

Pittsfield Charter Township, MI's GO Bond Ratings Raised To 'AA' On Sound Finances

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CHICAGO (Standard & Poor's) July 30, 2010--Standard & Poor's Ratings Services raised its rating and underlying rating (SPUR) on Pittsfield Charter Township and Huron Utilities Authority, Mich.'s general obligation (GO) bonds to 'AA' from 'A+'. At the same time, Standard & Poor's assigned its 'AA' long-term rating to the township's series 2010 GO limited-tax refunding bonds. The outlook on all ratings is stable.

"The ratings are based on the limited-tax, full faith and credit pledge of the township, and the rating action reflects the township's revenue-raising flexibility, additional liquidity outside the general fund, and sound financial practices," said Standard & Poor's credit analyst Blake Yocom.

The township's financial position is very strong despite recent general fund deficits that have decreased general fund reserves (prior township management had drawn down reserves significantly in the past four years to purchase land). Fiscal year-end 2009 (Dec. 31) closed with a deficit of \$295,000, resulting in a general fund unreserved balance of \$4.2 million, or what we consider to be a very strong 37.5% of expenditures. For fiscal 2010, the township projects that the general fund will show break-even results, although the unpredictability of state funding could alter that result. Management has made numerous expenditure reductions that it believes will allow for a break-even budget for fiscal 2011.

The township is afforded some revenue flexibility by operating at only 93% of its Headlee limit for 2009. Management can draw on a budget stabilization fund, which is separate from the general fund and held \$965,000 as of April 2010, to support operations with a three-fifths vote of the board.

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Pittsfield Charter Township is located less than 5 miles south of Ann Arbor ('AA+' GO rating) and covers approximately 28 square miles in Washtenaw County ('AA+' GO rating).

RELATED CRITERIA AND RESEARCH

USPF Criteria: GO Debt, Oct. 12, 2006

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