

**PITTSFIELD CHARTER TOWNSHIP
Washtenaw County, Michigan**

AUDITED FINANCIAL REPORT

**For the Fiscal Year Ended
December 31, 2005**

PITTSFIELD CHARTER TOWNSHIP
For the Year Ended December 31, 2005

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For the Year Ended December 31, 2005

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FINANCIAL SECTION

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Independent Auditor's Report

February 22, 2006

To the Board of Trustees
Pittsfield Charter Township
Ann Arbor, 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 Pittsfield Charter Township, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pittsfield Charter Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

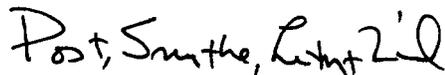
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pittsfield Charter Township as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees
Pittsfield Charter Township, Michigan
February 22, 2006

The management's discussion and analysis and the defined benefit pension plans trend information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pittsfield Charter Township's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,



POST, SMYTHE, LUTZ and ZIEL LLP
Certified Public Accountants



Pittsfield Charter Township

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Management's Discussion and Analysis

As management of Pittsfield Charter Township, we offer readers of Pittsfield Charter Township's financial statements this narrative overview and analysis of the financial activities of Pittsfield Charter Township for the fiscal year ended December 31, 2005.

Financial Highlights

- The assets of Pittsfield Charter Township exceeded its liabilities at the close of the most recent fiscal year by \$61,930,202 (*net assets*). Of this amount, \$24,483,566 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Pittsfield Charter Township's governmental funds reported combined ending fund balances of \$15,723,479, an increase of \$851,206 in comparison with the prior year. Approximately 88 percent of this amount, \$13,869,386 is *available for spending* at the government's discretion (*unreserved fund balance*).
- Pittsfield Charter Township's total debt decreased by \$2,429,828, (11.6 percent) during the current fiscal year. The key factors in this decrease were the early payoffs of the 1994 Water Supply System Capital Improvement Bonds of \$605,000 and the 2001 Water Meter Installment Note Payable in the amount of \$467,637.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Pittsfield Charter Township's basic financial statements. Pittsfield Charter Township's basic financial statements are comprised 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 themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Pittsfield Charter Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Pittsfield Charter Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Pittsfield Charter Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Pittsfield Charter Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Pittsfield Charter Township include general government, public safety, highways and streets, sanitation, and recreation and culture. The business-type activities of Pittsfield Charter Township include the water and sewer system.

The government-wide financial statements include not only Pittsfield Charter Township itself (known as the *primary government*), but also the Pittsfield Charter Township Economic Development Authority and the Pittsfield Charter Township Housing Commission which are separate legal entities for which Pittsfield Charter Township is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 10-12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Pittsfield Charter Township, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Pittsfield Charter Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available 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 than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Pittsfield Charter Township maintains 30 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Public Safety Special Revenue Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into aggregated presentations by fund type. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Budgetary comparison statements have been provided for the General Fund and the Public Safety Special Revenue Fund to demonstrate compliance with the annual appropriated budgets.

Proprietary funds. Pittsfield Charter Township maintains a proprietary fund which is classified as an enterprise fund type. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Pittsfield Charter Township used enterprise funds to account for its water and sewer system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer system, which is considered to be a major fund of Pittsfield Charter Township.

Fiduciary funds. 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 statement because the resources of those funds are *not* available to support Pittsfield Charter Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Pittsfield Charter Township's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 41-44 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 45-56 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Pittsfield Charter Township, assets exceeded liabilities by \$61,930,202 at the close of the most recent fiscal year.

By far the largest portion of Pittsfield Charter Township's net assets (57 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. Pittsfield Charter Township used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Pittsfield Charter Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Pittsfield Charter Township's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	\$ 20,350,868	\$ 19,920,395	\$ 12,537,765	\$ 17,296,792	\$ 32,888,633	\$ 37,217,187
Capital Assets	24,278,921	23,844,481	29,866,075	27,537,996	54,144,996	51,382,477
Total Assets	44,629,789	43,764,876	42,403,840	44,834,788	87,033,629	88,599,664
Long-term Liabilities						
Outstanding	10,305,953	11,361,081	8,246,500	9,621,200	18,552,453	20,982,281
Other Liabilities	4,627,389	5,048,122	1,923,585	3,843,743	6,550,974	8,891,865
Total Liabilities	14,933,342	16,409,203	10,170,085	13,464,943	25,103,427	29,874,146
Net Assets:						
Invested in Capital Assets, net of related debt	13,972,968	12,483,400	21,619,575	17,916,796	35,592,543	30,400,196
Restricted	1,854,093	2,172,501	-	-	1,854,093	2,172,501
Unrestricted	13,869,386	12,699,772	10,614,180	13,453,049	24,483,566	26,152,821
Total Net Assets	\$ 29,696,447	\$ 27,355,673	\$ 32,233,755	\$ 31,369,845	\$ 61,930,202	\$ 58,725,518

An additional portion of Pittsfield Charter Township's net assets (3.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$24,483,566) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Pittsfield Charter Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The Township's net assets increased by \$3,204,684 during the current fiscal year.

Governmental activities. Governmental activities increased Pittsfield Charter Township's net assets by \$2,340,774. Property taxes increased \$543,426 as a result of increased property values and new construction. Also, a significant rise in interest rates translated to a \$391,708 increase in investment earnings. The Township also received State grant revenues for park development.

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Program Revenues:						
Charges for Services	\$ 2,952,260	\$ 4,018,607	\$ 8,440,206	\$ 7,431,884	\$ 11,392,466	\$ 11,450,491
Operating Grants & Contributions	254,121	305,606	-	-	254,121	305,606
Capital Grants & Contributions	1,107,032	13,078	526,618	456,817	1,633,650	469,895
General Revenues:						
Property Taxes	7,771,794	7,228,368	-	-	7,771,794	7,228,368
State Shared Revenues	2,186,549	2,141,845	-	-	2,186,549	2,141,845
Unrestricted Investment Earnings	668,039	276,331	399,738	240,374	1,067,777	516,705
Other	344,232	319,170	-	-	344,232	319,170
Total Revenues	15,284,027	14,303,005	9,366,562	8,129,075	24,650,589	22,432,080
Program Expenses						
General Government	1,874,670	1,886,811	-	-	1,874,670	1,886,811
Public Safety	6,181,387	5,731,179	-	-	6,181,387	5,731,179
Planning and Zoning	330,525	372,070	-	-	330,525	372,070
Public Works	1,748,678	1,717,388	-	-	1,748,678	1,717,388
Recreation and Cultural	697,397	614,299	-	-	697,397	614,299
Other	1,579,075	1,992,136	-	-	1,579,075	1,992,136
Interest on Long-Term Debt	531,521	556,292	-	-	531,521	556,292
Water and Sewer	-	-	8,502,652	7,816,853	8,502,652	7,816,853
Total Expenses	12,943,253	12,870,175	8,502,652	7,816,853	21,445,905	20,687,028
Change in Net Assets	\$ 2,340,774	\$ 1,432,830	\$ 863,910	\$ 312,222	\$ 3,204,684	\$ 1,745,052

Business-type activities. Business-type activities increased Pittsfield Charter Township's net assets by \$863,910, which includes \$526,618 of capital contributions in the current year.

Financial Analysis of the Government's Funds

As noted earlier, Pittsfield Charter Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, Pittsfield Charter Township's governmental funds reported combined ending fund balances of \$15,723,479, an increase of \$851,206 in comparison with the prior year. The *unreserved fund balance*, which is the amount available for spending at the government's discretion, represents 88% of the total fund balance. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been 1) committed to uphold contracts or bond agreements (\$1,724,002), or 2) committed to pay expenditures of the next period (\$130,091).

The general fund is the chief operating fund of Pittsfield Charter Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,932,600, while total fund balance is \$7,963,478. As a measure of the general funds' liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 83.2 percent of total general fund expenditures, while total fund balance represents 83.5 percent of that same amount.

The fund balance of Pittsfield Charter Township's general fund increased by \$848,487 during the current fiscal year. The key factor in this increase is that property tax revenues increased \$402,939 as a result of modest increases in taxable values of property in the Township along with increases in taxable values from new construction.

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

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$10,614,180. Other factors concerning the finances of this fund have already been addressed in the discussion of Pittsfield Charter Township's business-type activities.

General Fund Budgetary Highlights

There was no difference between the original budget and the final amended budget during the year. Any amendments were simply redistributions between departments.

Capital Asset and Debt Administration

Capital assets. Pittsfield Charter Township's investment in capital assets for its governmental and business type activities as of December 31, 2005, amounts to \$54,144,996 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and the water and sewer systems. The total increase in Pittsfield Charter

Township's investment in capital assets for the current fiscal year was 17.1 percent (an 11.9 percent increase for governmental activities and a 20.7 percent increase for business-type activities).

Long-term debt. At the end of the current fiscal year, Pittsfield Charter Township had total bonded debt outstanding of \$10,720,000, \$841,700 of contracts payable, and \$6,230,000 of installment loans payable. All of Pittsfield Charter Township's debt represents general obligation debt backed by the full faith and credit of Pittsfield Charter Township.

- Pittsfield Charter Township's total debt decreased by \$2,429,828 (11.6 percent), during the current fiscal year. The key factors in this decrease were the early payoffs of the 1994 Water Supply System Capital Improvement Bonds of \$605,000 and the 2001 Water Meter Installment Note Payable in the amount of \$467,637.

Additional information on Pittsfield Charter Township's long-term debt can be found in note IV. D. on pages 35-36 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state shared revenues. State shared revenues are expected to decrease again in the 2005-2006 fiscal year and the Township budgeted for a decrease in state shared revenue. Pittsfield Charter Township has kept its general operating millage rate constant for the last 4 years and is still below what is allowable to be levied under the Headlee Amendment, and has presented a balanced budget in the 2006 fiscal year.

Along with the increasing population, the Township is anticipating more demand for parks and recreation services, and is acquiring and developing park land where appropriate to better serve the residents. Also, the Township has been awarded a Michigan Department of Natural Resources Grant to commence Phase I of Pittsfield Preserve Park. The State's grant contribution amount is \$340,780 and the Township match will be up to \$433,720 for a total of \$774,500.

The Water and Sewer Fund rates were increased for the 2006 budget year. The water and sewer rates were increased by an average of 4 percent for all customers effective October 1, 2005. This rate increase was necessary to cover the rate increases passed on by the Township's water and sewer suppliers.

Requests for Information

This financial report is designed to provide a general overview of Pittsfield Charter Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Supervisor, 6201 W. Michigan Avenue, Ann Arbor, Michigan 48108.

BASIC FINANCIAL STATEMENTS

Pittsfield Charter Township
Statement of Net Assets
December 31, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 16,826,804	\$ 5,684,153	\$ 22,510,957	\$ 40,858
Receivables (net of allowance for uncollectibles):				
Accounts	642,340	363,428	1,005,768	87,012
Special Assessments	2,677,866	-	2,677,866	-
Due from Other Funds	64,420	(64,420)	-	-
Due from Component Units	42,349	-	42,349	-
Inventory	-	184,247	184,247	-
Prepaid Expenditures	97,089	9,441	106,530	11,083
Restricted Assets - Cash and Cash Equivalents	-	6,360,916	6,360,916	-
Capital Assets (Net of Accumulated Depreciation)	24,278,921	29,866,075	54,144,996	-
Total Assets	44,629,789	42,403,840	87,033,629	138,953
<u>LIABILITIES</u>				
Accounts Payable	820,236	1,172,833	1,993,069	-
Accrued Liabilities	120,579	682,697	803,276	-
Due to Primary Government	-	-	-	42,349
Due to Other Governmental Units	18,274	68,055	86,329	-
Deferred Revenue	3,251,950	-	3,251,950	-
Other	416,350	-	416,350	-
Noncurrent Liabilities:				
Due within one year	838,600	250,000	1,088,600	-
Due in more than one year	9,467,353	7,996,500	17,463,853	-
Total Liabilities	14,933,342	10,170,085	25,103,427	42,349
<u>NET ASSETS</u>				
Invested in Capital Assets, net of related debt	13,972,968	21,619,575	35,592,543	-
Restricted for:				
Capital Projects	77,736	-	77,736	-
Debt Service	1,646,266	-	1,646,266	-
Other	130,091	-	130,091	-
Unrestricted (Deficit)	13,869,386	10,614,180	24,483,566	96,604
Total Net Assets	\$ 29,696,447	\$ 32,233,755	\$ 61,930,202	\$ 96,604

Pittsfield Charter Township
Statement of Activities
For the Year Ended December 31, 2005

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Functions/Programs</u>				
Primary Government:				
Governmental Activities:				
General Government	\$ 1,874,670	\$ 1,822,584	\$ 14,006	\$ -
Public Safety	6,181,387	705,600	240,115	-
Planning and Zoning	330,525	44,920	-	-
Public Works	1,748,678	219,265	-	742,015
Recreation and Cultural	697,397	159,891	-	365,017
Other	1,579,075	-	-	-
Interest on Long-Term Debt	531,521	-	-	-
Total Governmental Activities	12,943,253	2,952,260	254,121	1,107,032
Business-type Activities:				
Water and Sewer	8,502,652	8,440,206	-	526,618
Total Business-type Activities	8,502,652	8,440,206	-	526,618
Total Primary Government	\$ 21,445,905	\$ 11,392,466	\$ 254,121	\$ 1,633,650
 Component Units	 \$ 1,049,636	 \$ 42,838	 \$ 1,077,402	 \$ -

General Revenues:
Property Taxes
State Shared Revenue
Cable Franchise Fees
Unrestricted Investment Earnings
Total General Revenues

Change in Net Assets
Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (38,080)	\$ -	\$ (38,080)	\$ -
(5,235,672)	-	(5,235,672)	-
(285,605)	-	(285,605)	-
(787,398)	-	(787,398)	-
(172,489)	-	(172,489)	-
(1,579,075)	-	(1,579,075)	-
(531,521)	-	(531,521)	-
<u>(8,629,840)</u>	<u>-</u>	<u>(8,629,840)</u>	<u>-</u>
-	464,172	464,172	-
-	464,172	464,172	-
<u>(8,629,840)</u>	<u>464,172</u>	<u>(8,165,668)</u>	<u>-</u>
-	-	-	70,604
7,771,794	-	7,771,794	-
2,186,549	-	2,186,549	-
344,232	-	344,232	-
668,039	399,738	1,067,777	6,227
<u>10,970,614</u>	<u>399,738</u>	<u>11,370,352</u>	<u>6,227</u>
2,340,774	863,910	3,204,684	76,831
<u>27,355,673</u>	<u>31,369,845</u>	<u>58,725,518</u>	<u>19,773</u>
<u>\$ 29,696,447</u>	<u>\$ 32,233,755</u>	<u>\$ 61,930,202</u>	<u>\$ 96,604</u>

Pittsfield Charter Township
Balance Sheet
Governmental Funds
December 31, 2005

	<u>General</u>	<u>Public Safety</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 8,820,846	\$ 2,702,750	\$ 5,303,208	\$ 16,826,804
Receivables (net of allowance for uncollectibles):				
Accounts	442,692	-	199,648	642,340
Special Assessments	-	-	2,677,866	2,677,866
Due from Other Funds	97,566	-	79,558	177,124
Due from Component Unit	42,349	-	-	42,349
Prepaid Expenditures	82,112	5,872	9,105	97,089
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>9,485,565</u>	\$ <u>2,708,622</u>	\$ <u>8,269,385</u>	\$ <u>20,463,572</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 434,051	\$ 2,513	\$ 383,672	\$ 820,236
Accrued and Other Liabilities	104,905	10,124	5,550	120,579
Due to Other Funds	15,958	-	96,746	112,704
Due to Other Governmental Units	18,274	-	-	18,274
Deferred Revenue	574,084	-	2,677,866	3,251,950
Other	374,815	-	41,535	416,350
Total Liabilities	<u>1,522,087</u>	<u>12,637</u>	<u>3,205,369</u>	<u>4,740,093</u>
Fund Balances:				
Reserved for:				
Capital Projects	-	-	77,736	77,736
Debt Service	-	-	1,646,266	1,646,266
Other	30,878	-	99,213	130,091
Unreserved for:				
General Fund	7,932,600	-	-	7,932,600
Special Revenue Funds	-	2,695,985	3,240,801	5,936,786
Total Fund Balances	<u>7,963,478</u>	<u>2,695,985</u>	<u>5,064,016</u>	<u>15,723,479</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	\$ <u>9,485,565</u>	\$ <u>2,708,622</u>	\$ <u>8,269,385</u>	

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

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,278,921
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(10,305,953)</u>
Net Assets of Governmental Activities	\$ <u>29,696,447</u>

Pittsfield Charter Township
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	<u>General</u>	<u>Public Safety</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Property Taxes	\$ 5,620,877	\$ 1,464,208	\$ 686,709	\$ 7,771,794
Licenses and Permits	45,105	-	467,418	512,523
Intergovernmental:				
Federal, State and Local	2,276,133	-	152,117	2,428,250
Charges for Services	940,251	-	928,865	1,869,116
Franchise Fees	344,232	-	-	344,232
Fines and Forfeitures	114,583	-	-	114,583
Special Assessments	-	-	742,015	742,015
Interest	444,813	89,701	133,525	668,039
Other	615,015	-	218,460	833,475
Total Revenues	<u>10,401,009</u>	<u>1,553,909</u>	<u>3,329,109</u>	<u>15,284,027</u>
<u>Expenditures</u>				
Current:				
General Government	1,686,450	-	-	1,686,450
Public Safety	4,378,933	575,681	573,877	5,528,491
Planning and Zoning	322,751	-	-	322,751
Public Works	402,467	-	780,922	1,183,389
Recreation and Cultural	549,495	-	94,914	644,409
Other	1,497,840	-	81,235	1,579,075
Debt Service:				
Principal	156,000	-	1,002,600	1,158,600
Interest and Other Charges	136,210	-	395,311	531,521
Capital Outlay	404,196	830,710	563,229	1,798,135
Total Expenditures	<u>9,534,342</u>	<u>1,406,391</u>	<u>3,492,088</u>	<u>14,432,821</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>866,667</u>	<u>147,518</u>	<u>(162,979)</u>	<u>851,206</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	-	-	18,180	18,180
Transfers Out	(18,180)	-	-	(18,180)
Total Other Financing Sources and Uses	<u>(18,180)</u>	<u>-</u>	<u>18,180</u>	<u>-</u>
Net Change in Fund Balances	848,487	147,518	(144,799)	851,206
Fund Balances - Beginning	<u>7,114,991</u>	<u>2,548,467</u>	<u>5,208,815</u>	<u>14,872,273</u>
Fund Balances - Ending	<u>\$ 7,963,478</u>	<u>\$ 2,695,985</u>	<u>\$ 5,064,016</u>	<u>\$ 15,723,479</u>

Pittsfield Charter Township
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2005

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

Net change in fund balances - total governmental funds	\$	851,206
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
		434,440
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
		<u>1,055,128</u>
Change in net assets in governmental activities	\$	<u><u>2,340,774</u></u>

Pittsfield Charter Township
Balance Sheet
Proprietary Funds
December 31, 2005

		<u>Business Type Activity Enterprise Fund</u>
		<u>Water and Sewer Fund</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$	5,684,153
Accounts Receivable		363,428
Due From Other Funds		4,367
Inventory		184,247
Prepaid Expense		9,441
Total Current Assets		<u>6,245,636</u>
Restricted Assets - Cash		<u>6,360,916</u>
Property, Plant and Equipment		41,618,421
Less: Accumulated Depreciation		<u>(11,752,346)</u>
Net Property, Plant and Equipment		<u>29,866,075</u>
Total Assets	\$	<u><u>42,472,627</u></u>
<u>LIABILITIES AND EQUITY</u>		
Current Liabilities (Payable from Current Assets):		
Accounts Payable	\$	1,172,833
Accrued Liabilities		462,351
Contracts Payable		220,346
Due to Other Funds		68,787
Due to Other Governmental Units		68,055
Total Current Liabilities (Payable from Current Assets)		<u>1,992,372</u>
Current Liabilities (Payable from Restricted Assets):		
Bonds Payable		<u>250,000</u>
Long-Term Liabilities (Payable from Restricted Assets):		
Bonds Payable (net of unamortized discount)		<u>7,996,500</u>
Equity:		
Invested in Capital Assets, Net of Related Debt		21,619,575
Unrestricted		10,614,180
Total Equity		<u>32,233,755</u>
Total Liabilities and Equity	\$	<u><u>42,472,627</u></u>

Pittsfield Charter Township
Statement of Revenues, Expenses and Changes in Fund Equity
Proprietary Funds
For the Year Ended December 31, 2005

		<u>Business Type Activity Enterprise Fund</u>
		<u>Water and Sewer Fund</u>
<u>Operating Revenues:</u>		
Charges for Services	\$	8,396,540
Other Income		43,666
Total Operating Revenues		<u>8,440,206</u>
<u>Operating Expenses:</u>		
Cost of Sales		6,241,595
Personnel Services		608,000
Supplies, Repairs, Insurance and Other Expenses		497,829
Depreciation and Amortization		<u>762,764</u>
Total Operating Expenses		<u>8,110,188</u>
Operating Income (Loss)		<u>330,018</u>
<u>Non-Operating Revenues (Expenses):</u>		
Interest Earned		399,738
Interest Expense and Fees		<u>(392,464)</u>
Total Non-Operating Revenues (Expenses)		<u>7,274</u>
Income (Loss) before Contributions and Transfers		337,292
Capital Contributions		<u>526,618</u>
Net Income		863,910
Fund Equity, Beginning		<u>31,369,845</u>
Fund Equity, Ending	\$	<u><u>32,233,755</u></u>

Pittsfield Charter Township
Statement of Cash Flows
Proprietary Funds
For the Year December 31, 2005

	<u>Business Type Activity Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from customers and users	\$ 8,717,819
Payments to suppliers	(8,691,577)
Payments to employees	(608,000)
Net Cash Provided (Used) by Operating Activities	<u>(581,758)</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Capital Contributions	526,618
Acquisition and Construction of Capital Assets	(3,077,906)
Principal Paid on Capital Debt	(1,387,637)
Interest Paid on Capital Debt	(392,464)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,331,389)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Earned	<u>399,738</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,513,409)
Cash and Cash Equivalents, Beginning	<u>16,558,478</u>
Cash and Cash Equivalents, Ending	<u>\$ 12,045,069</u>
 <u>Balance Sheet Classifications:</u>	
Cash and Cash Equivalents	\$ 5,684,153
Restricted Assets - Cash and Cash Equivalents	6,360,916
Total	<u>\$ 12,045,069</u>
 <u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>	
Operating Income (Loss)	\$ 330,018
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization Expense	762,764
(Increase) Decrease in Receivables	253,015
(Increase) Decrease in Due from Other Funds	6,300
(Increase) Decrease in Due from Other Governmental Units	1,668
(Increase) Decrease in Inventory	(83,982)
(Increase) Decrease in Prepaid Expense	(170)
Increase (Decrease) in Accounts Payable	(1,741,357)
Increase (Decrease) in Accrued Liabilities	(287,496)
Increase (Decrease) in Contracts Payable	160,852
Increase (Decrease) in Due to Other Funds	10,055
Increase (Decrease) in Due to Other Governmental Units	6,575
Net Cash Provided (Used) by Operating Activities	<u>\$ (581,758)</u>

Pittsfield Charter Township
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2005

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 6,490,436
LIABILITIES	
Due to Other	<u>6,490,436</u>
NET ASSETS	\$ <u><u>-</u></u>

Pittsfield Charter Township
Statement of Net Assets - Component Units
December 31, 2005

	<u>Economic Development Corporation</u>	<u>Housing Commission</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 10,441	\$ 30,417	\$ 40,858
Accounts Receivable	-	87,012	87,012
Prepaid Expense	-	11,083	11,083
Total Assets	<u>10,441</u>	<u>128,512</u>	<u>138,953</u>
<u>LIABILITIES</u>			
Due to Primary Government	<u>989</u>	<u>41,360</u>	<u>42,349</u>
<u>NET ASSETS</u>			
Unrestricted	<u>\$ 9,452</u>	<u>\$ 87,152</u>	<u>\$ 96,604</u>

Pittsfield Charter Township
Statement of Activities - Component Units
For the Year Ended December 31, 2005

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Economic Development Corporation	Housing Commission	Total
Economic Development Corporation	\$ 1,810	\$ 1,500	\$ -	\$ -	(310)	-	(310)
Housing Commission	<u>1,047,826</u>	<u>41,338</u>	<u>1,077,402</u>	<u>-</u>	<u>-</u>	<u>70,914</u>	<u>70,914</u>
Total	<u>\$ 1,049,636</u>	<u>\$ 42,838</u>	<u>\$ 1,077,402</u>	<u>\$ -</u>	<u>(310)</u>	<u>70,914</u>	<u>70,604</u>
General Revenues:							
Unrestricted Investment Earnings					<u>262</u>	<u>5,965</u>	<u>6,227</u>
Change in Net Assets					(48)	76,879	76,831
Net Assets - Beginning					<u>9,500</u>	<u>10,273</u>	<u>19,773</u>
Net Assets - Ending					<u>\$ 9,452</u>	<u>\$ 87,152</u>	<u>\$ 96,604</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Pittsfield Township became a Charter Township by a vote of the electorate on August 15, 1972. The Township is operated by an elected seven member Township Board and provides the following services as authorized by law: public safety (police and fire), sanitation, community development, culture-recreation, public improvements, planning and zoning, water and sewerage system and general administrative services.

As required by generally accepted accounting principles, these financial statements present the Pittsfield Charter Township 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 Township's operations and so data from these units is combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. Each blended and discretely presented component unit has a December 31, 2005 year end.

Blended Component Units

The Pittsfield Township Municipal Building Authority was formed to permit the Township to finance the acquisition and construction of its municipal buildings. All of the Authority's debt is a general obligation of Pittsfield Charter Township. The members of the Authority's board are appointed by the Township's elected Board of Trustees, who also approve the Authority's operating budget.

The Charter Township of Pittsfield Historical Commission was formed to promote Township identity through public awareness of the history of Pittsfield Township. The members of the Commission's board are appointed by the Township Supervisor with approval of the Township Board. The Township Board is also responsible for the approval of the Commission's operating budget.

Discretely Presented Component Units

Pittsfield Township Economic Development Corporation

The Pittsfield Township Economic Development Corporation was formed to assist economic activity in the Township, primarily through the issuance of tax exempt bonds. The Township has no obligation to fund deficits of the corporation nor does it guarantee its debt. Members of the Economic Development Corporation's board of directors are appointed by the Township's Board of Trustees.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Reporting Entity - Continued

Pittsfield Township Housing Commission

The Housing Commission was formed to assist low income and senior citizens of the Township to obtain federally subsidized housing. The Commission participates in the U.S. Housing and Urban Development's "Section 8" voucher program.

The Township Board of Trustees appoints members of the Commission, but does not approve its budgets and is not obligated to fund any operating deficits.

Complete financial statements of the Pittsfield Township Housing Commission component unit can be obtained at the Pittsfield Charter Township Administrative Offices, 6201 W. Michigan Avenue, Ann Arbor, MI 48108.

The above component units are discretely presented within the Township financial statements because they are legally separate and financially accountable to the Township. Financial accountability is demonstrated by the Township Board making the appointments to the respective boards, approving the annual operating budgets and any amendments of each component unit and approving development and financing plans of the EDC, and Housing Commission.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Government-Wide and Fund Financial Statements – Continued

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Governmental Funds

The Township reports the following major governmental funds:

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

The Public Safety Special Revenue Fund accounts for the public safety millage revenue and related expenditures.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

In addition, the Township reports on the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

The debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Proprietary Fund

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include the following fund types:

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Township Commission has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Township's enterprise fund is the Water and Sewer Fund, which is reported as a major fund.

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

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity by the Township or as an agent on behalf of others. Fiduciary funds include the following fund type:

The Agency Funds are used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks.

2. Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of allowances for uncollectible accounts, which are recorded as follows:

	<u>Accounts</u>
	<u>Receivable</u>
Total	\$1,090,768
Less Allowance for Doubtful Accounts	<u>85,000</u>
Net Realizable Value	<u>\$1,005,768</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Net Assets or Equity – Continued

3. Inventory

Inventories are valued at cost using the first-in/first out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-30
Equipment	5-20
Infrastructure	15-30

5. Compensated Absences

In accordance with contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only when they have matured or come due for payment. The long-term portion of compensated absences related to the governmental funds is a liability recorded in the Statement of Net Assets. The total liability at December 31, 2005 is \$864,253.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Assets or Equity – Continued

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. 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. The remaining portion of such obligations is reported in the Statement of Net Assets. Long-term liabilities expected to be financed from proprietary funds are reported as liabilities in those funds.

7. Fund Equity

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet And the Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$10,305,953 difference are as follows:

General Obligation Bonds and Contracts Payable	\$ 9,441,700
Compensated Absences Payable	<u>864,253</u>
	<u>\$10,305,953</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS -
Continued

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$434,440 difference are as follows:

Capital Outlay	\$1,798,135
Disposal of Assets	(14,682)
Depreciation Expense	<u>(1,349,013)</u>
	<u>\$ 434,440</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,055,128 difference are as follows:

Principal Repayments	\$1,158,600
Compensated Absences	<u>(103,472)</u>
	<u>\$1,055,128</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being incurred.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

A. Budgetary Information - Continued

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

1. In accordance with State law, prior to December 15, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year. Detail line item budgets are included for administrative control. The level of control for the detail budgets is at the departmental basis.
2. Public hearings are conducted in September and October to obtain taxpayer comment.
3. Prior to December 15, the budget is legally enacted through passage of a budget resolution.
4. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Proprietary Fund budgets are prepared on a non-GAAP method.
6. Budget appropriations lapse at year end.
7. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds.
8. Budgeted amounts are reported as originally adopted and as amended by the Township Board.

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of December 31, 2005.

2. Excess of Expenditures Over Appropriations in Budgetary Funds

None of the funds have expenditures in excess of appropriations.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

The following information, as required by the Governmental Accounting Standards Board Statement Number 40, is presented regarding the Township's deposits and investments:

Custodial Credit Risk is the risk that in the event of a bank failure, the Township's deposits may not be recovered. Neither State law nor the Township's investment policy requires consideration of custodial credit risk. As of December 31, 2005, the Township's book balance of its deposits was \$35,362,309. The bank balance was \$34,530,664 which was exposed to custodial credit risk, as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>FDIC Insured</u>
Insured by F.D.I.C.	\$ 30,417	\$ 30,417	\$ -
Uninsured and Uncollateralized	<u>10,441</u>	<u>10,441</u>	-
Total	<u>\$ 40,858</u>	<u>\$ 40,858</u>	<u>\$ -</u>

	<u>Bank Balance</u>
Insured by F.D.I.C.	\$ 400,319
Uninsured and Uncollateralized	<u>34,130,345</u>
Total	<u>\$34,530,664</u>

A reconciliation of cash to the accompanying financial statements follows:

Statement of Net Assets:	
Cash and Cash Equivalents	\$ 22,510,957
Restricted Assets-Cash	6,360,916
Fiduciary Fund:	
Cash	<u>6,490,436</u>
Total	<u>\$ 35,362,309</u>

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

A. Deposits and Investments - Continued

Interest Rate Risk. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's and the Component Units' deposits and investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Deposits and Investments:		
Savings and Checking Accounts	\$ 4,296,823	Demand
Pooled Investments	\$14,323,846	Demand
Certificates of Deposit	\$15,909,995	34 days
Component Units:		
Checking Accounts	\$ 30,894	Demand
Pooled Investments	\$ 9,964	Demand

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices. As of year end, all deposits and investments consist of demand accounts, pooled investments, and certificates of deposit, all of which are not rated.

Concentration of Credit Risk. The Township's investment policy places no limit on the amount the Township may invest in any one issuer. The Township does not have more than 5% of its total investments in a single issuer.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

B. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 14,841,942	\$ -	\$ -	\$ 14,841,942
Capital Assets, being depreciated:				
Building	5,035,070	-	-	5,035,070
Machinery and Equipment	4,951,227	1,284,288	(132,851)	6,102,664
Infrastructure	10,176,373	513,847	-	10,690,220
	<u>20,162,670</u>	<u>1,798,135</u>	<u>(132,851)</u>	<u>21,827,954</u>
Less: Accumulated Depreciation:				
Building	(1,564,348)	(210,948)	-	(1,775,296)
Machinery and Equipment	(3,086,473)	(573,207)	118,169	(3,541,511)
Infrastructure	(6,509,310)	(564,858)	-	(7,074,168)
	<u>(11,160,131)</u>	<u>(1,349,013)</u>	<u>118,169</u>	<u>(12,390,975)</u>
Governmental Activities Capital Assets, net	<u>\$ 23,844,481</u>	<u>\$ 449,122</u>	<u>\$ (14,682)</u>	<u>\$ 24,278,921</u>

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

General Government	\$ 163,929
Public Safety	569,179
Planning & Zoning	4,456
Public Works	562,259
Recreation and Cultural	49,190
	<u>\$1,349,013</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

B. Capital Assets – Continued

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 510,118	\$ -	\$ -	\$ 510,118
Capital Assets, being depreciated:				
Building	949,314	-	-	949,314
Infrastructure	36,616,988	3,022,596	-	39,639,584
Machinery and Equipment	464,094	55,310	-	519,404
	<u>38,030,396</u>	<u>3,077,906</u>	<u>-</u>	<u>41,108,302</u>
Less: Accumulated Depreciation:				
Building	(126,576)	(31,644)	-	(158,220)
Infrastructure	(10,642,801)	(677,093)	-	(11,319,894)
Machinery and Equipment	(233,141)	(41,090)	-	(274,231)
	<u>(11,002,518)</u>	<u>(749,827)</u>	<u>-</u>	<u>(11,752,345)</u>
Business-type Activities				
Capital Assets, net	<u>\$ 27,537,996</u>	<u>\$ 2,328,079</u>	<u>\$ -</u>	<u>\$ 29,866,075</u>

C. Interfund Receivables, Payables and Transfers

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Building Dept	\$ 94,753
	Refuse	1,993
	Water and Sewer	820
Building	General Fund	692
Water and Sewer	General Fund	4,367
Refuse	General Fund	10,899
	Water and Sewer	67,967
		<u>\$ 181,491</u>

The interfund balances represent routine and temporary cash flow assistance.

<u>Transfers In</u>	<u>Transfers Out</u>	
Carpenter Road Debt Service	General Fund	<u>\$ 18,180</u>

The transfer from the General Fund to the Carpenter Road Debt Service Fund represents the general obligation portion of the debt repayment.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

D. Long-Term Debt

The following is a summary of long-term debt transactions of the Township for the year ended December 31, 2005:

	<u>Balance</u> <u>Jan 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec 31, 2005</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Installment Notes	\$ 6,620,000	\$ -	\$ 390,000	\$ 6,230,000	\$ 410,000
Special Assessments	3,050,000	-	680,000	2,370,000	340,000
Drain Assessments	930,300	-	88,600	841,700	88,600
Compensated Absences	<u>760,781</u>	<u>103,472</u>	<u>-</u>	<u>864,253</u>	<u>-</u>
	<u>\$ 11,361,081</u>	<u>\$ 103,472</u>	<u>\$ 1,158,600</u>	<u>\$ 10,305,953</u>	<u>\$ 838,600</u>
Business Activities:					
Bonds Payable	\$ 9,270,000	\$ -	\$ 920,000	\$ 8,350,000	\$ 250,000
Installment Notes	467,637	-	467,637	-	-
Less: Unamortized Discount	<u>(116,437)</u>	<u>12,937</u>	<u>-</u>	<u>(103,500)</u>	<u>-</u>
	<u>\$ 9,621,200</u>	<u>\$ 12,937</u>	<u>\$ 1,387,637</u>	<u>\$ 8,246,500</u>	<u>\$ 250,000</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

D. Long-Term Debt - Continued

The following is a summary of general obligation debt outstanding of the Township as of December 31, 2005:

	<u>Number of Issues</u>	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
Governmental Activities:				
Installment Notes	1	5.30%	2014	\$ 6,230,000
Special Assessments	6	3.15%-6.80%	2015	2,370,000
Drain Assessments	1	4.80%-5.00%	2015	841,700
Compensated Absences	N/A			864,253
				<u>\$ 10,305,953</u>
Business Activities:				
Bonds Payable	2	2.75%-4.70%	2029	\$ 8,350,000
Less: Unamortized Discount				(103,500)
				<u>\$ 8,246,500</u>

The annual debt service requirements to maturity for debt outstanding as of December 31, 2005 is as follows:

<u>Year Ended</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 838,600	\$ 464,964	\$ 250,000	\$ 313,285
2007	878,600	421,532	260,000	305,709
2008	883,600	376,920	275,000	297,671
2009	1,008,600	329,706	280,000	289,130
2010	1,058,600	277,092	295,000	280,036
2011-2015	4,773,700	527,762	1,480,000	1,241,668
2016-2020	-	-	1,560,000	979,209
2021-2025	-	-	1,980,000	635,868
2026-2029	-	-	1,970,000	174,795
	<u>\$ 9,441,700</u>	<u>\$ 2,397,976</u>	<u>\$ 8,350,000</u>	<u>\$ 4,517,371</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

E. Reserved Fund Balance

A detailed description of fund balance reservations and designations (for all governmental fund types) at December 31, 2005, is presented below:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Reserved for:				
Capital Projects	\$ -	\$ -	\$ -	\$ 77,736
Debt Service	-	-	1,646,266	-
Other	30,878	99,213	-	-
Total Reserved	<u>30,878</u>	<u>99,213</u>	<u>1,646,266</u>	<u>77,736</u>
Unreserved:				
Designated for:				
Subsequent Year	225,000	417,254	-	-
Prepaid Expenditures	82,000	-	-	-
Land Acquisition	2,000,000	-	-	-
Contingencies	1,500,000	-	-	-
Capital Improvements	2,000,000	-	-	-
Budget Stabilization	150,000	-	-	-
Retiree Benefits	1,600,000	-	-	-
Total Designated	<u>7,557,000</u>	<u>417,254</u>	<u>-</u>	<u>-</u>
Undesignated	<u>375,600</u>	<u>5,519,532</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>\$ 7,963,478</u>	<u>\$ 6,035,999</u>	<u>\$ 1,646,266</u>	<u>\$ 77,736</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

F. Property Taxes

Property taxes are assessed as of each December 31. The Township tax levy is billed on December 1 of the following year, and payable through February. Taxes are considered delinquent on March 1, at which time the applicable property is subject to lien and penalty and interest is assessed. The maximum authorized operating levies for the Township are detailed below:

<u>Purpose</u>	<u>Authorization</u>	<u>Term</u>	<u>Pre- Rollback Auth. Rate</u>	<u>Post Rollback Auth. Rate</u>	<u>Rate Levied</u>
Operating	Voter Approved	N/A	5.0000	4.1002	3.7547
Public Safety	Voter Approved	2002-2011	1.0000	0.9807	0.9807
Parks and Rec.	Voter Approved	1996-2005	0.5000	0.4790	0.4596
Total				<u>5.5599</u>	<u>5.1950</u>

V. OTHER INFORMATION

A. Employee Retirement Systems and Plans

1. Defined Benefit Plan

The Township contributes to the Michigan Municipal Employees' Retirement System (MMERS), which is an agent multiple employer retirement system that covers all full time employees of the Township. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, non duty-connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by a certain percentage based on the benefit program in effect as of the date of termination of membership times the final average compensation (FAC). The most recent period for which actuarial data was available was for the actuarial valuation as of December 31, 2004.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 (MSA 5.333(a); MCLA 46.12(a)), as amended, State of Michigan. MERS is regulated under Act No. 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 447 N. Canal St., Lansing, Michigan 48917-9755.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

V. OTHER INFORMATION - Continued

A. Employee Retirement Systems and Plans - Continued

2. Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units and personnel policy. The Township is required to contribute at an actuarially determined rate; the current rate was a percentage of annual compensation at December 31, 2003 as follows:

Admin-Union	4.04%
Admin Non-Union	6.69%
Patrol Officers	4.03%
Firefighters	5.60%
Elected Officials	15.16%
Dispatchers	3.14%
Police Command	12.65%

3. Annual Pension Cost

During the fiscal year ended December 31, 2005, the Township's contributions totaling \$357,073 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2003. The employer contribution rate has been determined based on the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 4.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Pension Year Ended	<u>Trend Information</u>			
	<u>Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<u>Dec. 31</u>	<u>Dec. 31</u>			
2000	1998	\$193,233	100%	\$ -0-
2001	1999	242,891	100%	-0-
2002	2000	246,324	100%	-0-
2003	2001	285,559	100%	-0-
2004	2002	298,754	100%	-0-
2005	2003	357,073	100%	-0-

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2005

V. OTHER INFORMATION - Continued

B. Post Retirement Health Care Benefits

In addition to providing pension benefits, the Township provides certain health care insurance benefits to all full time employees of the Township. All eligible full time employees who retire at normal retirement age, are entitled to receive these benefits during their retirement. Currently 6 retirees are covered by this plan. These benefits are expensed in the year paid, on a pay-as-you-go basis. For the year ended December 31, 2005, these costs amounted to approximately \$60,348. The basis for these payments are the agreements with employee groups through collective bargaining as well as the Township's personnel policy.

C. Risk Management

The Township purchases insurance coverage through traditional means. The Township's property and liability and workers compensation coverages are on file in the Risk Manager's office.

D. Contingencies

1. Property Tax Litigation

Utility companies appealed tax assessments for the years 1997-2002, claiming that the State Tax Commission's revisions to depreciation tables adopted in 1999 had retroactive effect. The Township has defended the action, but the case remains unsettled, as is the case statewide. The Township attorney is unable to determine the probable results, however, the tax amounts in question (Township share) is approximately \$200,000. Accordingly, adjustments, if any, that might result from the resolution of this matter have not been reflected in the financial statements.

2. Water Treatment Services

The Township has a contract with the supplier of the majority of its water treatment services, which calls for annual adjustments to the amounts billed monthly for these services, based on the total flows into the system from the Township, as compared to flows from all users. These amounts have not been billed by the supplier, and management has not been able to determine a reasonable estimate of amounts due. Accordingly, adjustments, if any, that might result from the resolution of this matter have not been reflected in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Pittsfield Charter Township
 Required Supplemental Information
 Defined Benefit Pensions Plans Trend Information (Unaudited)
 December 31, 2005

Municipal Employees Retirement System
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Underfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
12/31/97	\$1,827,266	\$3,105,629	\$1,278,363	59%	\$2,598,644	49%
12/31/98	2,307,455	3,778,507	1,471,052	61	2,886,184	51
12/31/99	2,887,981	4,202,782	1,314,801	69	3,356,500	39
12/31/00	3,462,677	5,038,816	1,576,139	69	3,648,928	43
12/31/01	4,176,971	5,900,412	1,723,441	71	4,078,516	42
12/31/02	4,826,738	6,638,884	1,812,146	73	4,515,902	40
12/31/03	5,826,387	8,233,918	2,407,531	71	5,189,309	46
12/31/04	6,750,466	9,711,666	2,961,200	70	5,344,918	55

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2004, the latest actual valuation, follows:

Actuarial cost method	Entry age normal cost
Amortization method	Level percent
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases Includes inflation at 4.5%	4.50-12.90%
Cost of living adjustments	None

PITTSFIELD CHARTER TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General Property Taxes	\$ 5,642,983	\$ 5,642,983	\$ 5,620,877	\$ (22,106)
Licenses and Permits	79,000	79,000	45,105	(33,895)
Intergovernmental - Federal	-	-	13,967	13,967
Intergovernmental - State and Local	2,229,500	2,229,500	2,262,166	32,666
Charges for Services	926,300	926,300	940,251	13,951
Franchise Fees	325,000	325,000	344,232	19,232
Fines	110,000	110,000	114,583	4,583
Interest	220,000	220,000	444,813	224,813
Reimbursements	503,600	503,600	315,286	(188,314)
Other Revenues	305,600	305,600	299,729	(5,871)
Total Revenues	10,341,983	10,341,983	10,401,009	59,026
Expenditures:				
General Government:				
Township Board	44,000	44,000	39,794	4,206
Township Supervisor	132,198	100,197	96,584	3,613
Elections	42,322	56,822	43,345	13,477
Accounting Dept.	164,021	132,021	113,799	18,222
Assessor	265,639	268,780	268,586	194
Township Clerk	255,801	241,301	210,103	31,198
Personnel Dept.	194,811	194,811	165,402	29,409
Purchasing Dept.	31,952	31,952	27,738	4,214
Board of Review	2,000	2,000	1,800	200
Administrative Dept.	118,500	120,000	87,924	32,076
Professional Services	101,000	101,000	82,633	18,367
Treasurer's Dept.	215,785	215,785	205,901	9,884
Network Administrator	52,061	52,061	48,186	3,875
Information Technology	70,000	64,500	36,988	27,512
Building and Grounds	228,173	228,173	197,792	30,381
Phase II EPA - DEQ Compliance	87,120	87,120	59,875	27,245
Total General Government	2,005,383	1,940,523	1,686,450	254,073
Public Safety:				
Police	2,732,467	2,732,467	2,453,405	279,062
Fire	2,208,656	2,208,656	1,884,956	323,700
Property Maintenance Inspections	47,808	47,808	40,572	7,236
Total Public Safety	4,988,931	4,988,931	4,378,933	609,998
Planning and Zoning	404,405	404,405	322,751	81,654
Highways, Streets and Drains	599,500	516,400	402,467	113,933
Parks and Recreation	645,284	645,284	548,679	96,605
Housing Commission	16,000	16,000	9,471	6,529
Historical Commission	2,850	2,850	816	2,034
Debt Service:				
Principal	156,000	156,000	156,000	-
Interest and Other Charges	136,210	136,210	136,210	-
Total Debt Service	292,210	292,210	292,210	-
Capital Outlay	465,387	550,759	404,196	146,563
Other Functions	1,489,300	1,551,888	1,488,369	63,519
Total Expenditures	10,909,250	10,909,250	9,534,342	1,374,908

(continued)

PITTSFIELD CHARTER TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	\$ (567,267)	\$ (567,267)	\$ 866,667	\$ 1,433,934
Other Financing Sources (Uses):				
Operating Transfers Out	(18,180)	(18,180)	(18,180)	-
Sale of Fixed Assets	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Total Other Financing Sources (Uses)	<u>81,820</u>	<u>81,820</u>	<u>(18,180)</u>	<u>(100,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ <u>(485,447)</u>	\$ <u>(485,447)</u>	848,487	\$ <u>1,333,934</u>
Fund Balance - January 1			<u>7,114,991</u>	
Fund Balance - December 31			<u>\$ 7,963,478</u>	

PITTSFIELD CHARTER TOWNSHIP
Public Safety Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Property Taxes	\$ 1,464,763	\$ 1,464,763	\$ 1,464,208	\$ (555)
Interest	<u>20,000</u>	<u>20,000</u>	<u>89,701</u>	<u>69,701</u>
Total Revenues	<u>1,484,763</u>	<u>1,484,763</u>	<u>1,553,909</u>	<u>69,146</u>
<u>Expenditures:</u>				
Public Safety	818,606	818,606	575,681	242,925
Capital Outlay	<u>1,073,000</u>	<u>1,073,000</u>	<u>830,710</u>	<u>242,290</u>
Total Expenditures	<u>1,891,606</u>	<u>1,891,606</u>	<u>1,406,391</u>	<u>485,215</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>(406,843)</u>	\$ <u>(406,843)</u>	147,518	\$ <u>554,361</u>
Fund Balance - January 1			<u>2,548,467</u>	
Fund Balance - December 31			\$ <u>2,695,985</u>	

OTHER SUPPLEMENTARY INFORMATION

PITTSFIELD CHARTER TOWNSHIP
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 3,491,308	\$ 1,683,191	\$ 128,709	\$ 5,303,208
Accounts Receivable	199,648	-	-	199,648
Special Assessments Receivable	-	2,677,866	-	2,677,866
Due from Other Funds	79,558	-	-	79,558
Prepaid Expenditures	9,105	-	-	9,105
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>3,779,619</u>	\$ <u>4,361,057</u>	\$ <u>128,709</u>	\$ <u>8,269,385</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 332,699	\$ -	\$ 50,973	\$ 383,672
Accrued Liabilities	5,550	-	-	5,550
Due to Other Funds	96,746	-	-	96,746
Deferred Revenue	-	2,677,866	-	2,677,866
Deposits	4,610	-	-	4,610
Other	-	36,925	-	36,925
Total Liabilities	<hr/> 439,605	<hr/> 2,714,791	<hr/> 50,973	<hr/> 3,205,369
Fund Balance:				
Reserved for :				
Capital Projects	-	-	77,736	77,736
Debt Service	-	1,646,266	-	1,646,266
Other	99,213	-	-	99,213
Unreserved	3,240,801	-	-	3,240,801
Total Fund Balance	<hr/> 3,340,014	<hr/> 1,646,266	<hr/> 77,736	<hr/> 5,064,016
Total Liabilities and Fund Balance	\$ <u>3,779,619</u>	\$ <u>4,361,057</u>	\$ <u>128,709</u>	\$ <u>8,269,385</u>

PITTSFIELD CHARTER TOWNSHIP
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Property Taxes	\$ 686,709	\$ -	\$ -	\$ 686,709
Special Assessments	-	742,015	-	742,015
Licenses and Permits	467,418	-	-	467,418
Intergovernmental - State	152,117	-	-	152,117
Charges for Services	928,865	-	-	928,865
Interest	74,517	54,818	4,190	133,525
Other	218,460	-	-	218,460
Total Revenues	<u>2,528,086</u>	<u>796,833</u>	<u>4,190</u>	<u>3,329,109</u>
Expenditures:				
Public Safety	573,877	-	-	573,877
Public Works	780,922	-	-	780,922
Recreation and Cultural	94,914	-	-	94,914
Other	4,132	77,103	-	81,235
Debt Service:				
Principal	234,000	768,600	-	1,002,600
Interest and Other Charges	204,315	190,996	-	395,311
Capital Outlay	481,295	-	81,934	563,229
Total Expenditures	<u>2,373,455</u>	<u>1,036,699</u>	<u>81,934</u>	<u>3,492,088</u>
Excess (Deficiency) of Revenues Over Expenditures	154,631	(239,866)	(77,744)	(162,979)
Other Financing Sources: Operating Transfers In	<u>-</u>	<u>18,180</u>	<u>-</u>	<u>18,180</u>
Change in Fund Balances	154,631	(221,686)	(77,744)	(144,799)
Fund Balances - January 1	<u>3,185,383</u>	<u>1,867,952</u>	<u>155,480</u>	<u>5,208,815</u>
Fund Balances - December 31	<u>\$ 3,340,014</u>	<u>\$ 1,646,266</u>	<u>\$ 77,736</u>	<u>\$ 5,064,016</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2005

	<u>Refuse Collection</u>	<u>Parks & Recreation Millage</u>	<u>Tree Mitigation</u>	<u>Building Department</u>	<u>Budget Stabilization</u>	<u>E 911 Service</u>	<u>Total</u>
ASSETS							
Cash	\$ 239,207	\$ 859,119	\$ 238,206	\$ 209,309	\$ 965,000	\$ 980,467	\$ 3,491,308
Accounts Receivable	-	151,943	-	-	-	47,705	199,648
Due from Other Funds	78,866	-	-	692	-	-	79,558
Prepaid Expenditures	-	-	-	5,505	-	3,600	9,105
Total Assets	<u>\$ 318,073</u>	<u>\$ 1,011,062</u>	<u>\$ 238,206</u>	<u>\$ 215,506</u>	<u>\$ 965,000</u>	<u>\$ 1,031,772</u>	<u>\$ 3,779,619</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 75,129	\$ 234,508	\$ -	\$ 7,229	\$ -	\$ 15,833	\$ 332,699
Accrued Liabilities	-	-	-	5,550	-	-	5,550
Due to Other Funds	1,993	-	-	94,753	-	-	96,746
Deposits	4,610	-	-	-	-	-	4,610
Total Liabilities	<u>81,732</u>	<u>234,508</u>	<u>-</u>	<u>107,532</u>	<u>-</u>	<u>15,833</u>	<u>439,605</u>
Fund Balance:							
Reserved for Recycling	99,213	-	-	-	-	-	99,213
Unreserved:							
Designated for Subsequent Years Expenditures	22,600	318,979	1,500	74,175	-	-	417,254
Undesignated	114,528	457,575	236,706	33,799	965,000	1,015,939	2,823,547
Total Fund Balance	<u>236,341</u>	<u>776,554</u>	<u>238,206</u>	<u>107,974</u>	<u>965,000</u>	<u>1,015,939</u>	<u>3,340,014</u>
Total Liabilities and Fund Balance	<u>\$ 318,073</u>	<u>\$ 1,011,062</u>	<u>\$ 238,206</u>	<u>\$ 215,506</u>	<u>\$ 965,000</u>	<u>\$ 1,031,772</u>	<u>\$ 3,779,619</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2005

	<u>Refuse Collection</u>	<u>Parks & Recreation Millage</u>	<u>Tree Mitigation</u>	<u>Building Department</u>	<u>Budget Stabilization</u>	<u>E 911 Service</u>	<u>Total</u>
Revenues:							
Taxes	\$ -	\$ 686,709	\$ -	\$ -	\$ -	\$ -	\$ 686,709
State Grants	-	151,943	174	-	-	-	152,117
Refuse Billings	737,851	-	-	-	-	-	737,851
Permit Fees	-	-	-	467,418	-	-	467,418
Surcharge Revenue	-	-	-	-	-	191,014	191,014
Interest Earned	7,827	27,859	6,170	6,601	-	26,060	74,517
Other	60	-	212,900	5,500	-	-	218,460
Total Revenues	<u>745,738</u>	<u>866,511</u>	<u>219,244</u>	<u>479,519</u>	<u>-</u>	<u>217,074</u>	<u>2,528,086</u>
Expenditures:							
Sanitation	780,922	-	-	-	-	-	780,922
Public Safety	-	-	-	559,921	-	13,956	573,877
Parks & Recreation	-	94,914	-	-	-	-	94,914
Other	-	-	4,132	-	-	-	4,132
Debt Service:							
Principal	-	234,000	-	-	-	-	234,000
Interest and Other Charges	-	204,315	-	-	-	-	204,315
Capital Outlay	-	291,117	82,639	86,706	-	20,833	481,295
Total Expenditures	<u>780,922</u>	<u>824,346</u>	<u>86,771</u>	<u>646,627</u>	<u>-</u>	<u>34,789</u>	<u>2,373,455</u>
Excess (Deficiency) of Revenues Over Expenditures	(35,184)	42,165	132,473	(167,108)	-	182,285	154,631
Fund Balance - January 1	<u>271,525</u>	<u>734,389</u>	<u>105,733</u>	<u>275,082</u>	<u>965,000</u>	<u>833,654</u>	<u>3,185,383</u>
Fund Balance - December 31	<u>\$ 236,341</u>	<u>\$ 776,554</u>	<u>\$ 238,206</u>	<u>\$ 107,974</u>	<u>\$ 965,000</u>	<u>\$ 1,015,939</u>	<u>\$ 3,340,014</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2005

	<u>Building Authority</u>	<u>Drains At Large</u>	<u>Special Assessments</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$ 319	\$ -	\$ 1,682,872	\$ 1,683,191
Special Assessments Receivable	<u>-</u>	<u>-</u>	<u>2,677,866</u>	<u>2,677,866</u>
Total Assets	<u>\$ 319</u>	<u>\$ -</u>	<u>\$ 4,360,738</u>	<u>\$ 4,361,057</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Deferred Revenue	\$ -	\$ -	\$ 2,677,866	\$ 2,677,866
Other	<u>-</u>	<u>-</u>	<u>36,925</u>	<u>36,925</u>
Total Liabilities	-	-	2,714,791	2,714,791
Fund Balance:				
Reserved for Debt Service	<u>319</u>	<u>-</u>	<u>1,645,947</u>	<u>1,646,266</u>
Total Liabilities and Fund Balance	<u>\$ 319</u>	<u>\$ -</u>	<u>\$ 4,360,738</u>	<u>\$ 4,361,057</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2005

	<u>Building Authority</u>	<u>Drains At Large</u>	<u>Special Assessments</u>	<u>Total</u>
<u>Revenues:</u>				
Special Assessments	\$ -	\$ -	\$ 742,015	\$ 742,015
Interest Earned	<u>10</u>	<u>2,245</u>	<u>52,563</u>	<u>54,818</u>
Total Revenues	<u>10</u>	<u>2,245</u>	<u>794,578</u>	<u>796,833</u>
<u>Expenditures:</u>				
Principal Retirement	-	-	768,600	768,600
Interest	-	-	188,188	188,188
Paying Agent Fees	-	-	2,808	2,808
Other	<u>-</u>	<u>77,103</u>	<u>-</u>	<u>77,103</u>
Total Expenditures	<u>-</u>	<u>77,103</u>	<u>959,596</u>	<u>1,036,699</u>
Excess (Deficiency) of Revenues Over Expenditures	10	(74,858)	(165,018)	(239,866)
Other Financing Sources: Operating Transfers In	<u>-</u>	<u>-</u>	<u>18,180</u>	<u>18,180</u>
Change in Fund Balances	10	(74,858)	(146,838)	(221,686)
Fund Balance - January 1	<u>309</u>	<u>74,858</u>	<u>1,792,785</u>	<u>1,867,952</u>
Fund Balance - December 31	<u>\$ 319</u>	<u>\$ -</u>	<u>\$ 1,645,947</u>	<u>\$ 1,646,266</u>

PITTSFIELD CHARTER TOWNSHIP
Special Assessment Debt Service Funds
Combining Balance Sheet
December 31, 2005

	<u>1990 Roads</u>	<u>1991 Water & Sewer</u>	<u>Carpenter Road Drain</u>	<u>Textile Road Water</u>	<u>Ellsworth Road East</u>
<u>ASSETS</u>					
Cash	\$ 278,251	\$ 459,848	\$ 187,403	\$ 100,079	\$ 79,658
Special Assessments Receivable:					
Current	-	23,907	90,129	36,085	8,366
Future Billings	-	75,917	501,670	88,050	8,686
Total Assets	\$ <u>278,251</u>	\$ <u>559,672</u>	\$ <u>779,202</u>	\$ <u>224,214</u>	\$ <u>96,710</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Deferred Revenue	\$ -	\$ 99,824	\$ 591,799	\$ 124,135	\$ 17,052
Other	36,925	-	-	-	-
Total Liabilities	36,925	99,824	591,799	124,135	17,052
Fund Balance:					
Reserved For Debt Service	241,326	459,848	187,403	100,079	79,658
Total Liabilities and Fund Balance	\$ <u>278,251</u>	\$ <u>559,672</u>	\$ <u>779,202</u>	\$ <u>224,214</u>	\$ <u>96,710</u>

State & Textile Road	Munger Road	Waters Road	Waters Place Road	Munger Road 2001	Ann Arbor/ Waters Road	Total
\$ 75,187	\$ 29,103	\$ 242,831	\$ 40,969	\$ 172,043	\$ 17,500	\$ 1,682,872
118,295	-	-	97,698	60,833	36,938	472,251
<u>648,008</u>	<u>-</u>	<u>-</u>	<u>531,503</u>	<u>216,781</u>	<u>135,000</u>	<u>2,205,615</u>
<u>\$ 841,490</u>	<u>\$ 29,103</u>	<u>\$ 242,831</u>	<u>\$ 670,170</u>	<u>\$ 449,657</u>	<u>\$ 189,438</u>	<u>\$ 4,360,738</u>
\$ 766,303	\$ -	\$ -	\$ 629,201	\$ 277,614	\$ 171,938	\$ 2,677,866
-	-	-	-	-	-	36,925
<u>766,303</u>	<u>-</u>	<u>-</u>	<u>629,201</u>	<u>277,614</u>	<u>171,938</u>	<u>2,714,791</u>
<u>75,187</u>	<u>29,103</u>	<u>242,831</u>	<u>40,969</u>	<u>172,043</u>	<u>17,500</u>	<u>1,645,947</u>
<u>\$ 841,490</u>	<u>\$ 29,103</u>	<u>\$ 242,831</u>	<u>\$ 670,170</u>	<u>\$ 449,657</u>	<u>\$ 189,438</u>	<u>\$ 4,360,738</u>

PITTSFIELD CHARTER TOWNSHIP
Special Assessment Debt Service Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended December 31, 2005

	<u>1990 Roads</u>	<u>1991 Water & Sewer</u>	<u>Carpenter Road Drain</u>	<u>Textile Road Water</u>	<u>Ellsworth Road East</u>
Revenues:					
Special Assessment Tax Levy	\$ 91,113	\$ 25,746	\$ 93,568	\$ 42,410	\$ 29,943
Assessments Paid in Full	-	2,481	-	14,978	34,365
Interest Earned	<u>8,785</u>	<u>13,174</u>	<u>5,738</u>	<u>2,786</u>	<u>2,340</u>
Total Revenues	<u>99,898</u>	<u>41,401</u>	<u>99,306</u>	<u>60,174</u>	<u>66,648</u>
Expenditures:					
Principal Retirement	225,000	-	88,600	50,000	45,000
Interest	5,625	-	43,901	9,725	7,639
Paying Agent Fees	<u>482</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
Total Expenditures	<u>231,107</u>	<u>-</u>	<u>132,501</u>	<u>60,025</u>	<u>52,939</u>
Excess (Deficiency) of Revenues Over Expenditures	(131,209)	41,401	(33,195)	149	13,709
Other Financing Sources: Transfers In	<u>-</u>	<u>-</u>	<u>18,180</u>	<u>-</u>	<u>-</u>
Change in Fund Balances	(131,209)	41,401	(15,015)	149	13,709
Fund Balance - January 1	<u>372,535</u>	<u>418,447</u>	<u>202,418</u>	<u>99,930</u>	<u>65,949</u>
Fund Balance - December 31	<u>\$ 241,326</u>	<u>\$ 459,848</u>	<u>\$ 187,403</u>	<u>\$ 100,079</u>	<u>\$ 79,658</u>

<u>State & Textile Road</u>	<u>Munger Road</u>	<u>Waters Road</u>	<u>Waters Place Road</u>	<u>Munger Road 2001</u>	<u>Ann Arbor/ Waters Road</u>	<u>Total</u>
\$ 101,720	\$ 18,870	\$ 44,128	\$ 101,561	\$ 70,717	\$ 38,594	\$ 658,370
-	-	-	-	31,821	-	83,645
<u>3,644</u>	<u>1,050</u>	<u>7,781</u>	<u>1,601</u>	<u>5,031</u>	<u>633</u>	<u>52,563</u>
<u>105,364</u>	<u>19,920</u>	<u>51,909</u>	<u>103,162</u>	<u>107,569</u>	<u>39,227</u>	<u>794,578</u>
50,000	30,000	110,000	65,000	75,000	30,000	768,600
46,732	1,035	2,530	35,286	26,325	9,390	188,188
<u>225</u>	<u>338</u>	<u>338</u>	<u>275</u>	<u>275</u>	<u>275</u>	<u>2,808</u>
<u>96,957</u>	<u>31,373</u>	<u>112,868</u>	<u>100,561</u>	<u>101,600</u>	<u>39,665</u>	<u>959,596</u>
8,407	(11,453)	(60,959)	2,601	5,969	(438)	(165,018)
-	-	-	-	-	-	18,180
8,407	(11,453)	(60,959)	2,601	5,969	(438)	(146,838)
<u>66,780</u>	<u>40,556</u>	<u>303,790</u>	<u>38,368</u>	<u>166,074</u>	<u>17,938</u>	<u>1,792,785</u>
<u>\$ 75,187</u>	<u>\$ 29,103</u>	<u>\$ 242,831</u>	<u>\$ 40,969</u>	<u>\$ 172,043</u>	<u>\$ 17,500</u>	<u>\$ 1,645,947</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Capital Projects Funds
Combining Balance Sheet
December 31, 2005

	<u>Munger Road 2001</u>	<u>State & Textile Road</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ <u>40,686</u>	\$ <u>88,023</u>	\$ <u>128,709</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ -	\$ 50,973	\$ 50,973
Fund Balance:			
Reserved for Construction	<u>40,686</u>	<u>37,050</u>	<u>77,736</u>
 Total Liabilities and Fund Balance	 \$ <u>40,686</u>	 \$ <u>88,023</u>	 \$ <u>128,709</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2005

	<u>Munger Road 2001</u>	<u>State & Textile Road</u>	<u>Total</u>
<u>Revenues:</u>			
Interest Income	\$ 1,173	\$ 3,017	\$ 4,190
<u>Expenditures:</u>			
Construction in Progress	-	81,934	81,934
Excess (Deficiency) of Revenues over Expenditures	1,173	(78,917)	(77,744)
Fund Balance - January 1	39,513	115,967	155,480
Fund Balance - December 31	\$ <u>40,686</u>	\$ <u>37,050</u>	\$ <u>77,736</u>

