

**DeWitt Charter Township
Clinton County, Michigan**

FINANCIAL STATEMENTS

December 31, 2003

DeWitt Charter Township
Clinton County, Michigan

December 31, 2003

BOARD OF TRUSTEES AND ADMINISTRATION

Rick Galardi	Supervisor
Diane Mosier	Clerk
Phyllis Daggy	Treasurer
Joseph Wrzesinski	Trustee
Jeff Baumann	Trustee
Stephen Musselman	Trustee
David Seeger	Trustee
Matt Kulhanek	Superintendent

DeWitt Charter Township

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ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

Member:
American Institute of
Certified
Public Accountants
and
Michigan Association of
Certified Public
Accountants

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
DeWitt Charter Township
DeWitt, Michigan

We have audited the accompanying general purpose financial statements of DeWitt Charter Township, Michigan as of and for the year ended December 31, 2003, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of DeWitt Charter Township, Michigan as of December 31, 2003, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements listed in the Table of Contents under Supplemental Financial Information are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of DeWitt Charter Township, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

April 19, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

DeWitt Charter Township

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 2003

	Governmental Fund Types		
	General	Special Revenue	Debt Service
ASSETS			
Cash and cash equivalents	\$ 1,005,025	\$ 66,576	\$ 6,187
Investments	894,679	-	-
Receivables			
Taxes	1,097,191	-	-
Accounts	137,065	-	-
Special assessments	-	59,421	-
Due from other governmental units	170,329	-	-
Due from other funds	863,802	48,831	2,626
Investment in SCCMUA	-	-	-
Fixed assets (net of accumulated depreciation)	-	-	-
Amount available for retirement of general long-term debt	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 4,168,091</u></u>	<u><u>\$ 174,828</u></u>	<u><u>\$ 8,813</u></u>

See accompanying notes to general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Debt	
\$ 1,084,172	\$ 2,898,270	\$ -	\$ -	\$ 5,060,230
2,303,885	-	-	-	3,198,564
-	-	-	-	1,097,191
367,303	-	-	-	504,368
-	-	-	-	59,421
-	-	-	-	170,329
19,277	-	-	-	934,536
3,047,282	-	-	-	3,047,282
11,992,219	-	6,841,266	-	18,833,485
-	-	-	4,987	4,987
-	-	-	3,207,612	3,207,612
<u>\$ 18,814,138</u>	<u>\$ 2,898,270</u>	<u>\$ 6,841,266</u>	<u>\$ 3,212,599</u>	<u>\$ 36,118,005</u>

DeWitt Charter Township

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS - CONTINUED

December 31, 2003

	Governmental Fund Types		
	General	Special Revenue	Debt Service
LIABILITIES			
Payables			
Accounts	\$ 72,937	\$ 10,111	\$ -
Wages	44,256	-	-
Accrued interest	-	-	-
Accrued liabilities	6,491	-	-
Due to other governmental units			
Federal/State	-	-	-
Local	-	-	-
Due to other funds	-	6,671	-
Due to individuals and agencies	-	-	-
Undistributed taxes	-	-	-
Deferred revenue	2,050,970	-	-
Loan payable	-	-	-
General obligation bonds	-	-	-
Revenue bonds	-	-	-
	<u>2,174,654</u>	<u>16,782</u>	<u>-0-</u>
FUND BALANCE			
Investment in general fixed assets	-	-	-
Contributed capital			
Federal and State Government	-	-	-
Taxpayers	-	-	-
Developers	-	-	-
Retained earnings			
Reserved for debt service	-	-	-
Reserved for contributions to SCCMUA	-	-	-
Unreserved	-	-	-
Fund balance			
Reserved for debt service	-	-	4,987
Reserved for future expenditures	36,231	-	-
Unreserved			
Designated for fire equipment	109,848	-	-
Undesignated	1,847,358	158,046	3,826
	<u>1,993,437</u>	<u>158,046</u>	<u>8,813</u>
TOTAL FUND BALANCE	<u>1,993,437</u>	<u>158,046</u>	<u>8,813</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 4,168,091</u></u>	<u><u>\$ 174,828</u></u>	<u><u>\$ 8,813</u></u>

See accompanying notes to general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Debt	
\$ -	\$ 1,707	\$ -	\$ -	\$ 84,755
-	-	-	-	44,256
4,333	-	-	-	4,333
-	-	-	127,390	133,881
-	9,900	-	-	9,900
-	1,607,516	-	-	1,607,516
35,628	892,237	-	-	934,536
2,514	372,055	-	-	374,569
-	14,855	-	-	14,855
322,654	-	-	-	2,373,624
-	-	-	644,000	644,000
-	-	-	2,441,209	2,441,209
400,000	-	-	-	400,000
765,129	2,898,270	-0-	3,212,599	9,067,434
-	-	6,841,266	-	6,841,266
1,837,728	-	-	-	1,837,728
73,128	-	-	-	73,128
3,623,736	-	-	-	3,623,736
5,479,029	-	-	-	5,479,029
124,125	-	-	-	124,125
6,911,263	-	-	-	6,911,263
-	-	-	-	4,987
-	-	-	-	36,231
-	-	-	-	109,848
-	-	-	-	2,009,230
18,049,009	-0-	6,841,266	-0-	27,050,571
<u>\$ 18,814,138</u>	<u>\$ 2,898,270</u>	<u>\$ 6,841,266</u>	<u>\$ 3,212,599</u>	<u>\$ 36,118,005</u>

DeWitt Charter Township

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

Year Ended December 31, 2003

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
REVENUES				
Taxes	\$ 1,967,333	\$ -	\$ -	\$ 1,967,333
Licenses and permits	361,492	-	-	361,492
Intergovernmental	1,123,530	3,256	114,095	1,240,881
Charges for services	418,297	-	-	418,297
Fines and forfeits	-	4,335	-	4,335
Interest and rents	156,269	838	26	157,133
Special assessments	-	113,668	-	113,668
Other	141,426	849	-	142,275
TOTAL REVENUES	4,168,347	122,946	114,121	4,405,414
EXPENDITURES				
General government	1,414,506	-	-	1,414,506
Public safety	1,646,028	18,660	-	1,664,688
Community and economic development	415,389	-	-	415,389
Public works	60,648	114,995	-	175,643
Recreation and cultural	142,122	-	-	142,122
Debt service	92,560	-	269,672	362,232
TOTAL EXPENDITURES	3,771,253	133,655	269,672	4,174,580
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	397,094	(10,709)	(155,551)	230,834
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	7,399	-	-	7,399
Operating transfers in	14,700	4,000	156,879	175,579
Operating transfers (out)	(156,879)	(4,000)	-	(160,879)
TOTAL OTHER FINANCING SOURCES (USES)	(134,780)	-0-	156,879	22,099
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	262,314	(10,709)	1,328	252,933
Fund balances, beginning of year	1,731,123	175,604	7,485	1,914,212
Prior period adjustment	-	(6,849)	-	(6,849)
Fund balances, end of year	\$ 1,993,437	\$ 158,046	\$ 8,813	\$ 2,160,296

See accompanying notes to general purpose financial statements.

DeWitt Charter Township

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

Year Ended December 31, 2003

	General Fund		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 1,950,188	\$ 1,967,333	\$ 17,145
Licenses and permits	272,000	361,492	89,492
Intergovernmental	1,184,240	1,123,530	(60,710)
Charges for services	380,300	418,297	37,997
Fines and forfeits	-	-	-0-
Interest and rents	130,300	156,269	25,969
Special assessments	-	-	-0-
Other	101,960	141,426	39,466
TOTAL REVENUES	4,018,988	4,168,347	149,359
EXPENDITURES			
General government	1,635,349	1,414,506	220,843
Public safety	1,837,407	1,646,028	191,379
Community and economic development	492,447	415,389	77,058
Public works	84,200	60,648	23,552
Recreation and cultural	151,490	142,122	9,368
Debt service	92,564	92,560	4
TOTAL EXPENDITURES	4,293,457	3,771,253	522,204
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(274,469)	397,094	671,563
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of fixed assets	5,000	7,399	2,399
Operating transfers in	14,700	14,700	-0-
Operating transfers (out)	(157,200)	(156,879)	321
TOTAL OTHER FINANCING SOURCES (USES)	(137,500)	(134,780)	2,720
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(411,969)	262,314	674,283
Fund balances, beginning of year	1,731,123	1,731,123	-0-
Prior period adjustment	-	-	-0-
Fund balances, end of year	\$ 1,319,154	\$ 1,993,437	\$ 674,283

See accompanying notes to general purpose financial statements.

Special Revenue Funds

Amended Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -0-
-	-	-0-
2,800	3,256	456
-	-	-0-
15,000	4,335	(10,665)
1,405	838	(567)
123,600	113,668	(9,932)
-	849	849
142,805	122,946	(19,859)
-	-	-0-
23,550	18,660	4,890
-	-	-0-
130,100	114,995	15,105
-	-	-0-
-	-	-0-
153,650	133,655	19,995
(10,845)	(10,709)	136
-	-	-0-
-	4,000	4,000
(4,000)	(4,000)	-0-
(4,000)	-0-	4,000
(14,845)	(10,709)	4,136
175,604	175,604	-0-
-	(6,849)	(6,849)
<u>\$ 160,759</u>	<u>\$ 158,046</u>	<u>\$ (2,713)</u>

DeWitt Charter Township

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND TYPE

Year Ended December 31, 2003

	<u>Enterprise</u>
OPERATING REVENUES	
Charges for services	\$ 1,266,994
Penalties	18,824
	<u>1,285,818</u>
TOTAL OPERATING REVENUES	1,285,818
OPERATING EXPENSES	
Administrative charges	111,000
Legal, accounting, and engineering	65,008
Contractual services	1,655,699
Repairs and maintenance	24,740
Supplies	4,321
Other	48
Depreciation	162,724
	<u>2,023,540</u>
TOTAL OPERATING EXPENSES	2,023,540
OPERATING (LOSS)	(737,722)
NON-OPERATING REVENUES (EXPENSES)	
Equity interest in 2003 SCCMUA operations	368,840
Contributions - developers	344,417
Permits	7,800
Tap in fees	422,950
Interest revenue	165,015
Interest expense	(27,625)
Fiscal agent fees	(230)
	<u>1,281,167</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,281,167
INCOME BEFORE TRANSFERS	543,445
TRANSFERS (OUT)	
Transfer out	(14,700)
	<u>528,745</u>
NET INCOME	528,745
Retained earnings, beginning of year	<u>11,985,672</u>
Retained earnings, end of year	<u>\$ 12,514,417</u>

See accompanying notes to general purpose financial statements.

DeWitt Charter Township

COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE

Year Ended December 31, 2003

	<u>Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating (loss)	\$ (737,722)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities	
Depreciation	162,724
(Increase) in accounts receivable	(3,161)
(Increase) in due from other funds	(7,291)
(Decrease) in accounts payable	(10,502)
(Decrease) in due to individuals	(5)
Increase in due to other funds	1,302
(Decrease) in accrued interest payable	(813)
Increase in deferred revenue	9,643
	<u> </u>
NET CASH (USED) BY OPERATING ACTIVITIES	(585,825)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Permits revenue	7,800
Tap in fees	422,950
Fiscal agent fees	(230)
Transfers out to other funds	(14,700)
	<u> </u>
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	415,820
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest expense	(27,625)
Capital acquisitions	(206,368)
Payments of borrowing	(75,000)
	<u> </u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(308,993)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest revenue	165,015
Purchase of investments	(2,303,885)
Maturities of investments	2,076,366
	<u> </u>
NET CASH (USED) BY INVESTING ACTIVITIES	(62,504)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	(541,502)
Cash and cash equivalents, beginning of year	<u>1,625,674</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,084,172</u></u>

Note: The Township adjusted its equity interest in 2003 Southern Clinton County Municipal Utilities Authority operations in the Sewer System Fund for \$368,840 to reflect the current activity at SCCMUA.

In 2003, the Sewer System recorded an increase in fixed assets and contributions from developers, respectively, of \$344,417 as a result of construction costs related to developer projects.

See accompanying notes to general purpose financial statements.

DeWitt Charter Township

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2003

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES, AND ACCOUNT GROUPS

DeWitt Charter Township, Michigan was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Clinton County. The Township operates under an appointed Township Superintendent and an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four (4) Trustees and provides services to its residents in many areas including general government, highways and streets, fire protection, law enforcement, and sewer utility services.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, The Financial Reporting Entity; and Statement on Michigan Governmental Accounting and Auditing No. 5, these financial statements present the financial activities of DeWitt Charter Township (primary government). The Township has no activities that would be classified as component units.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the general purpose financial statements of DeWitt Charter Township contain all the funds and account groups controlled by the Township Board.

2. Joint Ventures

DeWitt Charter Township is a member of the Southern Clinton County Municipal Utilities Authority (SCCMUA). The purpose of the Authority is to operate, maintain, administer, and manage a sewage disposal system for the benefit of the constituent municipalities.

The governing body of the Authority is appointed by the constituent municipalities, and representation is based upon the purchased capacity of each municipality. DeWitt Charter Township currently is represented by five (5) of the ten (10) members of the Authority board. The annual budget of the Authority is submitted to the constituent municipalities and must be approved by a 2/3 vote of the members-elect of the Authority. A copy of SCCMUA's audit can be obtained at their administrative offices.

The members of the Authority and approximate percentage of responsibility are as follows:

DeWitt Charter Township	56%
City of DeWitt	11%
Watertown Township	20%
Bath Township	13%

For the year ended December 31, 2003, DeWitt Charter Township contributed \$1,655,699 to cover its share of operational costs and reserve activities.

Additionally, an investment in SCCMUA is recorded to reflect the current carrying value at December 31, 2003, of the cumulative effect of SCCMUA operations relating to the Township equity share in the joint venture from inception-to-date. DeWitt Charter Township had recorded their portion of the initial cost of construction of the Authority facilities as fixed assets in the Sewer and Water System (Enterprise) Funds, however the portion of those costs relating to the Water System has been eliminated as the Township transferred ownership of its water system to the Lansing Board of Water & Light during the fiscal year ended December 31, 2000.

DeWitt Charter Township

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2003

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES, AND ACCOUNT GROUPS - CONTINUED

2. Joint Ventures - Continued

DeWitt Charter Township is a member of the DeWitt Area Recreation Authority, which is a joint venture between DeWitt Charter Township and the City of DeWitt. The Authority was established in 2003 to provide recreation services. The Authority's activities are overseen by a six (6) member board of Directors, with each municipality appointing three (3) members. Each municipality provides annual appropriations to subsidize operations. The current funding formula approved by the Authority requires DeWitt Charter Township and the City of DeWitt to provide approximately 56 and 44 percent, respectively. In 2003 the Township contributed \$56,000. A copy of the DeWitt Area Recreation Authority's audit can be obtained from DeWitt Charter Township's administrative offices.

3. Jointly Governed Organizations

The Township participates in the following activity which is considered to be a jointly governed organization in relation to the Township, due to there being no ongoing financial interest or responsibility:

Under Public Act 24 of 1989, DeWitt Charter Township, in conjunction with the City of DeWitt, created the DeWitt Public Library which is considered a District Library. The DeWitt Public Library board is composed of three (3) members appointed by each municipality. The Township has no financial responsibility to the Library.

4. Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Township resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into three (3) fund types and two (2) account groups as follows:

GOVERNMENTAL FUNDS

- a. General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Funds (Police Training, Street Lighting, Drug Forfeiture) - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.
- c. Debt Service Funds (Remy Chandler, 1998 G.O. Bonds, Water System Bonds) - The Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

PROPRIETARY FUNDS

- a. Enterprise Fund (Sewer System, Water System) - The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2003

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES, AND ACCOUNT GROUPS - CONTINUED

FIDUCIARY FUNDS

a. Agency Funds (Current Tax Collections, Trust and Agency) - The Agency Funds are used to account for assets held by the Township in a trustee capacity as an agent for individuals, other organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUPS

- a. General Fixed Assets Account Group - The General Fixed Assets Account Group is used to maintain control and cost information for all fixed assets of the Township other than those accounted for in the Proprietary Funds.
- b. General Long-Term Debt Account Group - The General Long-Term Debt Account Group is used to record the outstanding long-term obligations not otherwise recorded in the Proprietary Funds.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to Townships. The following is a summary of the more significant accounting policies:

1. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current and long-term assets.

The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Balance Sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

2. Basis of Accounting

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

All governmental and agency funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). Revenues which are considered measurable, but not available, are recorded as a receivable and deferred revenue. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. Significant revenues susceptible to accrual include certain intergovernmental revenues and charges for services. Most licenses and permits, fines and forfeits, and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2003

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Accounting - Continued

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

The proprietary funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred.

3. Budgets and Budgetary Accounting

The General and Special Revenue Funds' budgets shown in the financial statements were prepared on a basis not substantially different than the basis used to reflect actual results.

The Township employs the following procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to September 1, the Superintendent submits a proposed operating budget for the fiscal year commencing the following January 1 to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
- c. Prior to November 1, the budget is adopted through passage of a Board resolution. After the budget is adopted all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.
- d. Formal budgetary integration is employed as a management control device during the year.
- e. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at December 31 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year. Individual amendments were not material to original appropriations which are adopted.

4. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, savings, and investment trust fund accounts. The cash and cash equivalents are recorded at cost, which approximates market value.

Investments include U.S. Government Securities and certificates of deposit with an original maturity of greater than 90 days from the date of purchase. All investments are stated at market value.

5. Property Tax

DeWitt Charter Township bills and collects its own property taxes and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied twice per year. A summer tax is levied on July 1, and a winter tax is levied on December 1. The tax levies are due September 14 and February 14, respectively. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Clinton County Treasurer on March 1 of the year following the levy. The Clinton County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2003

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Property Tax - continued

The Township's property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Although the Township's 2003 tax is levied and collectible on December 1, 2003, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of Township operations.

The Township is permitted to levy up to \$5 per \$1,000 of taxable valuation for general governmental service and additional amounts for special and debt services. For the year ended December 31, 2003, the Township levied 3.9736 mills for general governmental services, .9926 mills for police services, and .9926 mills for fire services. The total taxable value for the 2002 levy for the property within the Township was \$320,566,618.

6. Interfund Transactions

During the course of normal operations the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers.

The General Fund records administrative charges to various funds as revenue. All funds record these payments as operating expenditures/expenses.

7. Accrued Vacation and Sick Pay

In accordance with the Township personnel policies and/or 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 respective personnel policies and/or contracts.

Vested vacation and sick leave earned as of December 31, 2003, including related payroll taxes, is recorded entirely in the General Long-Term Debt Account Group.

8. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow measurement focus resources". This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources".

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in a General Fixed Assets Account Group rather than in the governmental funds. The general fixed assets are recorded as expenditures at the time of purchase in the governmental fund types. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Groups, not in the governmental funds.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2003

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Fixed Assets and Long-Term Liabilities - Continued

Fixed assets are recorded at cost, or if donated, at fair market value at the date of donation. Expenditures, which materially extend the useful life of existing assets, are capitalized. Public domain (infrastructure) general fixed assets, which include roads, bridges, curbs and gutters, sidewalks, and drains, are not capitalized.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets.

The estimated useful lives are:

Sewer system/lines/pump stations	75 - 100 years
Machinery and equipment	10 years

9. Comparative Data

Comparative data for the General and Special Revenue Funds has been presented in the accompanying financial statements in order to provide an understanding of changes in the fund's financial position and operations of each fund. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

10. Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

- a. Bonds, securities, and other obligations of the United States or any agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.

DeWitt Charter Township

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2003

NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits, and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the federal loan mortgage corporation, federal national mortgage association or government national mortgage association

Deposits

As of December 31, 2003, the carrying amounts and the bank balances for each type of bank account are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Regular checking	\$ 2,667	\$ 2,667
Money market checking	5,252	5,391
Savings and certificates of deposit	<u>5,909,625</u>	<u>6,993,339</u>
	<u>\$ 5,917,544</u>	<u>\$ 7,001,397</u>

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of December 31, 2003, the Township accounts were insured by the FDIC for \$910,419 and the amount of \$6,090,978 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of the uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Investments

As of December 31, 2003, the carrying amounts and market values for the investments are as follows:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Insured or registered for which the securities are held by the Township's agent in the Township's name		
Federal Home Loan Mortgage Corporation	\$ 1,464,579	\$ 1,464,579
Federal National Mortgage Association	<u>625,630</u>	<u>625,630</u>
	2,090,209	2,090,209
Uncategorized pooled investment funds	<u>250,591</u>	<u>250,591</u>
	<u>\$ 2,340,800</u>	<u>\$ 2,340,800</u>

DeWitt Charter Township

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2003

NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

The cash, cash equivalents, and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the combined balance sheet, based upon criteria disclosed in Note B. The following summarizes the categorization of these amounts as of December 31, 2003:

Cash and cash equivalents	\$ 5,060,230
Investments	<u>3,198,564</u>
	<u>\$ 8,258,794</u>

The cash and cash equivalents caption on the combined balance sheet includes \$150 in petty cash and \$300 held in trust with Ingham County.

NOTE D: INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at December 31, 2003, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General		Special Revenue	
Current Tax Collections	\$ 779,046	Street Lighting	
Trust and Agency	46,893	General	\$ 6,671
Water System	31,192		
Street Lighting	<u>6,671</u>	Enterprise	
	863,802	Water System	
		General	31,192
Special Revenue		Sewer System	1,810
Street Lighting		Water System Bonds	<u>2,626</u>
Current Tax Collections	48,831		
			35,628
Debt Service Fund			
Water System Bonds		Trust and Agency	
Water System	2,626	Current Tax Collections	
		General	779,046
Enterprise		Street Lighting	48,831
Sewer System		Sewer System	17,467
Current Tax Collections	17,467	Trust and Agency	
Water System	<u>1,810</u>	General	<u>46,893</u>
	<u>19,277</u>		<u>892,237</u>
	<u>\$ 934,536</u>		<u>\$ 934,536</u>

DeWitt Charter Township

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2003

NOTE E: FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance <u>Jan. 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2003</u>
Land and improvements	\$ 544,206	\$ 277,038	\$ -	\$ 821,244
Buildings	3,788,068	68,051	-	3,856,119
Machinery and equipment	752,601	34,233	-	786,834
Vehicles	830,237	55,239	7,370	878,106
Furniture and fixtures	371,264	21,586	-	392,850
Construction in progress	<u>56,024</u>	<u>106,113</u>	<u>56,024</u>	<u>106,113</u>
	<u>\$ 6,342,400</u>	<u>\$ 562,260</u>	<u>\$ 63,394</u>	<u>\$ 6,841,266</u>

A summary of Proprietary Fund Type fixed assets at December 31, 2003 follows:

	<u>Enterprise</u>
Sewer system and lines	\$15,118,845
Pumping stations	7,057
Equipment	74,707
Construction in progress	<u>46,022</u>
Total	15,246,631
Less: accumulated depreciation	<u>(3,254,412)</u>
Net fixed assets	<u>\$11,992,219</u>

The depreciation expense for the year ended December 31, 2003 is \$162,724.

During the year ended December 31, 2000, the Township transferred ownership of the Water System to the Lansing Board of Water & Light (BWL). In return, the BWL agreed to transfer funds to the Township sufficient to cover the outstanding General Obligation debt related to the Water System as the payments become due. Fixed assets and related accumulated depreciation of \$4,579,421 and \$636,369, respectively, were removed from the Water System Fund, as well as \$3,314,090 of contributed capital. Because the debt is no longer expected to be repaid with usage fees generated by the system, it has been transferred to the General Long-Term Debt Account Group and a Debt Service fund has been established to account for future debt payments.

NOTE F: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the Township for the year ended December 31, 2003:

	Balance <u>Jan. 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2003</u>
General Long-Term Debt				
1998 General Obligation Bonds	\$ 1,970,000	\$ -	\$ 70,000	\$ 1,900,000
1991 Limited Tax General Obligation Bonds	259,530	-	58,321	201,209
1995 Limited Tax General Obligation Bonds	360,000	-	20,000	340,000

DeWitt Charter Township

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2003

NOTE F: LONG-TERM DEBT - CONTINUED

	<u>Balance</u> <u>Jan. 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2003</u>
General Long-Term Debt - continued				
Installment loan payable	\$ 700,000	\$ -	\$ 56,000	\$ 644,000
Accrued vacation and sick pay	<u>118,479</u>	<u>8,911</u>	<u>-</u>	<u>127,390</u>
	3,408,009	8,911	204,321	3,212,599
Sewer System Fund				
1978 Revenue Bonds	<u>475,000</u>	<u>-</u>	<u>75,000</u>	<u>400,000</u>
	<u>\$ 3,883,009</u>	<u>\$ 8,911</u>	<u>\$ 279,321</u>	<u>\$ 3,612,599</u>

Significant details regarding outstanding long-term debt (including current portion) are presented below:

\$2,150,000 Unlimited General Obligation Township Facility Construction Bonds, Series 1998, dated December 1, 1998 due in annual installments ranging from \$70,000 to \$160,000 through May 1, 2020 with interest ranging from 4.375 to 4.625 percent, payable semi-annually.	\$ 1,900,000
\$1,140,000 Limited Tax General Obligation Clinton County Water Supply System Bonds, Series 1991 (Township share \$665,483), dated April 1, 1991, Township share due in annual installments ranging from \$58,321 to \$72,902 through May 1, 2006, with interest ranging from 5.50 to 6.60 percent, payable semi-annually.	201,209
\$450,000 Limited Tax General Obligation Clinton County Water Supply System Bonds, Series 1995, dated July 1, 1995, due in annual installments ranging from \$20,000 to \$40,000 through May 1, 2015, with interest ranging from 5.30 to 6.20 percent, payable semi-annually.	340,000
\$1,400,000 Clinton County Sanitary Sewage Treatment and Disposal System No. 7 Bonds, Series A, dated August 1, 1978, due in annual installments of \$100,000 through May 1, 2007, with interest of 6.50 percent, payable semi-annually.	400,000
\$840,000 Installment Purchase Agreement, due in semi-annual installments of \$28,000 through May 1, 2015, with interest at 5.33%, payable semi-annually, for property acquisition and construction of a fire station.	<u>644,000</u>
	<u>\$ 3,485,209</u>

Accrued Vacation and Sick Pay

In accordance with the Township personnel policies and/or 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 respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$127,390 for vacation and sick at December 31, 2003.

DeWitt Charter Township

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2003

NOTE F: LONG-TERM DEBT - CONTINUED

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

Year Ending December 31,	1998 Unlimited Tax General Obligation Bonds	Water Supply System Limited Tax General Obligation Bonds	Sewer System Revenue Bonds	Installment Purchase Agreement	Total
2004	\$ 155,348	\$ 110,435	\$ 122,750	\$ 89,579	\$ 478,112
2005	157,285	111,634	116,250	86,594	471,763
2006	159,004	112,486	109,750	83,609	464,849
2007	160,504	41,285	103,250	80,625	385,664
2008	161,785	39,823	-	77,640	279,248
2009-2013	819,713	203,512	-	343,427	1,366,652
2014-2018	825,231	79,805	-	88,477	993,513
2019-2020	<u>336,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>336,969</u>
	2,775,839	698,980	452,000	849,951	4,776,770
Less: interest	(875,839)	(157,771)	(52,000)	(205,951)	(1,291,561)
	<u>\$ 1,900,000</u>	<u>\$ 541,209</u>	<u>\$ 400,000</u>	<u>\$ 644,000</u>	<u>\$ 3,485,209</u>

During the year ended December 31, 2001, the Township entered into an agreement with the Lansing Board of Water & Light (BWL) transferring ownership of the Water System to the BWL. In return, the BWL has agreed to transfer funds to the Township sufficient to pay the General Obligation Bond liability related to the Water System as it becomes due. Because the Water System debt is no longer intended to be repaid with usage fees generated by the system, the Water Supply System Limited Tax General Obligation Bonds were transferred from the Water System Fund to the General Long-Term Debt Account Group and a Debt Service fund has been established to account for future debt payments.

NOTE G: RETIREMENT PLAN

TOWNSHIP GENERAL

DeWitt Charter Township is the sponsor of a defined contribution retirement plan for the sole benefit of its employees excluding the supervisory and nonsupervisory police personnel for the Township. The DeWitt Charter Township Pension Plan is a money purchase defined contribution pension benefit plan. Contributions are based on a preestablished wage-based contribution schedule with the Township contributing 100% of the amount. Employees may elect to contribute additional amounts ranging from 1 to 10 percent of their compensation. During the year ended December 31, 2003, DeWitt Charter Township made contributions for all eligible participating employees equal to 10% of their base compensation. To be eligible to participate, an employee must be full-time, eighteen (18) years of age, and have completed six (6) months of services. Elected officials are not required to fulfill the service requirements. The eligibility computation period is the six (6) month period that begins with the date hired.

DeWitt Charter Township

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2003

NOTE G: RETIREMENT PLAN - CONTINUED

All eligible employees participate in the plan. The contributions fund the premiums for ordinary life insurance tax deferred annuities and various pooled investment funds with the Manufacturers Life Insurance Company.

For the year ended December 31, 2003, the DeWitt Charter Township had a total payroll excluding the supervisory and nonsupervisory police employees of \$1,132,574. The DeWitt Charter Township Defined Contribution Retirement Plan had a covered payroll of \$1,128,530. DeWitt Charter Township made employer contributions to the retirement plan in the amount of \$112,853.

POLICE

Plan Description

The Township also participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all supervisory and nonsupervisory Police employees of the Township. The system provides retirement, disability, and death benefits to plan members and their beneficiaries.

The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's collective bargaining units and requires no contribution from the employees. The Township is required to provide amounts necessary to fund the system.

Annual Pension Cost

For year ended December 31, 2003, the Township's annual pension cost of \$66,973 for the plan was equal to the Township's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation as of December 31, 2001, using the entry age normal actuarial method. Actual required contributions were based on actual reported monthly payroll. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.16% per year, depending on age, attributable to seniority/merit and promotional salary increases and the assumption that benefits will increase 2.5% annually for persons under Benefit E-1 or E-2. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 34 years.

Three (3) year trend information

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Actuarial value of assets	\$ 823,778	\$ 879,745	\$ 959,006
Actuarial Accrued Liability (entry age)	931,112	1,106,774	1,158,830
Unfunded (overfunded) AAL	107,334	227,029	199,824
Funded ratio	88.5 %	79.5 %	82.8 %
Covered payroll	577,349	674,615	614,120
UAAL as a percentage of covered payroll	19 %	34 %	33 %
Annual pension cost	31,454	10,258	140,967
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

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

DeWitt Charter Township

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2003

NOTE H: RISK MANAGEMENT

The Township carries commercial insurance for the risk of loss due to workers' compensation claims.

The Township also participates in a State pool, the Michigan Municipal Risk Management Authority, with other municipalities for property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The Township has no liability for additional assessments based on the claims filed against the pool nor do they have any right to dividends.

NOTE I: SEGMENT INFORMATION

The Township operates the Sewer System and Water System utilities providing services to the various Township residents. Segment information for the fiscal year ending December 31, 2003, is as follows:

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
Operating revenues	\$ 1,285,818	\$ -	\$ 1,285,818
Operating expenses			
Depreciation	162,724	-	162,724
Other	1,834,076	26,740	1,860,816
Operating (loss)	(710,982)	(26,740)	(737,722)
Net income	501,977	26,768	528,745
Contributed capital	5,534,592	-	5,534,592
Net increase in fixed assets	388,061	-	388,061
Net working capital	599,679	490,944	1,030,623
Investment in SCCMUA	3,047,282	-	3,047,282
Total assets	17,664,511	1,149,627	18,814,138
Long-term liabilities			
Revenue bonds payable	325,000	-	325,000
Total equity	16,935,010	1,113,999	18,049,009

NOTE J: FUND EQUITY RESERVES AND DESIGNATIONS

Reserved fund balance and retained earnings are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use. Designated fund balance indicates that portion of the fund balance which the Township has set aside for specific purposes.

The following are the various fund balance and retained earnings reserves as of December 31, 2003:

<u>Fund Balance</u>	
General Fund	
Reserved for future expenditures	\$ 36,231
Debt Service	
1998 G.O. Bonds	
Reserved for debt service	2,361
Water System Bonds	
Reserved for debt service	<u>2,626</u>
	<u>\$ 41,218</u>

DeWitt Charter Township

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2003

NOTE J: FUND EQUITY RESERVES AND DESIGNATIONS - CONTINUED

Retained Earnings

Enterprise Funds	
Sewer System Fund	
Reserved for debt service	\$ 5,479,029
Reserved for contributions to SCCMUA	<u>124,125</u>
	<u>\$ 5,603,154</u>

A portion of the General Fund fund balance has been designated in the amount of \$109,848 for fire equipment purchases as of December 31, 2003.

NOTE K: PRIOR PERIOD ADJUSTMENT

The following prior period adjustment was made during the current period, which was the result of a correction of an accounting error. This adjustment was reported as a change to beginning fund balance. The effect on operations and other affected balances for the current year and prior period are as follows:

	December 31,		
	<u>2003</u>	<u>2002</u>	<u>Description</u>
PRIMARY GOVERNMENT			
Special Revenue Fund			
Street Lighting			
Special assessments receivable	\$ -	\$(6,849)	Correct overstatement of special assessment receivable
Revenues over (under) expenditures	-	(6,849)	
Fund balance - beginning	(6,849)	-	

NOTE L: GASB STATEMENT NO. 34

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (Statement). Certain of the significant changes in the Statement include the following:

For the first time the financial statements will include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Township's activities, including reporting infrastructure assets (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

The general provisions of GASB No. 34 must be implemented by DeWitt Charter Township no later than the fiscal year ending December 31, 2004; the retroactive reporting of infrastructures, if any, must be implemented no later than the year ending December 31, 2008.

SUPPLEMENTAL FINANCIAL INFORMATION

DeWitt Charter Township

General Fund

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

Year Ended December 31, 2003
With Actual Amounts for Year Ended December 31, 2002

	Amended Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
REVENUES				
Taxes				
Current property taxes				
General	\$ 1,273,804	\$ 1,263,793	\$ (10,011)	\$ 1,151,474
Police	320,567	318,037	(2,530)	284,734
Fire	320,567	318,037	(2,530)	284,734
Other	22,750	28,916	6,166	9,339
Delinquent property taxes	4,000	29,007	25,007	6,478
Trailer taxes	5,500	6,870	1,370	4,851
Interest and penalties	3,000	2,673	(327)	7,262
Total taxes	1,950,188	1,967,333	17,145	1,748,872
Licenses and permits				
Building and zoning permits	180,000	248,060	68,060	221,288
Franchise fees	92,000	113,432	21,432	102,926
Total licenses and permits	272,000	361,492	89,492	324,214
Intergovernmental				
State shared revenue	1,100,000	996,194	(103,806)	1,074,081
Liquor licenses	5,500	6,718	1,218	6,190
COPS grants	5,893	8,950	3,057	23,173
CMI park grant	11,132	17,061	5,929	118,260
FEMA grant	24,228	37,187	12,959	-
DPS - school liason officer	37,487	57,420	19,933	-
Total intergovernmental	1,184,240	1,123,530	(60,710)	1,221,704
Charges for services				
Tax collection fees	31,000	41,599	10,599	30,280
Inspection fees	100,000	134,066	34,066	116,223
Court fees	82,000	61,907	(20,093)	73,859
Administrative charges	121,000	121,000	-0-	71,555
Building registration fees	1,800	2,275	475	2,567
Park fees and programs	19,000	28,740	9,740	19,331
Cemetery lots and grave openings	17,000	19,049	2,049	20,382
Fire runs and protection	1,500	2,750	1,250	1,841
Alarm ordinance revenue	-	767	767	1,653
Police fees - OUIL recovery	7,000	6,144	(856)	8,239
Total charges for services	380,300	418,297	37,997	345,930

DeWitt Charter Township

General Fund

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

Year Ended December 31, 2003
With Actual Amounts for Year Ended December 31, 2002

	Amended Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
REVENUES - CONTINUED				
Interest and rents				
Interest - regular	\$ 100,000	\$ 114,762	\$ 14,762	\$ (44,310)
Interest - tax collections	-	4,757	4,757	7,222
Rental fees	30,300	36,750	6,450	30,200
Total interest and rents	130,300	156,269	25,969	(6,888)
Other				
Reimbursements - Granger	63,843	97,812	33,969	97,094
Reimbursements - DARA	2,292	3,400	1,108	-
Reimbursements - DeWitt Public Schools	-	-	-0-	22,151
Reimbursements - insurance	4,420	6,817	2,397	15,450
Reimbursements - K-9 training	7,039	10,829	3,790	-
Reimbursements - other	7,039	10,759	3,720	6,147
Special assessments	-	-	-0-	16,440
Miscellaneous	17,327	11,809	(5,518)	10,742
Total other	101,960	141,426	39,466	168,024
TOTAL REVENUES	4,018,988	4,168,347	149,359	3,801,856
EXPENDITURES				
General government				
Supervisor				
Salaries and wages	15,800	15,694	106	15,285
Fringe benefits	1,210	1,196	14	1,169
Mileage and expenses	900	1,167	(267)	814
Training and seminars	400	-	400	205
Total supervisor	18,310	18,057	253	17,473
Township Board				
Salaries and wages	25,100	21,158	3,942	21,600
Fringe benefits	1,950	1,611	339	1,660
Mileage and expenses	500	372	128	-
Training and seminars	500	-	500	225
Miscellaneous	1,500	1,927	(427)	1,755
Total township board	29,550	25,068	4,482	25,240

DeWitt Charter Township

General Fund

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

Year Ended December 31, 2003
With Actual Amounts for Year Ended December 31, 2002

	Amended Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
EXPENDITURES - CONTINUED				
General government - continued				
Superintendent				
Salaries and wages	\$ 115,000	\$ 114,207	\$ 793	\$ 101,865
Fringe benefits	44,200	41,592	2,608	38,492
Mileage and expenses	500	363	137	219
Repairs and maintenance	300	320	(20)	231
Dues and memberships	750	802	(52)	733
Training and seminars	3,300	2,601	699	3,195
Miscellaneous	200	261	(61)	70
Capital outlay	800	1,114	(314)	-
Total superintendent	165,050	161,260	3,790	144,805
Elections				
Salaries and wages	-	-	-0-	13,611
Fringe benefits	-	-	-0-	85
Supplies	1,000	289	711	2,560
Contracted services	-	-	-0-	2,100
Printing and publishing	-	-	-0-	1,011
Repairs and maintenance	1,200	1,511	(311)	1,106
Miscellaneous	50	-	50	187
Capital outlay	-	-	-0-	6,764
Total elections	2,250	1,800	450	27,424
Assessor				
Salaries and wages	100,600	100,679	(79)	96,516
Fringe benefits	36,900	34,575	2,325	32,148
Supplies	1,710	630	1,080	826
Telephone	400	328	72	341
Mileage and expenses	300	289	11	205
Printing and publishing	3,310	2,365	945	2,178
Repairs and maintenance	3,365	2,332	1,033	2,444
Dues and memberships	545	555	(10)	570
Training and seminars	1,500	1,259	241	813
Miscellaneous	400	124	276	203
Capital outlay	-	-	-0-	2,099
Total assessor	149,030	143,136	5,894	138,343

DeWitt Charter Township

General Fund

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

Year Ended December 31, 2003
With Actual Amounts for Year Ended December 31, 2002

	Amended Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
EXPENDITURES - CONTINUED				
General government - continued				
Clerk				
Salaries and wages	\$ 92,500	\$ 93,116	\$ (616)	\$ 92,104
Fringe benefits	34,500	33,132	1,368	30,653
Supplies	2,250	1,636	614	1,272
Telephone	250	318	(68)	305
Mileage and expenses	700	339	361	547
Printing and publishing	7,000	5,282	1,718	5,549
Dues and memberships	250	175	75	185
Training and memberships	1,000	683	317	1,403
Miscellaneous	500	132	368	23
Capital outlay	10,700	-	10,700	466
Total clerk	149,650	134,813	14,837	132,507
Board of review				
Salaries and wages	2,025	675	1,350	660
Fringe benefits	162	51	111	50
Mileage and expenses	125	7	118	14
Training and seminars	100	55	45	192
Total board of review	2,412	788	1,624	916
Treasurer				
Salaries and wages	86,712	84,944	1,768	83,626
Fringe benefits	40,500	41,536	(1,036)	34,486
Supplies	700	1,260	(560)	472
Mileage and expenses	100	75	25	53
Insurance and bonds	2,300	1,846	454	1,059
Printing and publishing	4,500	2,791	1,709	2,829
Maintenance and repairs	2,150	2,085	65	2,074
Dues and memberships	35	35	-0-	70
Training and seminars	1,500	1,574	(74)	1,762
Miscellaneous	500	1,984	(1,484)	1,066
Capital outlay	2,250	1,854	396	214
Total treasurer	141,247	139,984	1,263	127,711

DeWitt Charter Township

General Fund

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

Year Ended December 31, 2003
With Actual Amounts for Year Ended December 31, 2002

	Amended Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
EXPENDITURES - CONTINUED				
General government - continued				
Building and grounds				
Salaries and wages	\$ 93,500	\$ 92,352	\$ 1,148	\$ 83,385
Fringe benefits	58,000	49,143	8,857	44,014
Supplies	9,500	8,769	731	7,805
Gasoline	1,200	2,262	(1,062)	1,262
Contracted services	3,000	2,391	609	3,018
Telephone	11,000	9,306	1,694	9,965
Utilities	30,000	26,693	3,307	27,360
Repairs and maintenance	19,300	14,942	4,358	12,784
Training and seminars	250	15	235	-
Miscellaneous	1,000	36	964	690
Capital outlay	9,200	14,159	(4,959)	59,243
	<u>235,950</u>	<u>220,068</u>	<u>15,882</u>	<u>249,526</u>
Total building and grounds				
Community center				
Supplies	3,000	1,573	1,427	1,763
Telephone	2,000	1,575	425	1,742
Utilities	14,000	14,514	(514)	13,693
Repairs and maintenance	4,000	3,933	67	-
Miscellaneous	3,000	1,105	1,895	787
Capital outlay	362,000	294,044	67,956	177,336
	<u>388,000</u>	<u>316,744</u>	<u>71,256</u>	<u>195,321</u>
Total community center				
Township hall				
Salaries and wages	32,500	15,417	17,083	23,992
Fringe benefits	23,200	17,517	5,683	24,951
Supplies	9,000	7,600	1,400	6,179
Postage	15,500	15,886	(386)	13,705
Gasoline	300	210	90	158
Contracted services	28,500	23,226	5,274	23,965
Printing and publishing	7,000	4,704	2,296	6,830
Insurance and bonds	72,300	68,916	3,384	67,416
Repairs and maintenance	30,500	22,399	8,101	31,447
Equipment lease	600	471	129	471
Dues and memberships	7,250	6,917	333	6,543
Training and seminars	500	-	500	-
Miscellaneous	3,000	1,222	1,778	1,364
Capital outlay	-	-	-0-	6,151
	<u>230,150</u>	<u>184,485</u>	<u>45,665</u>	<u>213,172</u>
Total township hall				

DeWitt Charter Township

General Fund

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

Year Ended December 31, 2003
With Actual Amounts for Year Ended December 31, 2002

	Amended Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
EXPENDITURES - CONTINUED				
General government - continued				
Other				
Legal fees	\$ 80,000	\$ 62,875	\$ 17,125	\$ 85,603
Accounting and audit fees	7,500	5,428	2,072	5,000
Miscellaneous	36,250	-	36,250	-
Total other	123,750	68,303	55,447	90,603
Total general government	1,635,349	1,414,506	220,843	1,363,041
Public safety				
Police department				
Salaries and wages	791,300	777,820	13,480	759,690
Fringe benefits	340,700	274,764	65,936	278,221
Office supplies	4,200	3,817	383	4,442
Operating supplies	10,000	9,195	805	9,482
Uniforms	5,763	3,724	2,039	4,867
Gasoline	24,000	20,473	3,527	16,970
Contracted services	14,150	9,968	4,182	7,036
Investigations	1,600	576	1,024	1,941
Telephone	8,000	7,478	522	7,593
Mileage and expenses	2,000	882	1,118	1,490
Repairs and maintenance	22,000	15,754	6,246	15,026
Training and seminars	5,000	5,124	(124)	5,541
Contingency	3,000	-	3,000	-
Miscellaneous	4,000	2,457	1,543	3,805
Capital outlay	55,400	14,349	41,051	6,221
Vehicle replacement	52,150	47,125	5,025	49,241
Total police department	1,343,263	1,193,506	149,757	1,171,566

DeWitt Charter Township

General Fund

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

Year Ended December 31, 2003
With Actual Amounts for Year Ended December 31, 2002

	Amended Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
EXPENDITURES - CONTINUED				
Public safety - continued				
Fire department				
Salaries and wages	\$ 199,846	\$ 196,464	\$ 3,382	\$ 157,661
Fringe benefits	76,538	68,643	7,895	46,193
Office supplies	3,000	2,683	317	2,134
Operating supplies	3,300	2,906	394	3,165
Uniforms	1,850	721	1,129	1,161
Gasoline	2,300	2,384	(84)	1,863
Contracted services	1,500	1,200	300	-
Telephone	2,985	3,720	(735)	2,999
Mileage and expenses	4,250	5,156	(906)	3,145
Utilities	21,155	19,583	1,572	18,026
Repairs and maintenance	26,940	29,922	(2,982)	24,772
Dues and memberships	630	715	(85)	650
Vehicle replacement	64,700	29,852	34,848	-
Training and seminars	14,264	12,446	1,818	12,519
Miscellaneous	21,250	20,678	572	2,783
Capital outlay	49,636	55,449	(5,813)	41,491
Total fire department	494,144	452,522	41,622	318,562
Total public safety	1,837,407	1,646,028	191,379	1,490,128
Community and economic development				
Building and zoning				
Salaries and wages	116,035	116,900	(865)	109,477
Fringe benefits	50,467	48,964	1,503	43,284
Office supplies	1,200	1,362	(162)	684
Gasoline	500	584	(84)	414
Contracted services	63,000	63,135	(135)	60,889
Telephone	1,500	1,630	(130)	1,316
Printing and publishing	-	-	-0-	4
Repairs and maintenance	1,200	1,217	(17)	290
Dues and memberships	900	420	480	935
Training and seminars	4,200	1,929	2,271	3,909
Miscellaneous	900	256	644	122
Capital outlay	14,950	14,914	36	5,206
Total building and zoning	254,852	251,311	3,541	226,530

DeWitt Charter Township

General Fund

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

Year Ended December 31, 2003
With Actual Amounts for Year Ended December 31, 2002

	Amended Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
EXPENDITURES - CONTINUED				
Community and economic development - continued				
Planning Department				
Salaries and wages	\$ 125,200	\$ 115,244	\$ 9,956	\$ 118,268
Fringe benefits	47,900	39,716	8,184	40,283
Office supplies	2,150	751	1,399	2,158
Gasoline	150	126	24	9
Contractual services	2,000	-	2,000	-
Telephone	355	345	10	307
Printing and publishing	4,500	2,237	2,263	2,041
Repairs and maintenance	1,040	887	153	804
Dues and memberships	1,800	1,516	284	1,384
Training and seminars	3,250	844	2,406	220
Miscellaneous	1,000	88	912	646
Capital outlay	48,250	2,324	45,926	9,624
	<u>237,595</u>	<u>164,078</u>	<u>73,517</u>	<u>175,744</u>
Total planning department				
	492,447	415,389	77,058	402,274
Total community and economic development				
Public works				
Drains				
Drains at large	6,000	5,867	133	21,817
Highways and streets				
Repairs and maintenance	13,200	8,243	4,957	8,753
Resurfacing and improvements	65,000	46,538	18,462	77,511
	<u>78,200</u>	<u>54,781</u>	<u>23,419</u>	<u>86,264</u>
Total highways and streets				
	84,200	60,648	23,552	108,081
Total public works				

DeWitt Charter Township

General Fund

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

Year Ended December 31, 2003
With Actual Amounts for Year Ended December 31, 2002

	Amended Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
EXPENDITURES - CONTINUED				
Recreation and cultural				
Parks and recreation				
Salaries and wages	\$ 42,350	\$ 21,631	\$ 20,719	\$ 37,133
Fringe benefits	12,950	8,117	4,833	10,380
Operating supplies	18,800	14,254	4,546	18,174
Contracted services	41,000	61,750	(20,750)	4,750
Telephone	400	252	148	382
Mileage and expenses	350	245	105	285
Utilities	1,400	1,922	(522)	1,340
Recreation programs	5,215	2,096	3,119	4,567
Dues and memberships	425	150	275	395
Training and seminars	1,000	195	805	315
Miscellaneous	2,600	898	1,702	2,778
Capital outlay	25,000	30,612	(5,612)	239,706
	<u>151,490</u>	<u>142,122</u>	<u>9,368</u>	<u>320,205</u>
Total parks and recreation				
Debt service				
Principal	56,000	56,000	-0-	56,000
Interest	36,564	36,560	4	39,540
	<u>92,564</u>	<u>92,560</u>	<u>4</u>	<u>95,540</u>
Total debt service				
	<u>4,293,457</u>	<u>3,771,253</u>	<u>522,204</u>	<u>3,779,269</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES				
OVER (UNDER) EXPENDITURES	(274,469)	397,094	671,563	22,587

DeWitt Charter Township

General Fund

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

Year Ended December 31, 2003
With Actual Amounts for Year Ended December 31, 2002

	Amended Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	\$ 5,000	\$ 7,399	\$ 2,399	\$ 8,090
Operating transfers in (out)				
Water Fund	14,700	14,700	-0-	-
G.O. 1998 Bonds	(157,200)	(156,879)	321	(154,832)
 TOTAL OTHER FINANCING SOURCES (USES)	 (137,500)	 (134,780)	 2,720	 (146,742)
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	 (411,969)	 262,314	 674,283	 (124,155)
 Fund balance, beginning of year	 1,731,123	 1,731,123	 -0-	 1,855,278
 Fund balance, end of year	 <u>\$ 1,319,154</u>	 <u>\$ 1,993,437</u>	 <u>\$ 674,283</u>	 <u>\$ 1,731,123</u>

DeWitt Charter Township

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES - CONSTRUCTION CODE

Year Ended December 31, 2003

REVENUES

Licenses and permits	
Building and zoning permits	\$ 248,060
Charges for services	
Inspection fees	134,066
Building registration fees	<u>2,275</u>
Total construction code revenues	384,401

EXPENDITURES

Public safety	
Building and zoning	
Salaries and wages	116,900
Fringe benefits	48,964
Office supplies	1,362
Gasoline	584
Contracted services	63,135
Telephone	1,630
Repairs and maintenance	1,217
Dues and memberships	420
Training and seminars	1,929
Miscellaneous	256
Capital outlay	<u>14,914</u>
Total building and zoning	251,311

Planning Department	
Salaries and wages	115,244
Fringe benefits	39,716
Office supplies	751
Gasoline	126
Telephone	345
Printing and publishing	2,237
Repairs and maintenance	887
Dues and memberships	1,516
Training and seminars	844
Miscellaneous	88
Capital outlay	<u>2,324</u>

Total planning department	<u>164,078</u>
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Total construction code expenditures	<u>415,389</u>
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Current year excess of revenues (under) expenditures	(30,988)
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Prior years' excess of revenues (under) expenditures	<u>(95,429)</u>
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Cumulative excess of revenues (under) expenditures	<u><u>\$ (126,417)</u></u>
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DeWitt Charter Township

Special Revenue Funds

COMBINING BALANCE SHEET

December 31, 2003

	Police Training	Street Lighting	Drug Forfeiture	Total
ASSETS				
Cash and cash equivalents	\$ 5,955	\$ 55,369	\$ 5,252	\$ 66,576
Special assessments receivable	-	59,421	-	59,421
Due from other funds	-	48,831	-	48,831
TOTAL ASSETS	\$ 5,955	\$ 163,621	\$ 5,252	\$ 174,828
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ -	\$ 10,111	\$ -	\$ 10,111
Due to other funds	-	6,671	-	6,671
TOTAL LIABILITIES	-0-	16,782	-0-	16,782
FUND BALANCE				
Unreserved - undesignated	5,955	146,839	5,252	158,046
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,955	\$ 163,621	\$ 5,252	\$ 174,828

DeWitt Charter Township

Special Revenue Funds

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

Year Ended December 31, 2003

	Police Training	Street Lighting	Drug Forfeiture	Total
REVENUES				
Intergovernmental - State	\$ 3,256	\$ -	\$ -	\$ 3,256
Fines and forfeits	-	-	4,335	4,335
Interest	25	790	23	838
Special assessments	-	113,668	-	113,668
Other	-	-	849	849
TOTAL REVENUES	3,281	114,458	5,207	122,946
EXPENDITURES				
Public safety	995	-	17,665	18,660
Public works	-	114,995	-	114,995
TOTAL EXPENDITURES	995	114,995	17,665	133,655
EXCESS OF REVENUES (UNDER) EXPENDITURES	2,286	(537)	(12,458)	(10,709)
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	4,000	4,000
Transfer out	(4,000)	-	-	(4,000)
TOTAL OTHER FINANCING SOURCES (USES)	(4,000)	-0-	4,000	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(1,714)	(537)	(8,458)	(10,709)
Fund balances, beginning of year	7,669	154,225	13,710	175,604
Prior period adjustment	-	(6,849)	-	(6,849)
Fund balances, end of year	<u>\$ 5,955</u>	<u>\$ 146,839</u>	<u>\$ 5,252</u>	<u>\$ 158,046</u>

DeWitt Charter Township

Police Training Fund

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

Year Ended December 31, 2003
With Actual Amounts for Year Ended December 31, 2002

	Amended Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
REVENUES				
Intergovernmental - State	\$ 2,800	\$ 3,256	\$ 456	\$ 4,850
Interest	30	25	(5)	42
TOTAL REVENUES	2,830	3,281	451	4,892
EXPENDITURES				
Public safety				
Training and seminars	2,800	995	1,805	226
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	30	2,286	2,256	4,666
OTHER FINANCING USES				
Transfer out	(4,000)	(4,000)	-0-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,970)	(1,714)	2,256	4,666
Fund balance, beginning of year	7,669	7,669	-0-	3,003
Fund balance, end of year	<u>\$ 3,699</u>	<u>\$ 5,955</u>	<u>\$ 2,256</u>	<u>\$ 7,669</u>

DeWitt Charter Township

Street Lighting Fund

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

Year Ended December 31, 2003
With Actual Amounts for Year Ended December 31, 2002

	<u>Amended Budget</u>	<u>2003 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2002 Actual</u>
REVENUES				
Interest	\$ 1,300	\$ 790	\$ (510)	\$ 813
Special assessments	123,600	113,668	(9,932)	123,105
TOTAL REVENUES	124,900	114,458	(10,442)	123,918
EXPENDITURES				
Public works				
Utilities	130,000	114,839	15,161	108,793
Other	100	156	(56)	49
TOTAL EXPENDITURES	130,100	114,995	15,105	108,842
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,200)	(537)	4,663	15,076
Fund balance, beginning of year	154,225	154,225	-0-	139,149
Prior period adjustment	-	(6,849)	(6,849)	-
Fund balance, end of year	<u>\$ 149,025</u>	<u>\$ 146,839</u>	<u>\$ (2,186)</u>	<u>\$ 154,225</u>

DeWitt Charter Township

Drug Forfeiture Fund

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

Year Ended December 31, 2003
With Actual Amounts for Year Ended December 31, 2002

	Amended Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
REVENUES				
Fines and forfeits	\$ 15,000	\$ 4,335	\$ (10,665)	\$ 3,965
Interest	75	23	(52)	78
Other	-	849	849	30
TOTAL REVENUES	15,075	5,207	(9,868)	4,073
EXPENDITURES				
Public safety				
Communication	250	199	51	237
Contributions	2,000	4,000	(2,000)	250
Printing and publishing	-	-	-0-	59
Contracted services	-	-	-0-	3,820
Miscellaneous	-	2,604	(2,604)	1,698
Training and seminars	-	10,828	(10,828)	500
Equipment	18,500	34	18,466	6,500
TOTAL EXPENDITURES	20,750	17,665	3,085	13,064
EXCESS OF REVENUES (UNDER) EXPENDITURES	(5,675)	(12,458)	(6,783)	(8,991)
OTHER FINANCING SOURCES				
Transfer in	-	4,000	4,000	-
Proceeds from sale of fixed assets	-	-	-0-	12,000
TOTAL OTHER FINANCING SOURCES	-0-	4,000	4,000	12,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(5,675)	(8,458)	(2,783)	3,009
Fund balance, beginning of year	13,710	13,710	-0-	10,701
Fund balance, end of year	<u>\$ 8,035</u>	<u>\$ 5,252</u>	<u>\$ (2,783)</u>	<u>\$ 13,710</u>

DeWitt Charter Township

Debt Service Funds

COMBINING BALANCE SHEET

December 31, 2003

	<u>Remy Chandler</u>	<u>1998 G.O. Bonds</u>	<u>Water System Bonds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 3,826	\$ 2,361	\$ -	\$ 6,187
Due from other funds	<u>-</u>	<u>-</u>	<u>2,626</u>	<u>2,626</u>
TOTAL ASSETS	<u><u>\$ 3,826</u></u>	<u><u>\$ 2,361</u></u>	<u><u>\$ 2,626</u></u>	<u><u>\$ 8,813</u></u>
LIABILITIES AND FUND BALANCE				
LIABILITIES	\$ -	\$ -	\$ -	\$ -0-
FUND BALANCE				
Reserved for debt service	-	2,361	2,626	4,987
Unreserved - undesignated	<u>3,826</u>	<u>-</u>	<u>-</u>	<u>3,826</u>
TOTAL FUND BALANCE	<u>3,826</u>	<u>2,361</u>	<u>2,626</u>	<u>8,813</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 3,826</u></u>	<u><u>\$ 2,361</u></u>	<u><u>\$ 2,626</u></u>	<u><u>\$ 8,813</u></u>

DeWitt Charter Township

Debt Service Funds

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

Year Ended December 31, 2003

	<u>Remy Chandler</u>	<u>1998 G.O. Bonds</u>	<u>Water System Bonds</u>	<u>Total</u>
REVENUES				
Intergovernmental - Local	\$ -	\$ -	\$ 114,095	\$ 114,095
Interest	15	11	-	26
	<u>15</u>	<u>11</u>	<u>114,095</u>	<u>114,121</u>
TOTAL REVENUES	15	11	114,095	114,121
EXPENDITURES				
Debt service				
Principal	-	70,000	78,321	148,321
Interest and fiscal charges	-	86,879	34,472	121,351
	<u>-0-</u>	<u>156,879</u>	<u>112,793</u>	<u>269,672</u>
TOTAL EXPENDITURES	-0-	156,879	112,793	269,672
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15	(156,868)	1,302	(155,551)
OTHER FINANCING SOURCES				
Operating transfers in	-	156,879	-	156,879
	<u>-</u>	<u>156,879</u>	<u>-</u>	<u>156,879</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	15	11	1,302	1,328
Fund balances, beginning of year	<u>3,811</u>	<u>2,350</u>	<u>1,324</u>	<u>7,485</u>
Fund balances, end of year	<u>\$ 3,826</u>	<u>\$ 2,361</u>	<u>\$ 2,626</u>	<u>\$ 8,813</u>

DeWitt Charter Township

Enterprise Funds

COMBINING BALANCE SHEET

December 31, 2003

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 619,130	\$ 465,042	\$ 1,084,172
Accounts receivable	365,773	1,530	367,303
Due from other funds	19,277	-	19,277
	<u>1,004,180</u>	<u>466,572</u>	<u>1,470,752</u>
Total current assets			
Other assets			
Investment in SCCMUA	3,047,282	-	3,047,282
Investments	1,620,830	683,055	2,303,885
	<u>4,668,112</u>	<u>683,055</u>	<u>5,351,167</u>
Total other assets			
Fixed assets			
Property, plant, and equipment	15,200,609	-	15,200,609
Construction in progress	46,022	-	46,022
Accumulated depreciation	(3,254,412)	-	(3,254,412)
	<u>11,992,219</u>	<u>-0-</u>	<u>11,992,219</u>
Net fixed assets			
	<u>\$ 17,664,511</u>	<u>\$ 1,149,627</u>	<u>\$ 18,814,138</u>
TOTAL ASSETS			

DeWitt Charter Township

Enterprise Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2003

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Current liabilities			
Due to individuals	\$ 2,514	\$ -	\$ 2,514
Due to other funds	-	35,628	35,628
Accrued interest payable	4,333	-	4,333
Current portion of long-term debt	75,000	-	75,000
Deferred revenue	<u>322,654</u>	<u>-</u>	<u>322,654</u>
Total current liabilities	404,501	35,628	440,129
Noncurrent liabilities			
Revenue bonds payable	<u>325,000</u>	<u>-</u>	<u>325,000</u>
TOTAL LIABILITIES	729,501	35,628	765,129
FUND EQUITY			
Contribution in aid of construction			
Federal Government	1,028,480	-	1,028,480
State of Michigan	809,248	-	809,248
Taxpayers	73,128	-	73,128
Developers	3,623,736	-	3,623,736
Retained earnings			
Reserved for debt service	5,479,029	-	5,479,029
Reserved for contributions to SCCMUA	124,125	-	124,125
Unreserved	<u>5,797,264</u>	<u>1,113,999</u>	<u>6,911,263</u>
TOTAL FUND EQUITY	<u>16,935,010</u>	<u>1,113,999</u>	<u>18,049,009</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 17,664,511</u>	<u>\$ 1,149,627</u>	<u>\$ 18,814,138</u>

DeWitt Charter Township

Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS

Year Ended December 31, 2003

	Sewer System	Water System	Total
OPERATING REVENUES			
Charges for services	\$ 1,266,994	\$ -	\$ 1,266,994
Penalties	18,824	-	18,824
TOTAL OPERATING REVENUES	1,285,818	-0-	1,285,818
OPERATING EXPENSES			
Administrative charges	110,000	1,000	111,000
Legal, accounting, and engineering	64,008	1,000	65,008
Contractual services	1,655,699	-	1,655,699
Repairs and maintenance	-	24,740	24,740
Supplies	4,321	-	4,321
Other	48	-	48
Depreciation	162,724	-	162,724
TOTAL OPERATING EXPENSES	1,996,800	26,740	2,023,540
OPERATING (LOSS)	(710,982)	(26,740)	(737,722)
NON-OPERATING REVENUES (EXPENSES)			
Equity interest in 2003 SCCMUA operations	368,840	-	368,840
Contributions - developers	344,417	-	344,417
Permits	7,800	-	7,800
Tap in fees	422,950	-	422,950
Interest revenue	96,807	68,208	165,015
Interest expense	(27,625)	-	(27,625)
Fiscal agent fees	(230)	-	(230)
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,212,959	68,208	1,281,167
INCOME BEFORE TRANSFERS	501,977	41,468	543,445
TRANSFERS (OUT)			
Transfer out	-	(14,700)	(14,700)
NET INCOME	501,977	26,768	528,745
Retained earnings, beginning of year	10,898,441	1,087,231	11,985,672
Retained earnings, end of year	<u>\$ 11,400,418</u>	<u>\$ 1,113,999</u>	<u>\$ 12,514,417</u>

DeWitt Charter Township

Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2003

	Sewer System	Water System	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating (loss)	\$ (710,982)	\$ (26,740)	\$ (737,722)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities			
Depreciation	162,724	-	162,724
(Increase) in accounts receivable	(3,161)	-	(3,161)
(Increase) in due from other funds	(7,291)	-	(7,291)
(Decrease) in accounts payable	(10,502)	-	(10,502)
(Decrease) in due to individuals	(5)	-	(5)
Increase in due to other funds	-	1,302	1,302
(Decrease) in accrued interest payable	(813)	-	(813)
Increase in deferred revenue	9,643	-	9,643
	<u> </u>	<u> </u>	<u> </u>
NET CASH (USED) BY OPERATING ACTIVITIES	(560,387)	(25,438)	(585,825)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Permits revenue	7,800	-	7,800
Tap in fees	422,950	-	422,950
Fiscal agent fees	(230)	-	(230)
Transfers out to other funds	-	(14,700)	(14,700)
	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	430,520	(14,700)	415,820
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest expense	(27,625)	-	(27,625)
Capital acquisitions	(206,368)	-	(206,368)
Payments of borrowing	(75,000)	-	(75,000)
	<u> </u>	<u> </u>	<u> </u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(308,993)	-0-	(308,993)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest revenue	96,807	68,208	165,015
Purchases of investments	(1,620,830)	(683,055)	(2,303,885)
Maturities of investments	1,581,258	495,108	2,076,366
	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	57,235	(119,739)	(62,504)

DeWitt Charter Township

Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS - CONTINUED

Year Ended December 31, 2003

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	\$ (381,625)	\$ (159,877)	\$ (541,502)
Cash and cash equivalents, beginning of year	<u>1,000,755</u>	<u>624,919</u>	<u>1,625,674</u>
Cash and cash equivalents, end of year	<u>\$ 619,130</u>	<u>\$ 465,042</u>	<u>\$ 1,084,172</u>

Note: The Township adjusted its equity interest in 2003 Southern Clinton County Municipal Utilities Authority operations in the Sewer System Fund for \$368,840 to reflect the current activity at SCCMUA.

In 2003, the Sewer System recorded an increase in fixed assets and contributions from developers, respectively, of \$344,417 as a result of construction costs related to developer projects.

DeWitt Charter Township

Agency Funds

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended December 31, 2003

All Agency Funds

	<u>Balance</u> <u>Jan. 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec. 31, 2003</u>
ASSETS				
Cash and cash equivalents	\$ 2,608,409	\$ 13,429,102	\$ 13,139,241	\$ 2,898,270
LIABILITIES				
Accounts payable	\$ 4,531	\$ 274,332	\$ 277,156	\$ 1,707
Due to other governmental units				
State	313,486	2,196,345	2,499,931	9,900
County	541,038	1,922,245	1,688,371	774,912
Schools	616,848	6,701,230	6,549,259	768,819
Library	46,371	162,644	145,230	63,785
Due to other funds				
General	616,981	1,981,580	1,772,622	825,939
Sewer system	10,176	35,075	27,784	17,467
Street Lighting	34,702	119,594	105,465	48,831
Due to individuals and agencies	400,356	12,933,918	12,962,219	372,055
Undistributed taxes	23,920	194,775	203,840	14,855
TOTAL LIABILITIES	<u>\$ 2,608,409</u>	<u>\$ 26,521,738</u>	<u>\$ 26,231,877</u>	<u>\$ 2,898,270</u>

DeWitt Charter Township

Agency Funds

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CONTINUED

Year Ended December 31, 2003

	<u>Balance</u> <u>Jan. 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec. 31, 2003</u>
<u>Current Tax Collections Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 2,141,267	\$ 13,184,718	\$ 12,861,860	\$ 2,464,125
LIABILITIES				
Due to other governmental units				
State	\$ 313,486	\$ 2,196,345	\$ 2,499,931	\$ 9,900
County	541,038	1,922,245	1,688,371	774,912
Schools	616,848	6,701,230	6,549,259	768,819
Library	46,371	162,644	145,230	63,785
Due to other funds				
General	573,145	1,978,320	1,772,419	779,046
Sewer system	10,176	35,075	27,784	17,467
Street Lighting	34,702	119,594	105,465	48,831
Due to individuals and agencies	5,019	12,845,618	12,849,754	883
Undistributed taxes	482	2,749	2,749	482
TOTAL LIABILITIES	\$ 2,141,267	\$ 25,963,820	\$ 25,640,962	\$ 2,464,125

Trust and Agency Fund

ASSETS				
Cash	\$ 467,142	\$ 244,384	\$ 277,381	\$ 434,145
LIABILITIES				
Accounts payable	\$ 4,531	\$ 274,332	\$ 277,156	\$ 1,707
Due to other funds				
General	43,836	3,260	203	46,893
Due to individuals and agencies	395,337	88,300	112,465	371,172
Undistributed taxes	23,438	192,026	201,091	14,373
TOTAL LIABILITIES	\$ 467,142	\$ 557,918	\$ 590,915	\$ 434,145

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA

Karen A. Roka, CPA
James A. Huguelet, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA
Kurt M. Lemmen, CPA



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

Member:
American Institute of
Certified
Public Accountants
and
Michigan Association of
Certified Public
Accountants

MANAGEMENT LETTER

To the Members of the Township Board
DeWitt Charter Township
DeWitt, Michigan

Dear Ladies/Gentlemen:

As you know, we recently completed our audit of the records of DeWitt Charter Township, Michigan for the year ended December 31, 2003. In connection with the audit, we feel that a certain change in your accounting and administrative procedures would be helpful in improving management's control and the operational efficiency of the accounting and administrative functions. This suggestion is a result of our evaluation of the internal control structure and our discussions with management.

The Township should take physical inventory of their general fixed assets.

During our analysis of general fixed assets activity for the year and through discussions with management related to general fixed assets, we noted that although the Township has maintained historical cost information for general fixed assets on a year-to-year basis, a detailed record of general fixed asset balances by governmental function has not been maintained by the Township.

The Township is required to implement GASB Statement No. 34 no later than fiscal year ending December 31, 2004, which will require government-wide financial statements prepared on the full accrual basis of accounting. Under the full accrual basis of accounting, capital assets are depreciated over their estimated useful lives. To the extent possible, the depreciation expense should be allocated to the appropriate function of the government.

We suggest the Township inventory their capital assets, determine historical cost or estimated historical cost, and estimated useful lives of those capital assets. Such information should then be used to calculate accumulated depreciation for the capital assets through December 31, 2003. Compiling this data related to the Township's capital assets will not only facilitate the implementation of GASB Statement No. 34, it will also increase your internal control over capital assets and lessen the risk of misappropriation of assets.

This condition was considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the general purpose financial statements and this report does not affect our report on the general purpose financial statements dated April 19, 2004.

This report is intended solely for the use of management and the Township Board of DeWitt Charter Township, Michigan and should not be used for any other purpose. We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these suggestions with you and to provide assistance in the implementation of improvements.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

April 19, 2004