

PITTSFIELD CHARTER TOWNSHIP
Washtenaw County, Michigan

AUDITED FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2003

PITTSFIELD CHARTER TOWNSHIP
For the Year Ended December 31, 2003

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FINANCIAL SECTION

POST, SMYTHE, LUTZ AND ZIEL LLP

Certified Public Accountants

PLYMOUTH

Dennis M. Siegner, C.P.A., C.V.A.
David R. Williamson, C.P.A.
Jane F. Wang, C.P.A.
Joseph N. Elder, C.P.A.

**1034 W. ANN ARBOR TRAIL
PLYMOUTH, MICHIGAN 48170-1502**

**TELEPHONE: (734) 453-8770
FAX: (734) 453-0312**

WAYNE

Frank W. Smythe, C.P.A.
Ronald H. Traskos, C.P.A.
Kathy Billings, C.P.A.

Marty C. Morrison, C.P.A.
Rana M. Emmons, C.P.A.
Jennifer A. Galofaro, C.P.A., C.V.A.
Susan H. Bertram, C.P.A.

Sharon Walz Duckworth, C.P.A.
Cari A. Ford, C.P.A.
Wendy Leung Lee, C.P.A.
Therese Mulholland, C.P.A.

Independent Auditor's Report

February 26, 2004

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, 2003, 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, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as of December 31, 2003.

Board of Trustees
Pittsfield Charter Township, Michigan
February 26, 2004

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

James R. Walter
Township Supervisor
Verna Phillips-Lowe
Deputy Supervisor

Pittsfield Charter Township
6201 W. Michigan Ave. • Ann Arbor, Michigan 48108
Telephone: (734) 822-3136 • Fax: (734) 944-6103
Office Of The Supervisor



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, 2003.

Financial Highlights

- The assets of Pittsfield Charter Township exceeded its liabilities at the close of the most recent fiscal year by \$59,980,466 (*net assets*). Of this amount, \$23,290,644 (*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 \$13,344,055, a decrease of \$3,240,057 in comparison with the prior year. Approximately 79 percent of this amount, \$10,607,666 is *available for spending* at the government's discretion (*unreserved fund balance*).
- Pittsfield Charter Township's total debt decreased by \$5,248,282, (27.6 percent) during the current fiscal year. The key factor in this decrease was the calling of the 1991 Water and Sewer Special Assessment bonds of \$3,580,000.

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 culture and recreation. 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 Township Economic Development Authority and the Pittsfield 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.

Comparative data for prior years for the government-wide financial statements has not been provided. A comparative analysis of government-wide data will be presented in future years when prior year information is available.

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, 1991 Water and Sewer Debt Service Fund, Carpenter Road Drain Debt Service Fund, and the Waters Place Road Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a 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.

A budgetary comparison statement has been provided for the major funds, the General Fund, 1991 Water and Sewer Debt Service Fund, Carpenter Road Drain Debt Service Fund, and the Waters Place Road Debt Service Fund, to demonstrate compliance with their 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 40-45 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 46-57 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 \$56,980,466 at the close of the most recent fiscal year.

By far the largest portion of Pittsfield Charter Township's net assets (54 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is 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	
	2003	2002	2003	2002	2003	2002
Current and Other Assets	\$ 17,620,611	\$ 21,901,285	\$ 14,570,996	\$ 13,781,311	\$ 32,191,607	\$ 35,682,596
Capital Assets	24,306,255	25,187,797	20,431,184	20,324,015	44,737,439	45,511,812
Total Assets	41,926,866	47,089,082	35,002,180	34,105,326	76,929,046	81,194,408
Long-term Liabilities						
Outstanding	11,727,467	16,658,427	2,056,539	2,371,549	13,784,006	19,029,976
Other Liabilities	4,276,556	5,317,173	1,888,018	1,357,321	6,164,574	6,674,494
Total Liabilities	16,004,023	21,975,600	3,944,557	3,728,870	19,948,580	25,704,470
Net Assets:						
Invested in Capital Assets, net of related debt	12,578,788	8,529,370	18,374,645	18,966,694	30,953,433	27,496,064
Restricted	2,736,389	6,824,347	-	-	2,736,389	6,824,347
Unrestricted	10,607,666	9,759,765	12,682,978	11,409,762	23,290,644	21,169,527
Total Net Assets	\$ 25,922,843	\$ 25,113,482	\$ 31,057,623	\$ 30,376,456	\$ 56,980,466	\$ 55,489,938

An additional portion of Pittsfield Charter Township's net assets (4.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$23,290,644) 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 government's net assets increased by \$1,490,528 during the current fiscal year.

Governmental activities. Governmental activities increased Pittsfield Charter Township's net assets by \$809,361. A public safety millage renewal voted in August 2002 resulted in a \$396,935 increase in the first year of the renewal and a decrease in construction expenditures in the Parks & Recreation Millage Fund of \$423,368 are the major reasons for this increase in net assets. For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities. Business-type activities increased Pittsfield Charter Township's net assets by \$681,167, which is a result of \$811,251 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 \$13,344,055, a decrease of \$3,240,057 in comparison with the prior year. The early payoff of the 1991 Water and Sewer Special Assessment bonds accounted for \$3,663,224 of the decrease. The *unreserved fund balance*, which is the amount available for spending at the government's discretion, represents 79% 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 (\$2,573,649), or 2) committed to pay expenditures of the next period (\$162,740).

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 \$6,329,405, while total fund balance is \$6,360,283. 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 71 percent of total general fund expenditures, while total fund balance represents 72 percent of that same amount.

The fund balance of Pittsfield Charter Township's general fund increased by \$603,568 during the current fiscal year. The key factor in this increase is that property tax revenues increased \$489,618 as a result of increasing taxable values of property in the Township.

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 \$12,682,978. Other factors concerning the finances of these two funds have already been addressed in the discussion of Pittsfield Charter Township's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$67,939, shown as an increase in appropriations. The primary change in the budget was an increase in the information technology department for the new telephone system purchase and installation.

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, 2003, amounts to \$44,737,439 (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 decrease in Pittsfield Charter Township's investment in capital assets for the current fiscal year was 1.7 percent (a 1.9 percent decrease for governmental activities and a .2 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 \$4,315,000, \$1,018,900 of contracts payable, and \$7,674,914 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 \$5,247,907 (28 percent), during the current fiscal year. The key factors in this increase the 1991 Water and Sewer Special Assessment bonds of \$3,580,000 were paid off and that there was no additional debt issued in the current year.

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 2003-2004 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 3 years and is still below what is allowable to be levied under the Headlee Amendment, and has presented a balanced budget in the 2004 fiscal year.

Also, for 2004 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 2004 budget year. The water and sewer rates were increased by an average of 15 percent for all customers effective October 1, 2003. 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, 2003

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 13,897,375	\$ 3,649,084	\$ 17,546,459	\$ 46,127
Receivables (net of allowance for uncollectibles):				
Taxes	111,702	-	111,702	-
Accounts	567,052	528,940	1,095,992	-
Special Assessments	2,901,709	-	-	-
Due from Other Funds	69,146	23,839	92,985	-
Due from Component Units	30,000	-	30,000	-
Due from Other Governmental Units	-	1,668	1,668	59,731
Inventory	-	82,117	82,117	-
Prepaid Expenditures	43,627	3,575	47,202	-
Restricted Assets - Cash and Cash Equivalents	-	10,281,773	10,281,773	-
Capital Assets (Net of Accumulated Depreciation)	24,306,255	20,431,184	44,737,439	-
Total Assets	41,926,866	35,002,180	74,027,337	105,858
 <u>LIABILITIES</u>				
Accounts Payable	477,311	1,555,937	2,033,248	-
Accrued Liabilities	103,589	209,215	312,804	-
Due to Primary Government	-	-	-	30,000
Due to Other Funds	23,839	69,146	92,985	-
Due to Other Governmental Units	29,626	53,720	83,346	-
Deferred Revenue	3,356,184	-	3,356,184	-
Other	286,007	-	286,007	-
Noncurrent Liabilities:				
Due within one year	1,208,600	337,277	1,545,877	-
Due in more than one year	10,518,867	1,719,262	12,238,129	-
Total Liabilities	16,004,023	3,944,557	19,948,580	30,000
 <u>NET ASSETS</u>				
Invested in Capital Assets, net of related debt	12,578,788	18,374,645	30,953,433	-
Restricted for:				
Capital Projects	62,498	-	62,498	-
Debt Service	2,511,151	-	2,511,151	-
Other	162,740	-	162,740	-
Unrestricted (Deficit)	10,607,666	12,682,978	23,290,644	75,858
Total Net Assets	\$ 25,922,843	\$ 31,057,623	\$ 56,980,466	\$ 75,858

Pittsfield Charter Township
Statement of Activities
For the Year Ended December 31, 2003

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Functions/Programs</u>				
Primary Government:				
Governmental Activities:				
General Government	\$ 1,951,137	\$ 1,278,346	\$ 3,000	\$ -
Public Safety	6,615,069	1,718,883	58,246	-
Planning and Zoning	341,152	-	-	-
Public Works	1,656,286	182,478	-	-
Recreation and Cultural	655,832	263,242	-	102,093
Other	1,315,402	124	-	-
Interest on Long-Term Debt	788,257	1,051,271	-	-
Total Governmental Activities	13,323,135	4,494,344	61,246	102,093
Business-type Activities:				
Water and Sewer	6,606,875	6,304,968	-	811,251
Total Business-type Activities	6,606,875	6,304,968	-	811,251
Total Primary Government	\$ 19,930,010	\$ 10,799,312	\$ 61,246	\$ 913,344
 Component Units	 \$ 969,987	 \$ 33,863	 \$ 971,400	 \$ -

General Revenues:
Property Taxes
State Shared Revenue
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
\$ (669,791)	\$ -	\$ (669,791)	\$ -
(4,837,940)	-	(4,837,940)	-
(341,152)	-	(341,152)	-
(1,473,808)	-	(1,473,808)	-
(290,497)	-	(290,497)	-
(1,315,278)	-	(1,315,278)	-
263,014	-	263,014	-
<u>(8,665,452)</u>	<u>-</u>	<u>(8,665,452)</u>	<u>-</u>
-	509,344	509,344	-
-	509,344	509,344	-
<u>(8,665,452)</u>	<u>509,344</u>	<u>(8,156,108)</u>	<u>-</u>
-	-	-	35,276
6,846,733	-	6,846,733	-
2,310,373	-	2,310,373	-
317,707	171,823	489,530	2,312
<u>9,474,813</u>	<u>171,823</u>	<u>9,646,636</u>	<u>2,312</u>
809,361	681,167	1,490,528	37,588
<u>25,113,482</u>	<u>30,376,456</u>	<u>55,489,938</u>	<u>38,270</u>
<u>\$ 25,922,843</u>	<u>\$ 31,057,623</u>	<u>\$ 56,980,466</u>	<u>\$ 75,858</u>

Pittsfield Charter Township
Balance Sheet
Governmental Funds
December 31, 2003

		<u>General</u>	<u>1991 Water and Sewer Debt Service</u>	<u>Carpenter Road Drain Debt Service</u>	<u>Waters Place Road Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and Cash Equivalents	\$	6,822,356	\$ 376,818	\$ 198,636	\$ 36,227	\$ 6,463,338	\$ 13,897,375
Receivables (net of allowance for uncollectibles):							
Taxes		-	-	-	-	111,702	111,702
Accounts		567,052	-	-	-	-	567,052
Special Assessments		-	-	731,121	755,041	1,415,547	2,901,709
Due from Other Funds		146,013	-	-	-	80,555	226,568
Due from Component Unit		30,000	-	-	-	-	30,000
Prepaid Expenditures		39,154	-	-	-	4,473	43,627
		<u>7,604,575</u>	<u>376,818</u>	<u>929,757</u>	<u>791,268</u>	<u>8,075,615</u>	<u>17,778,033</u>
Total Assets	\$	<u>7,604,575</u>	\$ <u>376,818</u>	\$ <u>929,757</u>	\$ <u>791,268</u>	\$ <u>8,075,615</u>	\$ <u>17,778,033</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$	407,272	\$ -	\$ -	\$ -	\$ 70,039	\$ 477,311
Accrued and Other Liabilities		90,925	-	-	-	12,664	103,589
Due to Other Funds		33,122	-	-	-	148,139	181,261
Due to Other Governmental Units		29,626	-	-	-	-	29,626
Deferred Revenue		454,475	-	731,121	755,041	1,415,547	3,356,184
Other		228,872	-	-	-	57,135	286,007
Total Liabilities		<u>1,244,292</u>	<u>-</u>	<u>731,121</u>	<u>755,041</u>	<u>1,703,524</u>	<u>4,433,978</u>
Fund Balances:							
Reserved for:							
Capital Projects		-	-	-	-	62,498	62,498
Debt Service		-	376,818	198,636	36,227	1,899,470	2,511,151
Other		30,878	-	-	-	131,862	162,740
Unreserved for:							
General Fund		6,329,405	-	-	-	-	6,329,405
Special Revenue Funds		-	-	-	-	4,278,261	4,278,261
Total Fund Balances		<u>6,360,283</u>	<u>376,818</u>	<u>198,636</u>	<u>36,227</u>	<u>6,372,091</u>	<u>13,344,055</u>
Total Liabilities and Fund Balances	\$	<u>7,604,575</u>	\$ <u>376,818</u>	\$ <u>929,757</u>	\$ <u>791,268</u>	\$ <u>8,075,615</u>	

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

Capital Assets used in governmental activities are not financial resources and,
therefore, are not reported in the funds.

24,306,255

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

(11,727,467)

Net Assets of Governmental Activities

\$ 25,922,843

Pittsfield Charter Township
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

	<u>General</u>	<u>1991 Water and Sewer Debt Service</u>	<u>Carpenter Rd. Drain Debt Service</u>	<u>Waters Place Rd. Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Property Taxes	\$ 4,923,390	\$ -	\$ -	\$ -	\$ 1,923,344	\$ 6,846,734
Licenses and Permits	67,736	-	-	-	572,183	639,919
Intergovernmental:						
Federal, State and Local	2,383,732	-	-	-	102,093	2,485,825
Charges for Services	827,597	-	-	-	804,235	1,631,832
Fines and Forfeitures	111,602	-	-	-	-	111,602
Special Assessments	-	70,111	106,222	109,290	765,648	1,051,271
Interest	224,645	18,312	2,698	661	71,391	317,707
Other	941,382	-	-	-	106,224	1,047,606
Total Revenues	<u>9,480,084</u>	<u>88,423</u>	<u>108,920</u>	<u>109,951</u>	<u>4,345,118</u>	<u>14,132,496</u>
Expenditures						
Current:						
General Government	1,751,300	-	-	-	-	1,751,300
Public Safety	4,334,142	-	-	-	1,718,389	6,052,531
Planning and Zoning	341,152	-	-	-	-	341,152
Public Works	412,832	-	-	-	621,293	1,034,125
Recreation and Cultural	471,018	-	-	-	143,548	614,566
Other	1,315,402	-	-	-	-	1,315,402
Debt Service:						
Principal	139,952	3,580,000	88,600	65,000	1,069,019	4,942,571
Interest and Other Charges	129,203	171,647	52,052	42,386	392,969	788,257
Capital Outlay	-	-	-	-	532,649	532,649
Total Expenditures	<u>8,895,001</u>	<u>3,751,647</u>	<u>140,652</u>	<u>107,386</u>	<u>4,477,867</u>	<u>17,372,553</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>585,083</u>	<u>(3,663,224)</u>	<u>(31,732)</u>	<u>2,565</u>	<u>(132,749)</u>	<u>(3,240,057)</u>
Other Financing Sources (Uses)						
Transfers In	37,783	-	19,298	-	-	57,081
Transfers Out	(19,298)	-	-	-	(37,783)	(57,081)
Total Other Financing Sources and Uses	<u>18,485</u>	<u>-</u>	<u>19,298</u>	<u>-</u>	<u>(37,783)</u>	<u>-</u>
Net Change in Fund Balances	603,568	(3,663,224)	(12,434)	2,565	(170,532)	(3,240,057)
Fund Balances - Beginning	<u>5,756,715</u>	<u>4,040,042</u>	<u>211,070</u>	<u>33,662</u>	<u>6,542,623</u>	<u>16,584,112</u>
Fund Balances - Ending	<u>\$ 6,360,283</u>	<u>\$ 376,818</u>	<u>\$ 198,636</u>	<u>\$ 36,227</u>	<u>\$ 6,372,091</u>	<u>\$ 13,344,055</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, 2003

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

Net change in fund balances - total governmental funds	\$ (3,240,057)
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 depreciation exceeded capital outlays in the current period.	(881,542)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>4,930,960</u>
Change in net assets in governmental activities	\$ <u><u>809,361</u></u>

Pittsfield Charter Township

Balance Sheet

Proprietary Funds

December 31, 2003

	<u>Business Type Activity Enterprise Fund</u>	<u>Water and Sewer Fund</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 3,649,084	
Accounts Receivable	528,940	
Due From Other Funds	23,839	
Due From Other Governmental Units	1,668	
Inventory	82,117	
Prepaid Expense	3,575	
Total Current Assets	<u>4,289,223</u>	
Restricted Assets:		
Capital Improvement Fund - Cash	9,548,402	
Utilities Replacement - Cash	733,371	
Total Restricted Assets	<u>10,281,773</u>	
Property, Plant and Equipment	30,973,940	
Less: Accumulated Depreciation	<u>(10,542,756)</u>	
Net Property, Plant and Equipment	<u>20,431,184</u>	
Total Assets	\$ <u><u>35,002,180</u></u>	
<u>LIABILITIES AND EQUITY</u>		
Current Liabilities (Payable from Current Assets):		
Accounts Payable	\$ 1,555,937	
Accrued Liabilities	175,928	
Contracts Payable	33,287	
Due to Other Funds	69,146	
Due to Other Governmental Units	53,720	
Total Current Liabilities (Payable from Current Assets)	<u>1,888,018</u>	
Current Liabilities (Payable from Restricted Assets):		
Note Payable	217,277	
Bonds Payable	120,000	
Total Current Liabilities (Payable from Restricted Assets)	<u>337,277</u>	
Long-Term Liabilities (Payable from Restricted Assets):		
Note Payable (net of current portion)	467,637	
Bonds Payable (net of unamortized discount)	1,251,625	
Total Long-Term Liabilities (Payable from Restricted Assets)	<u>1,719,262</u>	
Equity:		
Invested in Capital Assets, Net of Related Debt	18,374,645	
Unrestricted	12,682,978	
Total Equity	<u>31,057,623</u>	
Total Liabilities and Equity	\$ <u><u>35,002,180</u></u>	

Pittsfield Charter Township
Statement of Revenues, Expenses and Changes in Fund Equity
Proprietary Funds
For the Year Ended December 31, 2003

		<u>Business Type Activity Enterprise Fund</u>
		<u>Water and Sewer Fund</u>
<u>Operating Revenues:</u>		
Charges for Services	\$	6,081,194
Other Income		223,774
Total Operating Revenues		<u>6,304,968</u>
<u>Operating Expenses:</u>		
Cost of Sales		4,642,079
Personnel Services		382,459
Supplies, Repairs, Insurance and Other Expenses		742,839
Depreciation and Amortization		711,697
Total Operating Expenses		<u>6,479,074</u>
Operating Income (Loss)		<u>(174,106)</u>
<u>Non-Operating Revenues (Expenses):</u>		
Interest Earned		171,823
Interest Expense and Fees		(127,801)
Total Non-Operating Revenues (Expenses)		<u>44,022</u>
Income (Loss) before Contributions		(130,084)
Capital Contributions		<u>811,251</u>
Net Income		681,167
Fund Equity, Beginning		<u>30,376,456</u>
Fund Equity, Ending	\$	<u><u>31,057,623</u></u>

Pittsfield Charter Township
Statement of Cash Flows
Proprietary Funds
For the Year December 31, 2003

		<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	\$	6,424,704
Payments to suppliers		(4,739,901)
Payments to employees		(372,682)
Net Cash Provided by Operating Activities		<u>1,312,121</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital Contributions		811,251
Acquisition and Construction of Capital Assets		(816,929)
Principal Paid on Capital Debt		(316,947)
Interest Paid on Capital Debt		(127,801)
Net Cash Provided (Used) by Capital and Related Financing Activities		<u>(450,426)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest Earned		<u>171,823</u>
Net Increase (Decrease) in Cash and Cash Equivalents		1,033,518
Cash and Cash Equivalents, Beginning		<u>12,897,339</u>
Cash and Cash Equivalents, Ending	\$	<u><u>13,930,857</u></u>
<u>Balance Sheet Classifications:</u>		
Cash and Cash Equivalents	\$	3,649,084
Restricted Assets - Cash and Cash Equivalents		<u>10,281,773</u>
Total	\$	<u><u>13,930,857</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>		
Operating Income (Loss)	\$	(174,106)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization Expense		711,697
(Increase) Decrease in Receivables		119,736
(Increase) Decrease in Due from Other Funds		1,631
(Increase) Decrease in Due from Other Governmental Units		110,382
(Increase) Decrease in Inventory		9,379
(Increase) Decrease in Prepaid Expense		2,705
Increase (Decrease) in Accounts Payable		366,988
Increase (Decrease) in Accrued Liabilities		163,132
Increase (Decrease) in Due to Other Funds		1,477
Increase (Decrease) in Due to Other Governmental Units		(900)
Net Cash Provided by Operating Activities	\$	<u><u>1,312,121</u></u>

Pittsfield Charter Township
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2003

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 6,303,930
Due from Other	-
Total Assets	<u>6,303,930</u>
LIABILITIES	
Due to Other	<u>6,303,930</u>
NET ASSETS	\$ <u><u>-</u></u>

Pittsfield Charter Township
Statement of Net Assets - Component Units
December 31, 2003

	<u>Economic Development Corporation</u>	<u>Housing Commission</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 10,820	\$ 35,307	\$ 46,127
Due from Federal Government	<u>-</u>	<u>59,731</u>	<u>59,731</u>
Total Assets	<u>10,820</u>	<u>95,038</u>	<u>105,858</u>
 <u>LIABILITIES</u>			
Due to Primary Government	<u>-</u>	<u>30,000</u>	<u>30,000</u>
 <u>NET ASSETS</u>			
Unrestricted	<u>10,820</u>	<u>65,038</u>	<u>75,858</u>
Total Net Assets	<u>\$ 10,820</u>	<u>\$ 65,038</u>	<u>\$ 75,858</u>

Pittsfield Charter Township
Statement of Activities - Component Units
For the Year Ended December 31, 2003

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Economic Development Corporation</u>	<u>Housing Commission</u>	<u>Total</u>
Economic Development Corporation	\$ 1,420	\$ -	\$ -	\$ -	(1,420)	\$ -	\$ (1,420)
Housing Commission	<u>968,567</u>	<u>33,863</u>	<u>971,400</u>	<u>-</u>	<u>-</u>	<u>36,696</u>	<u>36,696</u>
Total	<u>\$ 969,987</u>	<u>\$ 33,863</u>	<u>\$ 971,400</u>	<u>\$ -</u>	<u>(1,420)</u>	<u>36,696</u>	<u>35,276</u>
General Revenues:							
					<u>112</u>	<u>2,200</u>	<u>2,312</u>
					<u>(1,308)</u>	<u>38,896</u>	<u>37,588</u>
					<u>12,128</u>	<u>26,142</u>	<u>38,270</u>
					\$ <u>10,820</u>	\$ <u>65,038</u>	\$ <u>75,858</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2003

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, 2003 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, 2003

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, 2003

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 1991 Water and Sewer Debt Service Fund, the Carpenter Road Drain Debt Service Fund, and the Waters Place Road Debt Service Funds, were established to account for the special assessment collections and related debt service payment for certain infrastructure improvements.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2003

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, 2003

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>Taxes</u> <u>Receivable</u>	<u>Accounts</u> <u>Receivable</u>
Total	\$ 111,702	\$1,095,992
Less Allowance for Doubtful Accounts	-	-
Net Realizable Value	<u>\$ 111,702</u>	<u>\$1,095,992</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2003

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, 2003 is \$793,567.

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2003

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 \$11,727,467 difference are as follows:

General Obligation Bonds and Contracts Payable	\$10,933,900
Compensated Absences Payable	<u>793,567</u>
	<u>\$11,727,467</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2003

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 \$(881,542) difference are as follows:

Capital Outlay	\$ 532,649
Depreciation Expense	<u>(1,414,191)</u>
	<u>\$ (881,542)</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 \$4,930,960 difference are as follows:

Principal Repayments	\$4,942,571
Compensated Absences	<u>(11,611)</u>
	<u>\$4,930,960</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, 2003

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 September 30, 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 October 31, the budget is legally enacted through passage of a budget resolution (general appropriation act).
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, 2003.

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, 2003

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.

Deposits (cash and certificates of deposit) are carried at cost which approximates market value. The carrying amount of deposits are separately displayed on the balance sheets as "Cash and Cash Equivalents".

The carrying amount of the Township's deposits with financial institutions at December 31, 2003 was \$34,132,162 and the bank balance was \$34,131,969 categorized as follows:

	<u>Bank Balance</u>
Insured by F.D.I.C.	\$ 354,939
Uninsured and Uncollateralized	<u>33,777,030</u>
Total	<u>\$ 34,131,969</u>

A reconciliation of cash for the primary government follows:

Cash and Cash Equivalents per:	
Statement of Net Assets	\$ 17,546,459
Restricted Cash, Statement of Net Assets	10,281,773
Agency Funds	<u>6,303,930</u>
Total	<u>\$ 34,132,162</u>

At December 31, 2003 the carrying amount and bank balances of the component units of the Pittsfield Charter Township are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>FDIC Insured</u>
Pittsfield Township Housing Authority	\$ 35,307	\$ 35,307	\$ 35,307
Pittsfield Township Economic Development Authority	<u>10,820</u>	<u>10,820</u>	<u>10,820</u>
	<u>\$ 46,127</u>	<u>\$ 46,127</u>	<u>\$ 46,127</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2003

IV. DETAILED NOTES ON ALL FUNDS - Continued

B. Capital Assets

Capital asset activity for the year ended December 31, 2003 was as follows:

Governmental Activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, not depreciated:				
Land	\$ 15,033,197	\$ -	\$ -	\$ 15,033,197
Capital Assets, being depreciated:				
Building	4,988,951	46,119	-	5,035,070
Machinery and Equipment	4,265,507	486,530	-	4,752,037
Infrastructure	9,332,419	-	-	9,332,419
	<u>18,586,877</u>	<u>532,649</u>	<u>-</u>	<u>19,119,526</u>
Less: Accumulated Depreciation:				
Building	(1,143,244)	(210,156)	-	(1,353,400)
Machinery and Equipment	(2,024,045)	(581,874)	-	(2,605,919)
Infrastructure	(5,264,988)	(622,161)	-	(5,887,149)
	<u>(8,432,277)</u>	<u>(1,414,191)</u>	<u>-</u>	<u>(9,846,468)</u>

Governmental Activities

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

General Government	\$ 188,226
Public Safety	562,538
Public Works	622,161
Recreation and Culture	<u>41,266</u>
	<u>\$1,414,191</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2003

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	\$ 318,863	\$ -	\$ -	\$ 318,863
Capital Assets, being depreciated:				
Building	949,314	-	-	949,314
Infrastructure	28,286,148	811,251	-	29,097,399
Machinery and Equipment	608,364	-	-	608,364
	<u>29,843,826</u>	<u>811,251</u>	<u>-</u>	<u>30,655,077</u>
Less: Accumulated Depreciation:				
Building	(63,288)	(31,644)	-	(94,932)
Infrastructure	(9,375,489)	(633,656)	-	(10,009,145)
Machinery and Equipment	(394,219)	(44,460)	-	(438,679)
	<u>(9,832,996)</u>	<u>(709,760)</u>	<u>-</u>	<u>(10,542,756)</u>
Business Activities				
Capital Assets, net	<u>\$ 20,329,693</u>	<u>\$ 101,491</u>	<u>\$ -</u>	<u>\$ 20,431,184</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2003

IV. DETAILED NOTES ON ALL FUNDS - Continued

C. Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

<u>Receivable Fund</u>	<u>Payble Fund</u>	<u>Amount</u>
General Fund	Public Safety	\$ 8,874
	Building Department	119,052
	Water and Sewer	18,087
Building Department	General Fund	1,573
Public Safety Construction	General Fund	15,031
Water and Sewer	General Fund	5,619
	Refuse	18,220
Refuse	General Fund	10,899
	Water and Sewer	53,052
Total		<u>\$ 250,407</u>

<u>Transfer In</u>		<u>Transfer Out</u>		
General Fund	\$ 37,783	Ann Arbor/Waters Road Const.	\$	4,059
		Waters Place Const.		3,910
		Textile Road Const.		29,814
Carpenter Road Debt Service	19,298	General Fund		19,298
	<u>\$ 57,081</u>			<u>\$ 57,081</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2003

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, 2003:

	Balance <u>01-Jan-03</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>31-Dec-03</u>	Balance <u>Within 1 Year</u>
Gov. Activities:					
Installment Purchase Notes	\$ 7,368,000	\$ -	\$ 378,000	\$ 6,990,000	\$ 370,000
Special Assessment	7,380,000	-	4,455,000	2,925,000	750,000
Drains Assessments	1,128,471	-	109,571	1,018,900	88,600
Comp. Absences	781,956	11,611	-	793,567	-
	<u>\$ 16,658,427</u>	<u>\$ 11,611</u>	<u>\$ 4,942,571</u>	<u>\$ 11,727,467</u>	<u>\$ 1,208,600</u>
Business Activities:					
Bonds Payable	\$ 1,500,000	\$ -	\$ 110,000	\$ 1,390,000	\$ 120,000
Installment Notes	891,861	-	206,947	684,914	217,277
Less: Unamortized Discount	<u>(20,312)</u>	<u>1,937</u>	<u>-</u>	<u>(18,375)</u>	<u>-</u>
	<u>\$ 2,371,549</u>	<u>\$ 1,937</u>	<u>\$ 316,947</u>	<u>\$ 2,056,539</u>	<u>\$ 337,277</u>

The following is a summary of general obligation debt outstanding of the Township as of December 31, 2003:

	<u>Number of Issues</u>	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
Governmental Activities:				
Installment Purchase Note	1	5.30%	2014	\$ 6,990,000
Special Assessment	10	4.00%-9.00%	2015	2,925,000
Drain Assessments	1	4.60%-5.00%	2015	1,018,900
Comp. Absences	N/A			<u>793,567</u>
				<u>\$ 11,727,467</u>
Business Activities:				
Bonds Payable	2	3.60%-6.90%	2013	\$ 1,390,000
Installment Notes	1	3.60%-3.90%	2006	684,914
Less: Unamortized Discount				<u>(18,375)</u>
				<u>\$ 2,056,539</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2003

IV. DETAILED NOTES ON ALL FUNDS - Continued

D. Long-Term Debt - Continued

The annual debt service requirements to maturity for debt outstanding as of December 31, 2003 is as follows:

<u>Year Ended</u>	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 1,208,600	\$ 543,128	\$ 337,278	\$ 110,829
2005	1,108,600	481,981	353,124	93,941
2006	763,600	433,552	369,513	76,045
2007	803,600	392,482	135,000	57,105
2008	808,600	350,345	145,000	49,792
2009-2015	6,240,900	1,047,410	735,000	117,030
	<u>\$ 10,933,900</u>	<u>\$ 3,248,898</u>	<u>\$ 2,074,915</u>	<u>\$ 504,742</u>

E. Reserved Fund Balance

A detailed description of fund balance reservations and designations (for all governmental fund types) at December 31, 2003, is presented below:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Fund Balance</u>				
Reserved for:				
Capital Projects	\$ -	\$ -	\$ -	\$ 62,498
Debt Service	-	-	2,511,151	-
Other	30,878	131,862	-	-
Total Reserved	<u>30,878</u>	<u>131,862</u>	<u>2,511,151</u>	<u>62,498</u>
Unreserved:				
Designated for:				
Subsequent Year	389,725	191,208	-	-
Prepaid Expenditures	39,154	-	-	-
Land Acquisition	1,500,000	-	-	-
Contingencies	1,000,000	-	-	-
Building Maintenance	500,000	-	-	-
Budget Stabilization	150,000	-	-	-
Retiree Benefits	300,000	-	-	-
Total Designated	<u>3,878,879</u>	<u>191,208</u>	<u>-</u>	<u>-</u>
Undesignated	<u>2,450,526</u>	<u>4,087,053</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>\$ 6,360,283</u>	<u>\$ 4,410,123</u>	<u>\$ 2,511,151</u>	<u>\$ 62,498</u>

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2003

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	4.1809	3.7354
Public Safety	Voter Approved	2002-2011	1.0000	1.0000	1.0000
Parks and Rec.	Voter Approved	1996-2005	0.5000	0.4885	0.4596
Total				<u>5.6694</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, 2002.

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, 2003

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, 2001 as follows:

Admin-Union	5.57%
Admin Non-Union	5.09%
Patrol Officers	4.02%
Firefighters	4.20%
Elected Officials	15.21%
Dispatchers	1.68%
Police Command	10.59%

3. Annual Pension Cost

During the fiscal year ended December 31, 2003, the Township's contributions totaling \$285,559 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2001. 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.

Trend Information

Pension Year Ended December 31,	Valuation Date Dec. 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2000	1998	\$193,233	100%	\$ -0-
2001	1999	242,891	100%	-0-
2002	2000	246,324	100%	-0-
2003	2001	285,559	100%	-0-

PITTSFIELD CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2003

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 50 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, 2003, these costs amounted to approximately \$29,703. 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.

E. Subsequent Event

On April 1, 2004, the Township issued general obligation capital improvement bonds for \$8,000,000, to finance the cost of acquiring and constructing water system improvements. The bonds have interest rates ranging from 2.75-4.30% and are payable through May 2029.

REQUIRED SUPPLEMENTARY INFORMATION

Pittsfield Charter Township
 Required Supplemental Information
Defined Benefit Pensions Plans Trend Information (Unaudited)
December 31, 2003

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

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2002, 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%	4.50-8.66%
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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
General Property Taxes	\$ 4,986,269	\$ 4,986,269	\$ 4,923,390	\$ (62,879)
Licenses and Permits	73,900	73,900	67,736	(6,164)
Intergovernmental - Federal	16,000	16,000	-	(16,000)
Intergovernmental - State and Local	2,403,500	2,403,500	2,383,732	(19,768)
Charges for Services	777,800	777,800	827,597	49,797
Fines	100,000	100,000	111,602	11,602
Interest	200,000	200,000	224,645	24,645
Reimbursements	369,100	369,100	336,243	(32,857)
Other Revenues	610,600	610,600	605,139	(5,461)
Total Revenues	9,537,169	9,537,169	9,480,084	(57,085)
Expenditures:				
General Government:				
Township Board	43,600	43,600	43,333	267
Township Supervisor	129,119	119,119	113,512	5,607
Elections	31,305	31,305	7,370	23,935
Accounting Dept.	174,950	146,450	114,715	31,735
Assessor	284,900	284,900	254,570	30,330
Township Clerk	266,937	266,937	238,867	28,070
Personnel Dept.	157,848	177,848	173,088	4,760
Purchasing Dept.	31,500	31,500	25,771	5,729
Board of Review	2,000	2,000	1,500	500
Administrative Dept.	133,000	123,000	98,307	24,693
Professional Services	110,200	80,200	71,912	8,288
Treasurer's Dept.	205,350	205,350	195,824	9,526
Network Administrator	52,200	52,200	43,138	9,062
Information Technology	48,450	116,389	110,978	5,411
Building and Grounds	194,500	212,100	202,968	9,132
Phase II EPA - DEQ Compliance	91,905	91,905	55,447	36,458
Total General Government	1,957,764	1,984,803	1,751,300	233,503
Public Safety:				
Police	2,676,542	2,676,542	2,411,698	264,844
Fire	2,155,277	2,121,277	1,883,833	237,444
Property Maintenance Inspections	57,920	57,920	38,611	19,309
Total Public Safety	4,889,739	4,855,739	4,334,142	521,597
Planning and Zoning	399,575	419,575	341,152	78,423
Highways, Streets and Drains	520,500	468,600	412,832	55,768
Parks and Recreation	520,011	520,011	453,630	66,381
Housing Commission	15,395	15,395	14,079	1,316
Historical Commission	5,550	8,550	3,309	5,241
Debt Service:				
Principal	157,952	139,952	139,952	-
Interest and Other Charges	128,730	129,230	129,203	27
Total Debt Service	286,682	269,182	269,155	27
Other Functions	1,208,228	1,329,528	1,315,402	14,126
Total Expenditures	9,803,444	9,871,383	8,895,001	976,382

(continued)

PITTSFIELD CHARTER TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended December 31, 2003

	<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	\$ (266,275)	\$ (334,214)	\$ 585,083	\$ 919,297
Other Financing Sources (Uses):				
Operating Transfers In	-	-	37,783	37,783
Operating Transfers Out	(19,298)	(19,298)	(19,298)	-
Total Other Financing Sources (Uses)	(19,298)	(19,298)	18,485	37,783
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ (285,573)	\$ (353,512)	603,568	\$ 957,080
Fund Balance - Beginning			5,756,715	
Fund Balance - Ending			\$ 6,360,283	

Pittsfield Charter Townshp
1991 Water & Sewer Debt Service Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended December 31, 2003

Revenues:

Special Assessments	\$ 70,111
Interest Income	18,312
Total Revenues	<u>88,423</u>

Expenditures:

Principal Retirement	3,580,000
Interest	171,247
Paying Agent Fees	400
Total Expenditures	<u>3,751,647</u>

Excess (Deficiency) of Revenues Over Expenditures	(3,663,224)
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Fund Balances - Beginning	<u>4,040,042</u>
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Fund Balances - Ending	<u>\$ 376,818</u>
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Pittsfield Charter Townshp
Carpenter Road Drain Debt Service Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended December 31, 2003

<u>Revenues:</u>	
Special Assessments	\$ 106,222
Interest Income	2,698
Total Revenues	<u>108,920</u>
<u>Expenditures:</u>	
Principal Retirement	88,600
Interest	<u>52,052</u>
Total Expenditures	<u>140,652</u>
Excess (Deficiency) of Revenues Over Expenditures	(31,732)
Other Financing Sources: Transfers In	<u>19,298</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(12,434)
Fund Balances - Beginning	<u>211,070</u>
Fund Balances - Ending	<u>\$ 198,636</u>

Pittsfield Charter Townshp
Waters Place Road Debt Service Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended December 31, 2003

Revenues:

Special Assessments	\$ 109,290
Interest Income	661
Total Revenues	<u>109,951</u>

Expenditures:

Principal Retirement	65,000
Interest	42,111
Paying Agent Fees	275
Total Expenditures	<u>107,386</u>

Excess (Deficiency) of Revenues Over Expenditures	2,565
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Fund Balances - Beginning	<u>33,662</u>
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Fund Balances - Ending	<u><u>\$ 36,227</u></u>
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OTHER SUPPLEMENTARY INFORMATION

PITTSFIELD CHARTER TOWNSHIP
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 4,457,359	\$ 1,936,395	\$ 69,584	\$ 6,463,338
Accounts Receivable	111,702	-	-	111,702
Special Assessments Receivable	-	1,415,438	109	1,415,547
Due from Other Funds	65,524	-	15,031	80,555
Prepaid Expenditures	4,473	-	-	4,473
Total Assets	\$ 4,639,058	\$ 3,351,833	\$ 84,724	\$ 8,075,615
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 63,769	\$ -	\$ 6,270	\$ 70,039
Accrued Liabilities	12,664	-	-	12,664
Due to Other Funds	148,139	-	-	148,139
Deferred Revenue	-	1,415,438	109	1,415,547
Contracts Payable	-	-	15,031	15,031
Deposits	4,363	-	816	5,179
Other	-	36,925	-	36,925
Total Liabilities	228,935	1,452,363	22,226	1,703,524
Fund Balance:				
Reserved for :				
Capital Projects	-	-	62,498	62,498
Debt Service	-	1,899,470	-	1,899,470
Other	131,862	-	-	131,862
Unreserved	4,278,261	-	-	4,278,261
Total Fund Balance	4,410,123	1,899,470	62,498	6,372,091
Total Liabilities and Fund Balance	\$ 4,639,058	\$ 3,351,833	\$ 84,724	\$ 8,075,615

PITTSFIELD CHARTER TOWNSHIP
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2003

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Property Taxes	\$ 1,923,344	\$ -	\$ -	\$ 1,923,344
Special Assessments	-	765,648	-	765,648
Licenses and Permits	572,183	-	-	572,183
Intergovernmental	102,093	-	-	102,093
Charges for Services	804,235	-	-	804,235
Interest	40,100	27,190	4,101	71,391
Other	106,098	-	126	106,224
Total Revenues	<u>3,548,053</u>	<u>792,838</u>	<u>4,227</u>	<u>4,345,118</u>
Expenditures:				
Public Safety	1,718,389	-	-	1,718,389
Public Works	621,293	-	-	621,293
Recreation and Cultural	143,548	-	-	143,548
Debt Service:				
Principal	238,048	830,971	-	1,069,019
Interest and Other Charges	250,807	142,162	-	392,969
Capital Outlay	168,895	-	363,754	532,649
Total Expenditures	<u>3,140,980</u>	<u>973,133</u>	<u>363,754</u>	<u>4,477,867</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>407,073</u>	<u>(180,295)</u>	<u>(359,527)</u>	<u>(132,749)</u>
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	(37,783)	(37,783)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(37,783)</u>	<u>(37,783)</u>
Net Change in Fund Balances	407,073	(180,295)	(397,310)	(170,532)
Fund Balances - Beginning	<u>4,003,050</u>	<u>2,079,765</u>	<u>459,808</u>	<u>6,542,623</u>
Fund Balances - Ending	<u>\$ 4,410,123</u>	<u>\$ 1,899,470</u>	<u>\$ 62,498</u>	<u>\$ 6,372,091</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2003

	<u>Refuse Collection</u>	<u>Public Safety</u>	<u>Parks & Recreation Millage</u>	<u>Tree Mitigation</u>	<u>Building Department</u>	<u>Budget Stabilization</u>	<u>Total</u>
ASSETS							
Cash	\$ 310,381	\$ 2,270,946	\$ 467,728	\$ 105,300	\$ 338,004	\$ 965,000	\$ 4,457,359
Accounts Receivable	-	44,273	67,429	-	-	-	111,702
Due from Other Funds	63,951	-	-	-	1,573	-	65,524
Prepaid Expenditures	-	3,850	-	-	623	-	4,473
Total Assets	<u>\$ 374,332</u>	<u>\$ 2,319,069</u>	<u>\$ 535,157</u>	<u>\$ 105,300</u>	<u>\$ 340,200</u>	<u>\$ 965,000</u>	<u>\$ 4,639,058</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 51,911	\$ 1,908	\$ 4,279	\$ -	\$ 5,671	\$ -	\$ 63,769
Accrued Liabilities	-	12,175	-	-	489	-	12,664
Due to Other Funds	20,213	8,874	-	-	119,052	-	148,139
Deposits	4,363	-	-	-	-	-	4,363
Total Liabilities	<u>76,487</u>	<u>22,957</u>	<u>4,279</u>	<u>-</u>	<u>125,212</u>	<u>-</u>	<u>228,935</u>
Fund Balance:							
Reserved for Recycling	131,862	-	-	-	-	-	131,862
Unreserved:							
Designated for Subsequent							
Years Expenditures	6,900	184,308	-	-	-	-	191,208
Undesignated	159,083	2,111,804	530,878	105,300	214,988	965,000	4,087,053
Total Fund Balance	<u>297,845</u>	<u>2,296,112</u>	<u>530,878</u>	<u>105,300</u>	<u>214,988</u>	<u>965,000</u>	<u>4,410,123</u>
Total Liabilities and Fund Balance	<u>\$ 374,332</u>	<u>\$ 2,319,069</u>	<u>\$ 535,157</u>	<u>\$ 105,300</u>	<u>\$ 340,200</u>	<u>\$ 965,000</u>	<u>\$ 4,639,058</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2003

	<u>Refuse Collection</u>	<u>Public Safety</u>	<u>Parks & Recreation Millage</u>	<u>Tree Mitigation</u>	<u>Building Department</u>	<u>Budget Stabilization</u>	<u>Total</u>
Revenues:							
Taxes	\$ -	\$ 1,317,323	\$ 606,021	\$ -	\$ -	\$ -	\$ 1,923,344
State Grants	-	-	102,093	-	-	-	102,093
Refuse Billings	605,382	-	-	-	-	-	605,382
Recycling Revenue	16,491	-	-	-	-	-	16,491
Permit Fees	-	-	-	-	572,183	-	572,183
Surcharge Revenue	-	182,362	-	-	-	-	182,362
Interest Earned	2,901	21,572	6,471	50	9,106	-	40,100
Other	37	-	800	105,250	11	-	106,098
Total Revenues	<u>624,811</u>	<u>1,521,257</u>	<u>715,385</u>	<u>105,300</u>	<u>581,300</u>	<u>-</u>	<u>3,548,053</u>
Expenditures:							
Sanitation	621,293	-	-	-	-	-	621,293
Public Safety	-	418,843	-	-	1,299,546	-	1,718,389
Parks & Recreation	-	-	143,548	-	-	-	143,548
Debt Service:							
Principal	-	-	238,048	-	-	-	238,048
Interest and Other Charges	-	-	250,807	-	-	-	250,807
Capital Outlay	-	-	168,895	-	-	-	168,895
Total Expenditures	<u>621,293</u>	<u>418,843</u>	<u>801,298</u>	<u>-</u>	<u>1,299,546</u>	<u>-</u>	<u>3,140,980</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,518</u>	<u>1,102,414</u>	<u>(85,913)</u>	<u>105,300</u>	<u>(718,246)</u>	<u>-</u>	<u>407,073</u>
Other Financing Sources:							
Operating Transfers In	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>3,518</u>	<u>1,102,414</u>	<u>(85,913)</u>	<u>105,300</u>	<u>(718,246)</u>	<u>-</u>	<u>407,073</u>
Fund Balance - January 1	<u>294,327</u>	<u>1,193,698</u>	<u>616,791</u>	<u>-</u>	<u>933,234</u>	<u>965,000</u>	<u>4,003,050</u>
Fund Balance - December 31	<u>\$ 297,845</u>	<u>\$ 2,296,112</u>	<u>\$ 530,878</u>	<u>\$ 105,300</u>	<u>\$ 214,988</u>	<u>\$ 965,000</u>	<u>\$ 4,410,123</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2003

	<u>Building Authority</u>	<u>Drains At Large</u>	<u>Special Assessments</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$ 309	\$ 74,007	\$ 1,862,079	\$ 1,936,395
Special Assessments Receivable	<u>-</u>	<u>-</u>	<u>1,415,438</u>	<u>1,415,438</u>
Total Assets	\$ <u><u>309</u></u>	\$ <u><u>74,007</u></u>	\$ <u><u>3,277,517</u></u>	\$ <u><u>3,351,833</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Deferred Revenue	\$ -	\$ -	\$ 1,415,438	\$ 1,415,438
Other	<u>-</u>	<u>-</u>	<u>36,925</u>	<u>36,925</u>
Total Liabilities	-	-	1,452,363	1,452,363
Fund Balance:				
Reserved for Debt Service	<u>309</u>	<u>74,007</u>	<u>1,825,154</u>	<u>1,899,470</u>
Total Liabilities and Fund Balance	\$ <u><u>309</u></u>	\$ <u><u>74,007</u></u>	\$ <u><u>3,277,517</u></u>	\$ <u><u>3,351,833</u></u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2003

	<u>Building Authority</u>	<u>Drains At Large</u>	<u>Special Assessments</u>	<u>Total</u>
<u>Revenues:</u>				
Special Assessments	\$ -	\$ -	\$ 765,648	\$ 765,648
Interest Earned	-	820	26,370	27,190
Total Revenues	<u>-</u>	<u>820</u>	<u>792,018</u>	<u>792,838</u>
<u>Expenditures:</u>				
Principal Retirement	-	20,971	810,000	830,971
Interest	-	338	136,673	137,011
Paying Agent Fees	-	-	5,151	5,151
Total Expenditures	<u>-</u>	<u>21,309</u>	<u>951,824</u>	<u>973,133</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(20,489)	(159,806)	(180,295)
Fund Balance - January 1	<u>309</u>	<u>94,496</u>	<u>1,984,960</u>	<u>2,079,765</u>
Fund Balance - December 31	<u>\$ 309</u>	<u>\$ 74,007</u>	<u>\$ 1,825,154</u>	<u>\$ 1,899,470</u>

PITTSFIELD CHARTER TOWNSHIP
Special Assessment Debt Service Funds
Combining Balance Sheet
December 31, 2003

	<u>1990</u> <u>Roads</u>	<u>1992</u> <u>Roads</u>	<u>1993</u> <u>Roads</u>	<u>1994</u> <u>Roads</u>	<u>Textile</u> <u>Road</u> <u>Water</u>
<u>ASSETS</u>					
Cash in Bank and Investments	\$ 545,685	\$ 249,119	\$ 146,495	\$ 58,376	\$ 87,975
Special Assessments Receivable:					
Current	99,117	-	-	14,383	50,109
Future Billings	<u>88,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,594</u>
Total Assets	<u>\$ 732,996</u>	<u>\$ 249,119</u>	<u>\$ 146,495</u>	<u>\$ 72,759</u>	<u>\$ 325,678</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Deferred Revenue	\$ 187,311	\$ -	\$ -	\$ 14,383	\$ 237,703
Other	<u>36,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	224,236	-	-	14,383	237,703
Fund Balance:					
Reserved For Debt Service	<u>508,760</u>	<u>249,119</u>	<u>146,495</u>	<u>58,376</u>	<u>87,975</u>
Total Liabilities and Fund Balance	<u>\$ 732,996</u>	<u>\$ 249,119</u>	<u>\$ 146,495</u>	<u>\$ 72,759</u>	<u>\$ 325,678</u>

<u>Crane/ Munger Roads</u>	<u>Hines Sewer</u>	<u>Munger Road</u>	<u>Waters Road</u>	<u>Ellsworth Road East</u>	<u>Munger Road 2001</u>	<u>Ann Arbor/ Waters Road</u>	<u>Total</u>
\$ 68,593	\$ 38,349	\$ 44,031	\$ 366,503	\$ 88,178	\$ 150,531	\$ 18,244	\$ 1,862,079
33,146	8,784	22,908	49,011	32,080	81,636	40,251	431,425
<u>-</u>	<u>-</u>	<u>19,077</u>	<u>49,272</u>	<u>74,830</u>	<u>376,046</u>	<u>189,000</u>	<u>984,013</u>
\$ <u>101,739</u>	\$ <u>47,133</u>	\$ <u>86,016</u>	\$ <u>464,786</u>	\$ <u>195,088</u>	\$ <u>608,213</u>	\$ <u>247,495</u>	\$ <u>3,277,517</u>
\$ 33,146	\$ 8,784	\$ 41,985	\$ 98,283	\$ 106,910	\$ 457,682	\$ 229,251	\$ 1,415,438
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,925</u>
33,146	8,784	41,985	98,283	106,910	457,682	229,251	1,452,363
<u>68,593</u>	<u>38,349</u>	<u>44,031</u>	<u>366,503</u>	<u>88,178</u>	<u>150,531</u>	<u>18,244</u>	<u>1,825,154</u>
\$ <u>101,739</u>	\$ <u>47,133</u>	\$ <u>86,016</u>	\$ <u>464,786</u>	\$ <u>195,088</u>	\$ <u>608,213</u>	\$ <u>247,495</u>	\$ <u>3,277,517</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, 2003

	<u>1990</u> <u>Roads</u>	<u>1992</u> <u>Roads</u>	<u>1993</u> <u>Roads</u>	<u>1994</u> <u>Roads</u>	<u>Textile</u> <u>Road</u> <u>Water</u>
Revenues:					
Special Assessment Tax Levy	\$ 163,478	\$ -	\$ 40,576	\$ 15,761	\$ 53,763
Assessments Paid in Full	96,743	-	-	517	6,192
Interest Earned	<u>7,693</u>	<u>3,350</u>	<u>2,208</u>	<u>1,000</u>	<u>1,148</u>
Total Revenues	<u>267,914</u>	<u>3,350</u>	<u>42,784</u>	<u>17,278</u>	<u>61,103</u>
Expenditures:					
Principal Retirement	225,000	-	95,000	55,000	50,000
Interest	28,125	-	1,781	5,404	13,725
Paying Agent Fees	<u>964</u>	<u>-</u>	<u>337</u>	<u>675</u>	<u>300</u>
Total Expenditures	<u>254,089</u>	<u>-</u>	<u>97,118</u>	<u>61,079</u>	<u>64,025</u>
Excess (Deficiency) of Revenues Over Expenditures	13,825	3,350	(54,334)	(43,801)	(2,922)
Fund Balance - January 1	<u>494,935</u>	<u>245,769</u>	<u>200,829</u>	<u>102,177</u>	<u>90,897</u>
Fund Balance - December 31	\$ <u><u>508,760</u></u>	\$ <u><u>249,119</u></u>	\$ <u><u>146,495</u></u>	\$ <u><u>58,376</u></u>	\$ <u><u>87,975</u></u>

Crane/ Munger Roads	Hines Sewer	Munger Road	Waters Road	Ellsworth Road East	Munger Road 2001	Ann Arbor/ Waters Road	Total
\$ 38,145	\$ 9,595	\$ 26,068	\$ 60,791	\$ 35,167	\$ 96,637	\$ 41,908	\$ 581,889
1,858	-	2,385	15,046	3,178	57,840	-	183,759
<u>1,063</u>	<u>593</u>	<u>579</u>	<u>5,236</u>	<u>1,217</u>	<u>1,958</u>	<u>325</u>	<u>26,370</u>
<u>41,066</u>	<u>10,188</u>	<u>29,032</u>	<u>81,073</u>	<u>39,562</u>	<u>156,435</u>	<u>42,233</u>	<u>792,018</u>
47,278	22,722	30,000	110,000	45,000	100,000	30,000	810,000
6,426	3,024	4,830	12,650	13,668	35,100	11,940	136,673
<u>455</u>	<u>220</u>	<u>675</u>	<u>675</u>	<u>300</u>	<u>275</u>	<u>275</u>	<u>5,151</u>
<u>54,159</u>	<u>25,966</u>	<u>35,505</u>	<u>123,325</u>	<u>58,968</u>	<u>135,375</u>	<u>42,215</u>	<u>951,824</u>
(13,093)	(15,778)	(6,473)	(42,252)	(19,406)	21,060	18	(159,806)
<u>81,686</u>	<u>54,127</u>	<u>50,504</u>	<u>408,755</u>	<u>107,584</u>	<u>129,471</u>	<u>18,226</u>	<u>1,984,960</u>
\$ <u>68,593</u>	\$ <u>38,349</u>	\$ <u>44,031</u>	\$ <u>366,503</u>	\$ <u>88,178</u>	\$ <u>150,531</u>	\$ <u>18,244</u>	\$ <u>1,825,154</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Capital Projects Funds
Combining Balance Sheet
December 31, 2003

	<u>1994 Roads</u>	<u>Waters Place</u>	<u>Textile Road Water</u>	<u>Public Safety Renovation</u>	<u>Munger Road 2001</u>	<u>Ann Arbor/ Waters Road</u>	<u>Total</u>
ASSETS							
Cash	\$ 24,252	\$ -	\$ -	\$ -	\$ 45,332	\$ -	\$ 69,584
Special Assessment Receivable	109	-	-	-	-	-	109
Due from Other Funds	-	-	-	15,031	-	-	15,031
Total Assets	<u>\$ 24,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,031</u>	<u>\$ 45,332</u>	<u>\$ -</u>	<u>\$ 84,724</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 6,270	\$ -	\$ 6,270
Contracts Payable	-	-	-	15,031	-	-	15,031
Deposits	816	-	-	-	-	-	816
Deferred Revenue	109	-	-	-	-	-	109
Total Liabilities	<u>925</u>	<u>-</u>	<u>-</u>	<u>15,031</u>	<u>6,270</u>	<u>-</u>	<u>22,226</u>
Fund Balance:							
Reserved for Construction	<u>23,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,062</u>	<u>-</u>	<u>62,498</u>
Total Liabilities and Fund Balance	<u>\$ 24,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,031</u>	<u>\$ 45,332</u>	<u>\$ -</u>	<u>\$ 84,724</u>

PITTSFIELD CHARTER TOWNSHIP
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2003

	<u>1994 Roads</u>	<u>Waters Place</u>	<u>Textile Road Water</u>	<u>Public Safety Renovation</u>	<u>Munger Road 2001</u>	<u>Ann Arbor/ Waters Road</u>	<u>Total</u>
Revenues:							
Interest Income	\$ 238	\$ 14	\$ 112	\$ -	\$ 3,722	\$ 15	\$ 4,101
Other Revenues	<u>126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126</u>
Total Revenues	<u>364</u>	<u>14</u>	<u>112</u>	<u>-</u>	<u>3,722</u>	<u>15</u>	<u>4,227</u>
Expenditures:							
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,754</u>	<u>-</u>	<u>363,754</u>
Excess (Deficiency) of Revenues over Expenditures	<u>364</u>	<u>14</u>	<u>112</u>	<u>-</u>	<u>(360,032)</u>	<u>15</u>	<u>(359,527)</u>
Other Financing Uses: Transfers Out	<u>-</u>	<u>(3,910)</u>	<u>(29,814)</u>	<u>-</u>	<u>-</u>	<u>(4,059)</u>	<u>(37,783)</u>
Excess (Deficiency) of Revenues and Other Financing Uses Over Expenditures	364	(3,896)	(29,702)	-	(360,032)	(4,044)	(397,310)
Fund Balance - January 1	<u>23,072</u>	<u>3,896</u>	<u>29,702</u>	<u>-</u>	<u>399,094</u>	<u>4,044</u>	<u>459,808</u>
Fund Balance - December 31	<u>\$ 23,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,062</u>	<u>\$ -</u>	<u>\$ 62,498</u>

