,169</u>	<u>\$ 791</u>

2008	2009	2010	2011	2012	2013
\$ 2,179,363	\$ 2,402,112	\$ 2,302,524	\$ 2,697,917	\$ 2,295,676	\$ 2,550,571
<u>2,215,830</u>	<u>2,063,615</u>	<u>2,114,313</u>	<u>2,145,302</u>	<u>2,082,283</u>	<u>2,120,388</u>
<u>\$ 4,395,193</u>	<u>\$ 4,465,727</u>	<u>\$ 4,416,837</u>	<u>\$ 4,843,219</u>	<u>\$ 4,377,959</u>	<u>\$ 4,670,959</u>
\$ 2,198,405	\$ 2,091,329	\$ 2,415,330	\$ 2,779,345	\$ 2,817,673	\$ 2,902,028
<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>
4,355,356	4,352,031	4,672,461	5,244,456	5,324,584	5,432,557
3,050	-	-	-	-	-
<u>16,190</u>	<u>-</u>	<u>1,054,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
19,240	-	1,054,000	-0-	-0-	-0-
<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>\$ (20,597)</u>	<u>\$ (113,696)</u>	<u>\$ 1,309,624</u>	<u>\$ 401,237</u>	<u>\$ 946,625</u>	<u>\$ 761,598</u>
\$ 105,532	\$ 53,855	\$ 10,042	\$ 16,270	\$ 80,003	\$ 81,470
<u>-</u>	<u>48,343</u>	<u>94,065</u>	<u>99,360</u>	<u>109,536</u>	<u>118,958</u>
105,532	102,198	104,107	115,630	189,539	200,428
<u>\$ 84,935</u>	<u>\$ (11,498)</u>	<u>\$ 1,413,731</u>	<u>\$ 516,867</u>	<u>\$ 1,136,164</u>	<u>\$ 962,026</u>

City of Fenton

FUND BALANCES - GOVERNMENTAL FUNDS (UNAUDITED)

2004-2013

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Reserved	\$ -	\$ 360,433	\$ 97,770	\$ 203,361
Unreserved	1,192,859	1,184,321	1,260,154	1,095,887
Nonspendable	-	-	-	-
Unassigned	-	-	-	-
	<u>1,192,859</u>	<u>1,544,754</u>	<u>1,357,924</u>	<u>1,299,248</u>
Total General Fund	<u>\$ 1,192,859</u>	<u>\$ 1,544,754</u>	<u>\$ 1,357,924</u>	<u>\$ 1,299,248</u>
All other governmental funds				
Reserved	\$ -	\$ -	\$ 5,875	\$ 7,643
Unreserved, reported in:				
Special revenue funds	693,125	575,654	567,913	761,036
Capital project funds	607,729	1,274,366	536,764	300,565
Debt service funds	1,231	1,231	-	-
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
	<u>1,302,085</u>	<u>1,851,251</u>	<u>1,110,552</u>	<u>1,069,244</u>
Total all other governmental funds	<u>\$ 1,302,085</u>	<u>\$ 1,851,251</u>	<u>\$ 1,110,552</u>	<u>\$ 1,069,244</u>

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

2008	2009	2010	2011	2012	2013
\$ 98,144	\$ 82,747	\$ 233,423	\$ -	\$ -	\$ -
1,293,699	1,424,971	1,360,450	-	-	-
-	-	-	34,333	259,318	114,866
-	-	-	2,020,003	1,824,928	1,997,467
<u>\$ 1,391,843</u>	<u>\$ 1,507,718</u>	<u>\$ 1,593,873</u>	<u>\$ 2,054,336</u>	<u>\$ 2,084,246</u>	<u>\$ 2,112,333</u>
\$ 5,986	\$ 2,513	\$ 131,659	\$ -	\$ -	\$ -
780,578	671,323	699,293	-	-	-
479,862	466,694	891,260	-	-	-
-	-	-	-	-	-
-	-	-	124,116	109,426	34,844
-	-	-	141,844	306,634	342,981
-	-	-	1,681,517	2,234,661	2,453,146
<u>\$ 1,266,426</u>	<u>\$ 1,140,530</u>	<u>\$ 1,722,212</u>	<u>\$ 1,947,477</u>	<u>\$ 2,650,721</u>	<u>\$ 2,830,971</u>

City of Fenton

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (UNAUDITED)

2004-2013

	2004	2005	2006	2007
Revenues				
Property taxes	\$ 3,492,791	\$ 3,962,679	\$ 4,240,619	\$ 4,371,523
Licenses and permits	199,950	188,548	219,417	183,527
Intergovernmental	1,643,819	1,636,084	1,641,769	1,856,088
Charges for services	890,454	850,713	929,924	953,140
Fines and forfeits	87,889	75,657	100,282	98,361
Interest and rents	57,980	72,177	136,634	182,900
Other	120,172	90,817	54,986	70,498
Total revenues	6,493,055	6,876,675	7,323,631	7,716,037
Expenditures				
Current				
General government	1,278,641	1,368,110	1,480,678	1,545,582
Public safety	2,686,839	2,871,127	3,223,832	3,126,586
Public works	1,771,524	2,109,046	2,058,361	2,301,573
Community and economic development	-	-	-	-
Recreation and culture	196,359	225,450	283,553	228,712
Other	186,713	190,793	176,138	172,734
Capital outlay	49,995	62,203	836,131	291,316
Debt service				
Principal	35,405	36,954	145,778	106,933
Interest and fiscal charges	4,853	3,305	30,289	28,766
Total Expenditures	6,210,329	6,866,988	8,234,760	7,802,202
Excess of revenues over (under) expenditures	282,726	9,687	(911,129)	(86,165)
Other Financing Sources (Uses)				
Debt issuance	-	900,000	-	-
Sale of fixed assets	-	8,600	-	-
Transfers in	604,492	1,432,490	1,514,587	1,716,000
Transfers out	(622,120)	(1,449,716)	(1,530,987)	(1,729,819)
Total other financing sources (uses)	(17,628)	891,374	(16,400)	(13,819)
Net change in fund balances	265,098	901,061	(927,529)	(99,984)
Fund Balances - Beginning of year	2,110,991	2,494,944	3,396,005	2,468,476
Fund Balances - End of year	<u>\$ 2,376,089</u>	<u>\$ 3,396,005</u>	<u>\$ 2,468,476</u>	<u>\$ 2,368,492</u>
Debt service as a percentage of noncapital expenditures	2.08%	0.75%	0.64%	3.20%

2008	2009	2010	2011	2012	2013
\$ 4,469,408	\$ 4,460,368	\$ 4,393,964	\$ 3,911,729	\$ 3,385,278	\$ 3,348,895
192,848	202,728	184,494	218,991	241,133	261,742
2,409,873	2,224,266	1,614,485	1,642,926	1,763,701	1,770,023
990,606	942,784	918,363	949,460	1,017,853	956,694
113,225	82,639	60,189	62,174	63,386	69,385
165,142	149,780	87,911	90,649	78,983	75,167
704,615	104,936	88,880	45,928	82,860	138,420
9,045,717	8,167,501	7,348,286	6,921,857	6,633,194	6,620,326
1,351,239	968,649	983,435	976,708	897,923	931,392
3,443,691	3,465,217	3,009,260	2,903,285	2,751,813	2,887,330
3,492,752	2,984,733	1,820,818	1,617,583	1,492,077	1,866,562
-	-	-	107,135	76,674	121,515
229,526	312,942	231,720	217,033	215,869	193,117
127,621	308,798	321,552	305,755	216,098	312,066
18,486	11,498	377,966	-	30,956	-
110,779	114,763	118,892	89,372	92,371	95,710
24,920	20,936	16,806	19,258	16,259	12,920
8,799,014	8,187,536	6,880,449	6,236,129	5,790,040	6,420,612
246,703	(20,035)	467,837	685,728	843,154	199,714
-	-	200,000	-	-	8,623
9,100	-	-	-	-	-
1,430,197	1,806,490	1,644,475	1,203,172	1,281,541	1,397,520
(1,396,223)	(1,796,476)	(1,644,475)	(1,203,172)	(1,281,541)	(1,397,520)
43,074	10,014	200,000	-	-0-	8,623
289,777	(10,021)	667,837	685,728	843,154	208,337
2,368,492	2,658,269	2,648,248	3,316,085	3,891,813	-
<u>\$ 2,658,269</u>	<u>\$ 2,648,248</u>	<u>\$ 3,316,085</u>	<u>\$ 4,001,813</u>	<u>\$ 4,734,967</u>	<u>\$ 208,337</u>
1.96%	2.16%	1.66%	2.06%	1.85%	1.77%

City of Fenton

TAXABLE VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED)

2004-2013

Taxable Value by Property Type						
Tax Year	Fiscal Year Ended June 30,	Residential	Commercial	Industrial	Personal Property	Total Value
2003	2004	193,886,780	116,078,570	22,700,560	37,467,400	370,133,310
2004	2005	206,660,120	122,048,650	23,708,540	40,682,700	393,100,010
2005	2006	222,144,150	131,396,894	26,662,760	40,613,400	420,817,204
2006	2007	239,633,621	136,690,241	28,201,940	38,026,945	442,552,747
2007	2008	250,438,950	148,888,730	29,763,330	39,436,900	468,527,910
2008	2009	244,096,797	149,947,115	31,055,846	38,425,700	463,525,458
2009	2010	237,944,852	149,684,252	31,881,209	37,330,800	456,841,113
2010	2011	198,412,078	149,934,673	25,558,171	33,822,344	407,727,266
2011	2012	169,690,591	143,874,004	22,724,472	30,994,650	367,283,717
2012	2013	167,761,995	140,539,194	20,001,157	28,211,700	356,514,046

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.

<u>Tax Rate (mills)</u>	<u>Estimated Actual Value</u>	<u>Taxable Value % of Actual</u>
10.87	964,670,600	38.37%
10.87	991,013,200	39.67%
10.71	1,111,149,236	37.87%
10.62	1,158,011,328	38.22%
10.62	1,190,025,534	39.37%
10.62	1,130,479,218	41.00%
10.62	1,062,174,098	43.01%
10.62	919,502,852	44.34%
10.62	821,974,414	44.68%
10.62	728,190,650	48.96%

City of Fenton

DIRECT AND OVERLAPPING PROPERTY TAX RATES (UNAUDITED)

2003-2012

Tax Year	Millage Rates - Direct City Taxes			County	Community College	Intermediate School District
	General Operating	Debt	Total Direct Taxes			
2003	10.87	0.00	10.87	8.15	2.72	3.52
2004	10.87	0.00	10.87	8.15	2.68	3.54
2005	10.71	0.00	10.71	8.51	2.68	3.54
2006	10.62	0.00	10.62	9.43	2.68	3.53
2007	10.62	0.00	10.62	10.65	2.68	3.53
2008	10.62	0.00	10.62	10.21	2.68	3.53
2009	10.62	0.00	10.62	10.21	2.68	3.53
2010	10.62	0.00	10.62	10.21	2.68	3.53
2011	10.62	0.00	10.62	10.46	2.86	3.53
2012	10.62	0.00	10.62	10.56	2.86	3.53

Overlapping taxes					
<u>Regional</u>	<u>School</u>	<u>School:</u>	<u>School:</u>	<u>Total tax rate:</u>	
<u>Parks</u>	<u>Debt</u>	<u>Homestead</u>	<u>Non-homestead</u>	<u>Homestead</u>	<u>Non-homestead</u>
0.40	7.59	5.00	17.54	38.25	55.79
0.39	7.60	6.00	18.00	39.23	57.23
0.37	5.64	6.00	17.63	37.45	55.08
0.37	5.64	6.00	17.42	38.27	55.69
0.37	5.64	6.00	18.00	39.49	57.49
0.37	5.84	6.00	18.00	39.25	57.25
0.37	5.24	6.00	18.00	38.65	56.65
0.37	6.74	6.00	18.00	40.15	58.15
0.37	6.35	6.00	18.00	40.19	58.19
0.37	7.29	6.00	18.00	41.23	59.23

City of Fenton

PRINCIPAL PROPERTY TAX PAYERS (UNAUDITED)

June 30, 2013 and 2004

<u>Taxpayer</u>	<u>2013 Taxable Value</u>	<u>Percentage of Total</u>	<u>2004 Taxable Value</u>	<u>Percentage of Total</u>	<u>2004 Rank</u>
Georgetown	\$ 8,668,139	2.43%	\$ 7,917,400	2.13%	1
Walmart	7,352,888	2.06%	4,968,260	1.34%	7
Consumers Energy	6,418,846	1.80%	5,942,590	1.60%	4
Creative Foam	5,398,082	1.51%	7,109,300	1.92%	3
Silver Lake Hills	4,225,900	1.18%	vacant land	n/a	N/A
Centrro Holdings	4,104,071	1.15%	2,102,340	0.56%	15
Regency Realty	4,080,300	1.14%	5,149,100	1.39%	6
New Plan Excel Realty	3,233,800	0.90%	vacant land	n/a	N/A
Target Corporation	2,719,166	0.76%	vacant land	n/a	N/A
Kmart Corporation	2,527,132	0.70%	4,383,670	1.18%	9

Note:

Source: Data provided by local assessment records.

City of Fenton

PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)

2004-2013

<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>
2003	2004	4,023,151	3,827,520	95.1%	186,176	4,013,696	99.8%
2004	2005	4,272,500	4,104,165	96.1%	158,720	4,262,885	99.8%
2005	2006	4,498,613	4,292,059	95.4%	188,777	4,480,836	99.6%
2006	2007	4,693,686	4,374,525	93.2%	302,460	4,676,985	99.6%
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	92.80%	255,883	3,821,884	99.5%
2012	2013	3,721,272	3,478,670	93.48%	227,994	3,706,664	99.6%

Note:

Source: Data provided from local Treasurer's Department.

City of Fenton

RATIOS OF OUTSTANDING DEBT (UNAUDITED)

2004-2013

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Business-type Activities				
General obligation bonds	11,162,245	11,558,781	9,882,525	9,170,166
Capital improvement bonds	-	-	-	-
Revenue bonds	<u>10,400,000</u>	<u>9,888,759</u>	<u>9,433,759</u>	<u>8,963,759</u>
Total	21,562,245	21,447,540	19,316,284	18,133,925
Component Unit Activities				
General obligation bonds	<u>6,960,000</u>	<u>5,790,000</u>	<u>5,490,000</u>	<u>5,185,000</u>
Total debt of the government	<u>\$ 28,522,245</u>	<u>\$ 27,237,540</u>	<u>\$ 24,806,284</u>	<u>\$ 23,318,925</u>
Total Taxable Value	<u>\$ 370,133,310</u>	<u>\$ 393,100,010</u>	<u>\$ 420,817,204</u>	<u>\$ 442,552,747</u>
Ratio of total debt to taxable value	7.71%	6.93%	5.89%	5.27%
Total debt per capita	\$ 2,695	\$ 2,574	\$ 2,344	\$ 2,204
Personal Income ⁽²⁾	\$ 28,277	\$ 28,130	\$ 28,803	\$ 29,347
Ratio of total debt to personal income	0.10%	0.10%	0.12%	0.13%

Note:

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

(2) Source: Bureau of Economic Analysis. Information is not yet available for 2012.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,470,799	7,701,561	6,903,343	6,076,538	5,216,199	4,319,824
-	-	-	2,690,000	2,660,000	2,625,000
<u>8,483,759</u>	<u>7,993,759</u>	<u>8,426,110</u>	<u>7,987,142</u>	<u>7,402,142</u>	<u>6,865,790</u>
16,954,558	15,695,320	15,329,453	16,753,680	15,278,341	13,810,614
<u>4,870,000</u>	<u>4,535,000</u>	<u>4,245,000</u>	<u>3,940,000</u>	<u>3,675,000</u>	<u>3,315,000</u>
<u>\$ 21,824,558</u>	<u>\$ 20,230,320</u>	<u>\$ 19,574,453</u>	<u>\$ 20,693,680</u>	<u>\$ 18,953,341</u>	<u>\$ 17,125,614</u>
<u>\$ 468,527,910</u>	<u>\$ 463,525,458</u>	<u>\$ 456,841,113</u>	<u>\$ 407,727,266</u>	<u>\$ 367,283,717</u>	<u>\$ 356,514,046</u>
4.66%	4.36%	4.28%	5.08%	5.16%	4.92%
\$ 2,062	\$ 1,912	\$ 1,666	\$ 1,762	\$ 1,614	\$ 1,495
\$ 29,488	\$ 29,526	\$ 29,060	\$ 30,542	\$ 31,639	N/A
0.14%	0.15%	0.15%	0.15%	0.17%	N/A

City of Fenton

RATIOS OF GENERAL BONDED DEBT OUTSTANDING (UNAUDITED)

2004-2013

<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>
2004	-	-	-	75,525
2005	-	-	-	1,022,921
2006	-	-	-	857,491
2007	-	-	-	685,851
2008	-	-	-	575,072
2009	-	-	-	460,309
2010	-	-	-	541,417
2011	-	-	-	452,045
2012	-	-	-	359,675
2013	-	-	-	263,965

Note:

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

<u>Net General Bonded Debt</u>	<u>Taxable Value</u>	<u>Debt as a Percentage of Taxable Value</u>	<u>Population ⁽¹⁾</u>	<u>Debt Per Capita</u>
75,525	370,133,310	0.0002	10,582	7
1,022,921	393,100,010	0.0026	10,582	97
857,491	420,817,204	0.0020	10,582	81
685,851	442,552,747	0.0015	10,582	65
575,072	468,527,910	0.0012	10,582	54
460,309	463,525,458	0.0010	10,582	43
541,417	456,841,113	0.0012	10,582	51
452,045	407,727,266	0.0011	11,746	38
359,675	367,283,717	0.0010	11,746	31
263,965	356,514,046	0.0007	11,746	22

City of Fenton

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED)

June 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated % Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Genesee County	\$ 77,774,781	3.93%	\$ 3,056,549
Mott Community College	56,200,696	3.93%	2,208,687
Holly School District	58,380,000	0.01%	5,838
Fenton School District	41,110,000	48.55%	19,958,905
Lake Fenton School District	22,020,000	4.73%	1,041,546
Bishop Airport Authority	22,043,411	3.93%	<u>866,306</u>
Total Overlapping Debt	277,528,888		27,137,831
Direct City Debt	<u>17,125,615</u>	100.00%	<u>17,125,615</u>
Total Direct and Overlapping Debt	<u>\$ 294,654,503</u>		<u>\$ 44,263,446</u>

City of Fenton

LEGAL DEBT MARGIN (UNAUDITED)

2004-2013

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Calculation of debt limit:				
State equalized valuation	\$ 482,335,300	\$ 495,506,600	\$ 555,574,618	\$ 579,005,664
10% of taxable value	48,233,530	49,550,660	55,557,461	57,900,566
Calculation of debt subject to limit:				
Total debt	28,597,770	28,260,461	25,834,772	24,413,373
Less: debt not subject to limit:				
Revenue bonds	<u>10,400,000</u>	<u>9,888,759</u>	<u>9,433,759</u>	<u>8,963,759</u>
Net debt subject to limit	<u>18,197,770</u>	<u>18,371,702</u>	<u>16,401,013</u>	<u>15,449,614</u>
Legal debt margin	<u>\$ 48,233,530</u>	<u>\$ 49,550,660</u>	<u>\$ 55,557,461</u>	<u>\$ 57,900,566</u>
Net debt subject to limit as % of debt limit	37.73%	37.08%	29.52%	26.68%

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 595,012,767	\$ 567,344,609	\$ 531,087,049	\$ 459,751,426	\$ 410,987,207	\$ 364,095,325
59,501,276	56,734,460	53,108,705	45,975,143	41,098,720	36,409,532
22,636,714	21,057,956	20,480,464	21,455,285	19,313,016	17,125,615
<u>8,470,799</u>	<u>7,701,561</u>	<u>8,426,110</u>	<u>7,987,142</u>	<u>7,402,142</u>	<u>6,865,790</u>
<u>14,165,915</u>	<u>13,356,395</u>	<u>12,054,354</u>	<u>13,468,143</u>	<u>11,910,874</u>	<u>10,259,825</u>
<u>\$ 59,501,276</u>	<u>\$ 56,734,460</u>	<u>\$ 53,108,705</u>	<u>\$ 45,975,143</u>	<u>\$ 41,098,720</u>	<u>\$ 36,409,532</u>
23.81%	23.54%	22.70%	29.29%	28.98%	28.18%

City of Fenton

PLEGGED-REVENUE COVERAGE (UNAUDITED)

2004-2013

Fiscal Year	Gross Revenues	Applicable Expenses	Net Revenues	Water Revenue Bonds		
				Debt service		Coverage
				Principal	Interest	
2004	\$ 1,670,229	\$ 841,022	\$ 829,207	\$ 440,000	\$ 240,722	1.22
2005	1,930,044	1,364,740	565,304	450,000	193,573	0.88
2006	2,308,560	1,572,492	736,068	460,000	247,210	1.04
2007	2,386,818	1,595,097	791,721	470,000	291,868	1.04
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

Fiscal Year	Gross Revenues	Applicable Expenses	Net Revenues	Sewer Revenue Bonds		
				Debt service		Coverage
				Principal	Interest	
2004	\$ 2,257,324	\$ 1,309,113	\$ 948,211	\$ 477,009	\$ 623,823	0.86
2005	2,039,507	1,334,580	704,927	598,196	592,874	0.59
2006	2,213,134	1,276,943	936,191	636,739	553,320	0.79
2007	2,292,331	1,300,131	992,200	712,359	547,080	0.79
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

City of Fenton

DEMOGRAPHIC AND ECONOMIC STATISTICS

2004-2013

<u>Fiscal Year</u>	<u>Population ⁽¹⁾</u>	<u>Personal* Income (in thousands)</u>	<u>Per Capita ⁽²⁾ Personal Income</u>	<u>Unemployment Rate ⁽³⁾</u>
2004	10,582	12,509,332	28,277	4.7
2005	10,582	12,475,412	28,130	4.9
2006	10,582	12,615,522	28,803	7.7
2007	10,582	12,970,376	29,347	8.0
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	N/A	N/A	6.2

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, 2013

Industry	2013 Number of Jobs ⁽¹⁾	Percentage of Total	2003 Number of Jobs ⁽¹⁾	Percentage of Total
Trade, Transportation, and Utilities	28,600	20.85%	34,300	20.51%
Education and Health Services	27,100	19.75%	21,700	12.98%
Government	19,400	14.14%	24,700	14.77%
Manufacturing	12,700	9.26%	31,300	18.72%
Leisure and Hospitality	13,900	10.13%	15,200	9.09%
Professional and Business Services	14,700	10.71%	15,700	9.39%
Natural Resources, Mining, and Construction	4,600	3.35%	8,500	5.08%
Other Services	5,800	4.23%	6,300	3.77%
Financial Activities	6,400	4.66%	6,900	4.13%
Information	4,000	2.92%	2,600	1.56%
Total	137,200	1.00	167,200	1.00

Note:

(1) Source: Bureau of Economic Analysis.

City of Fenton

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES (UNAUDITED)

2004-2013

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government	13	14	14	14
Public safety:				
Police	19	21	21	21
Building inspection	2	2	2	2
Fire	1	1	1	1
Public works:				
DPW	8	8	8	8
Water and sewer	9	10	10	10
Total	52	56	56	56

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
13	11	10	11	10	13
21	19	18	16	15	15
2	1	1	1	1	1
1	1	1	1	1	1
8	7	8	8	8	8
<u>10</u>	<u>9</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>
55	48	46	45	43	46

City of Fenton

OPERATING INDICATORS (UNAUDITED)

2004-2013

Function/ program	2004	2005	2006	2007
Election data				
Registered voters	8,793	8,887	8,768	9,094
Voters (at the polls or absentee)	5,604	939	4,207	721
Percent voting	63.73%	10.57%	47.98%	7.93%
Police				
Physical arrests	616	866	985	1,162
Traffic violations	N/A	2,207	2,046	2,019
Investigations	8,459	8,690	8,623	9,144
Fire				
Fire runs	357	333	360	381
Emergency medical runs	213	128	133	141
Inspections	25	30	25	30
Public works				
Miles of street resurfaced	2.50	1.75	0.43	1.10
Water				
Number of customers billed	3,531	3,655	3,700	3,746
Total consumption*	419,271	402,686	356,301	361,320
Average consumption per user	119	110	96	96
Sewer				
Average daily sewage treatment**	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

2008	2009	2010	2011	2012	2013
8,783	8,882	8,812	9,211	9,198	9,407
1,005	1,437	2,346	2,148	2,146	5,852
11.44%	16.18%	26.62%	23.32%	23.33%	62.20%
1,175	813	870	633	481	664
2,020	1,596	1,429	1,368	1,808	2,140
9,100	9,635	9,725	10,458	9,603	8,818
389	412	497	326	304	259
162	170	147	140	150	181
500	250	50	50	125	100
1.40	1.16	1.8	1.8	1.80	1.60
3,759	3,480	3,485	3,469	3,501	3,494
360,325	313,909	299,308	295,980	307,881	320,124
96	90	86	85	88	91
N/A	N/A	N/A	N/A	N/A	N/A

City of Fenton

CAPITAL ASSETS STATISTICS (UNAUDITED)

2004-2013

Function/ program	2004	2005	2006	2007
Police				
Stations	1	1	1	1
Patrol units	9	9	9	9
Fire				
Stations	1	1	1	1
Fire response vehicles	8	8	8	8
Public works				
Streets (miles)				
Major streets	15.22	15.22	15.22	15.22
Local streets	31.60	31.60	31.60	31.60
Parks and recreation				
Acreage	172	172	172	172
Developed parks/ playgrounds	17	17	17	17
Developed fields (soccer, baseball, etc.)	1	1	1	1
Water				
Mains (miles)	64	64	64	64
Fire hydrants				
Storage capacity	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
Miles of storm sewers	39	39	39	39

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
1 9	1 9	1 9	1 9	1 9	1 9
1 8	1 8	1 8	1 8	1 8	1 8
15.22 31.60	18.69 35.05	18.69 35.05	18.69 35.05	18.69 35.05	18.69 35.05
172 17 1	172 17 1	172 17 1	172 17 1	172 17 1	172 17 1
64	64	64	64	64	64
1.5 mil gal.	1.5 mil gal.	1.5 mil gal.	1.5 mil gal.	1.5 mil gal.	1.5 mil gal.
56 39	56 39	56 39	56 39	56 39	56 39