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November 5, 2014

To the City Council
City of Swartz Creek, Michigan

We have audited the financial statements of the City of Swartz Creek, Michigan (the "City") as of and for the year ended June 30, 2014 and have issued our report thereon dated November 5, 2014. Professional standards require that we provide you with the following information related to our audit which is divided into the following sections:

Section I - Internal Control Related Matters Identified in an Audit

Section II - Required Communications with Those Charged with Governance

Section III - Legislative and Informational Items

Section I includes any deficiencies we observed in the City's accounting principles or internal control that we believe are significant. Current auditing standards require us to formally communicate annually matters we note about the City's accounting policies and internal control.

Section II includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the City Council of the City of Swartz Creek, Michigan.

Section III contains updated legislative items that we believe will be of interest to you, including several items related to the operations and controls of the City.

We would like to take this opportunity to thank the City's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of management, the City Council, and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

To the City Council
City of Swartz Creek, Michigan

November 5, 2014

We welcome any questions you may have regarding the following communications and we would be willing to discuss any of these or other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

Pamela L. Hill

Pam Hill, CPA
Partner

Chrystal Simpson

Chrystal Simpson, CPA
Manager

To the City Council
City of Swartz Creek, Michigan

November 5, 2014

Section I - Internal Control Related Matters Identified in an Audit

In planning and performing our audit of the financial statements of the City of Swartz Creek, Michigan as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the City's internal control to be a significant deficiency:

- **Auditor Proposed Adjustments** - During the year, there were changes in the staff handling the accounting function. Due to these changes, duties were reassigned to other staff within the City. It should be noted that there was a significant improvement in the quality of the books and records of the City received at the start of the audit and the staff were well prepared for the audit. As a part of the audit process, there were a few adjustments that were identified that were proposed to management to properly reflect the activity as of June 30, 2014. These proposed adjustments related to accounts payable, uncollectible receivable, and receivables related to reimbursements. Without the proposed adjustments, accounts payable and expenditures would have been understated by approximately $3,400, accounts receivable would have been understated by approximately $1,400, and revenue would have been understated by approximately $2,700. Management posted all of the adjustments. The staff have worked very hard to decrease the amount of auditor proposed adjustments and we expect to see this trend to continue in future years.

Section II - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 1, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the City of Swartz Creek, Michigan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 3, 2014.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Swartz Creek, Michigan are described in Note 1 to the financial statements.

As described in Note 13 to the basic financial statements, in 2014, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, certain balances are reported as deferred inflows of resources, rather than as liabilities.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the financial statements was the useful lives of capital assets, pension asset, and other postemployment benefit obligations. Useful lives of capital assets are based on management's estimate of their lives. The estimate for the pension asset was based on the use of the entry age actuarial cost method. The estimate for the other postemployment benefit obligation was based on the use of the alternative measurement method of calculating the annual required contribution using healthcare premiums, personnel information, and interest rates. We evaluated the key factors and assumptions used to develop the estimate of useful lives, pension asset, and other postemployment benefits obligation in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The attached schedules summarize uncorrected misstatements of the financial statements which were requested to be recorded. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole, except for those noted in Section I "Internal Control Related Matters Identified in an Audit" above.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the City, and business plans and strategies that may affect the risks of material misstatement with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 5, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.

Section III - Legislative and Informational Items

Revenue Sharing

The State of Michigan's 2014-2015 budget eliminates the Economic Vitality Incentive Program (EVIP) for cities, villages, and townships. EVIP created the need for communities to meet certain requirements to obtain what had been the statutory portion of state-shared revenue.

The statutory revenue sharing will now be called "City, Village, and Township Revenue Sharing (CVTRS)." The total appropriation for revenue sharing is $23 million less than originally proposed. The decrease is a result of the May revenue estimation conference, which showed declines in the State's projected revenue. Year to year, there is still an overall increase to the appropriation for this portion of revenue sharing.

There will be an increase of $13 million to the City, Village, and Township Revenue Sharing. Key provisions of the new revenue-sharing formula are as follows:

1. The CVTRS revenue sharing for cities, villages, and townships that are currently receiving EVIP will be as follows:
   a. For those with a population greater than 7,500 - the greater of a payment that is equal to the prior year (fiscal year 2013-2014) payment plus 3.05 percent or a total payment equal to $2.64659 per capita. The State estimates that only about 15 local units will receive more using the per capita formula; all others will see a 3.05 percent increase.
   b. Communities with populations less than 7,500 will simply receive a payment equal to an increase of 3.05 percent over their 2013-2014 EVIP payment.

2. An additional appropriation of $5.8 million will be available for one-time funding to cities, villages, and townships that are newly eligible. These communities will receive a per capita payment of $2.64659.

Constitutional Revenue Sharing - Communities will also see an increase of 2.4 percent in their constitutional revenue-sharing payment.

County Incentive Program - Counties still have to participate in the County Incentive Program (CIP), which is basically the EVIP. The good news is that an additional $65.4 million was appropriated for counties. As a result, it is expected that counties will receive full funding when CIP payments (20 percent) and county revenue sharing (80 percent) are combined.

In addition to the dollars above, $8 million has been set aside to help financially distressed cities. The funds will be applied for and disbursed through a grant-type program by the Department of Treasury.

The question is when will these payments be made? It appears that they will be distributed on the last business day of October, December, February, April, June, and August - 1/6th of the total payment is distributed on each date. This is the same distribution schedule currently being used for bi-monthly distributions.

To the City Council November 5, 2014
City of Swartz Creek, Michigan

The State has published the estimated payments for each community for 2014-2015 at the following link:
http://www.senate.michigan.gov/sfa/Publications/Memos/RevShareMemo061314.pdf

We have not seen a formal listing of the new communities that will be eligible under the CVTRS program that were not eligible under EVIP. However, they can be identified in the State's document as they will have $0 as the payment in the "estimated FY 2013-2014 payment" column of the above document and will have an amount in the "estimated FY 2014-2015 payment" column.

It is important to note that the CVTRS program will still require communities to complete the accountability and transparency documents including the following:

- A citizen's guide of its most recent local finances (including recognition of its unfunded liabilities)

- A performance dashboard

- A debt service report containing a detailed listing of its debt service requirements including at a minimum:
  - The issuance date
  - Issuance amount
  - Type of debt instrument
  - Listing of all revenues pledged to finance debt service by instrument
  - Listing of the annual payment amounts

- Projected budget report including at a minimum:
  - Current fiscal year
  - Projection for the immediately following fiscal year
  - Revenues and expenditures as well as an explanation of assumptions

These documents are to be made available for public viewings either in the municipality's clerk's office or posted for public internet access. In addition, all of the above documents must be submitted to the Department of Treasury. The accountability and transparency requirements apply to all eligible cities, villages, townships, and counties. The Department of Treasury will post and distribute to all eligible local units the detailed guidance by October 1.

The dashboard will now be due December 1 (which is a change from the October 1 deadline under EVIP). Therefore, the October payment will be made to all eligible local units (under EVIP, local units were only eligible if they certified by October 1). Under CVTRS, if a local unit does not certify by December 1, they will forfeit the December payment. By certifying by the first day of any payment month subsequent to December, a local unit can qualify for that month's payment.

Personal Property Tax

Significant personal property tax legislation has recently passed. Key provisions of the new acts include:

1. In August 2014, Michigan voters overwhelmingly approved Proposal 1. As a result, there will be a shift in use tax dollars to create a replacement fund. The eligible manufacturing exemption described below will occur, and the $40,000 Small Taxpayer Exemption under PA 48 of 2012 will be effective for 2014 and subsequent tax years.

2. The much-talked-about local Essential Services Assessment (ESA) will be replaced with a State-assessed ESA, which is actually a tax but is being referred to as an assessment simply so that it is recognized as the substitute for the local ESA.

3. The new bills increase the reimbursement to local units for lost personal property tax revenue to an amount stated as 100 percent replacement.

Two key provisions under the previous personal property tax reform legislation (PA 408 of 2012) remain. Businesses will benefit from the following provisions:

1. Under PA 408 of 2012, businesses with less than $40,000 of combined industrial and commercial personal property TV ($80,000 true cash value) would not have to file PPT returns or pay any personal property tax. This provision remains unchanged in these new bills. This exemption begins with the 2014 tax year (December 31, 2013 assessments).

2. "Eligible Manufacturing" property would be exempt from PPT. This would be phased in beginning in 2016 (December 31, 2015 assessment date), with the following provisions:
   a. Any property purchased subsequent to December 31, 2012 would be exempt immediately effective in 2016.
   b. Property purchased prior to December 31, 2012 would be reduced to zero by its tenth year of existence (should take nine years).

Determining the Amount of Community Loss:

Communities will first need to calculate their losses. Losses are classified as either debt loss or non-debt loss, as follows:

- **Debt Loss** - Debt loss is defined as the amount of ad valorem and dedicated taxes that go toward debt that are lost as a result of the personal property tax exemption. During FY 2014-2015 and 2015-2016, revenue distributed by the newly created Local Community Stabilization Authority (LCSA) would equal either a community's debt loss or, in the case of a TIF, the small taxpayer loss. Through the 2015-2016 fiscal year, the losses are limited to the impact of the $40,000 small business exemption. When the phase-out of eligible manufacturing property would begin to occur when tax bills go out in 2016, the debt loss (and corresponding reimbursement) will increase.

- **Non-debt Loss** - Non-debt loss is calculated using the lowest rate of each individual millage levied in the period between 2012 and the year immediately preceding the current year. This will exclude debt millage. The department will compute the loss by comparing the current year taxable value of commercial and industrial property to the taxable value that existed at December 31, 2012 (2013 tax year). In 2016, cities will be reimbursed for non-debt loss for 2014 and 2015 related to the small taxpayer exemption loss. This is for cities only. For 2014 and 2015, townships will be getting reimbursed for the debt loss related to the small business exemption, but not the other losses created by the small business exemption. Starting in 2016, all municipalities are reimbursed for non-debt loss.

Reimbursement Mechanisms:

Beginning in 2015-2016, the LCSA would reimburse local units. Reimbursement to communities for the losses comes from two funding sources:

- **Use Tax Shift** - A portion of use tax will shift to the LCSA.

- **Essential Services Reimbursement** - Beginning in 2015-2016, the LCSA would receive a portion of the use tax as well as the full Essential Services Assessments in which to reimburse local units. This assessment is set at a prescribed millage rate based on the acquisition cost of property (depreciation will no longer apply). The rate is set at 2.4 mills for a property's first five years; then 1.25 mills for the next five; then 0.9 mills thereafter. Essential services are defined as ambulance, fire, and police services as well as jail operations. This includes the cost of related pension funding.

The losses described by the bill are to be paid in order of this priority: school debt; Intermediate School District losses; school operations; government essential services; debt and TIFA forgone increases; and all other reimbursements (defined below). In theory, if there is not enough money available, the lower priority items may not be fully reimbursed. However, that department has indicated that they expect the fund to have enough to cover all reimbursements.

<u>All other reimbursements</u> - These reimbursements come from the use tax and would also begin in 2015-2016 and initially be proportional to each local unit's share of total "qualified losses", taking into account the losses of all municipalities. Over time, the reimbursement will shift to be based on each entity's share of eligible manufacturing personal property (based on the amount used in the ESA calculation above). Beginning in FY 2017-2018, 5 percent of the revenue would be distributed proportionally based on each local unit's share of eligible manufacturing personal property. The 5 percent portion would increase in 5 percent increments in each subsequent year. By FY 2036-2037, all revenue in the last category of reimbursements would be distributed based on the local unit's share of eligible manufacturing personal property. In short, in the beginning, the reimbursement is closely tied to the amount of lost personal property taxes, but over time, the community's reimbursement will be tied to the level of eligible manufacturing personal property.

Retro-pay Prohibition - Proposed Changes

Public Act 54 of 2011, which was signed by the governor on June 7, 2011, prohibits retroactive pay on an expired contract and calls for employees working under an expired agreement to bear the cost of any increased healthcare costs until a new contract is in effect. During that period, the public employer is authorized to make payroll deductions necessary to pay the increased cost of maintaining those benefits.

The Legislature has been working over the past two years to pass a bill to amend PA 54 of 2011 to allow those who are eligible to negotiate contracts under PA 312 of 1969 to be exempt from PA 54. HB 5097 of 2013, which has now been signed into law by the governor as PA 301 of 2014, provides for exceptions to the retro-pay prohibition for public safety personnel that are subject to compulsory arbitration of labor disputes under PA 312 of 1969. The passing of this legislation would mean that police, fire, and emergency medical personnel would be eligible to receive retroactive increases in compensation (this includes wage or benefit increases and step increases) that cover the period after a bargaining agreement expires and before a new agreement is in place if those higher benefit levels are a result of arbitration under PA 312 or included in a negotiated bargaining agreement after expiration of their collective bargaining agreement. In addition, these employees would only be required to pay increases in insurance benefits after a collective bargaining agreement expired and before a new agreement is in place that would not exceed the amount of the employee's share under the Publicly Funded Health Insurance Contribution Act.

EVIP-like Requirements Tied to Act 51 Monies (Public Act 506 of 2012)

A new reporting requirement by MDOT that was originally due each September 30, starting in 2014 has been delayed. Senate Bill 882 passed and has been sent to the governor for signature and will delay implementation until September 30, 2015. This requirement is a result of Public Act 506 of 2012 which places EVIP-like limitations on pension and healthcare benefits paid to transportation employees. For the purposes of this Act, "transportation employee" means an employee paid in whole or in part through Act 51 revenues or who is engaged in work funded through Act 51 revenues.

The Act requires local units receiving Act 51 money for the construction or maintenance of roads to comply with one of the following conditions by September 30, 2015:

1. Develop and publicize a transportation employee compensation plan that the local agency intends to implement with any new, modified, or extended employment contracts or agreements. This compensation plan must include all of the following:

   - For new employee hires, the employer contribution toward retirement plans must be capped at 10 percent of base salary.

   - Defined benefit pension plans may use a maximum multiplier of 1.5 percent of final average compensation if postemployment healthcare is provided and 2.25 percent if postemployment healthcare is not provided.

- For defined benefit pension plans, the final average compensation must be calculated using a minimum of three years of compensation and must not include more than 240 hours of paid leave. Overtime hours cannot be used in calculating final average compensation.

- The employer contribution for health care coverage for new employee hires is capped at 80 percent of the employee's premium or must be competitive with the new state preferred provider organization health plan on a per-employee basis.

2. Comply with Public Act 152 of 2011, which requires public employers to place hard caps on the amounts they contribute toward healthcare costs with an option to elect an 80 percent contribution cap rather than a hard cap. These hard caps are adjusted annually for inflation. The caps in 2012 were $5,000 for single coverage, $11,000 for individual and spousal coverage, and $15,000 for family coverage. See below for a discussion of Senate Bill 542, which proposes changes to the individual and spousal coverage limit from $11,000 to $13,455.

3. Certify that the local road agency does not offer medical benefits to its transportation employees or elected public officials.

If a local unit receiving Act 51 money does not certify that it complies with one of the above criteria by September 30 of each year, the Department of Transportation may withhold Act 51 distributions until compliance is established.

Act 506 also requires local road agencies to maintain a searchable website (accessible to the public) that includes the current budget, the number of active transportation employees by job classification and wage rate, a financial performance dashboard, the names and contact information of the governing body, and a copy of the annual certification provided to MDOT.

For communities that are already complying with the requirements of Public Act 152 of 2011, we do not expect this new legislation to have a significant impact on operations since it essentially just creates a new reporting requirement; however, please contact your audit team if you would like to talk through the details of the Act and your community's compliance.

New Pension Standards

Beginning with the City's June 30, 2015 year end, a new accounting standard issued by the Governmental Accounting Standards Board (GASB) will significantly impact the City's financial statements. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* significantly revises the current accounting and reporting requirements for pensions from an employer perspective.

Employers providing defined benefit pensions to its employees must now recognize their unfunded pension benefit obligation as a liability for the first time, and must more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhance accountability and transparency through revised and expanded note disclosures and required supplementary information (RSI). As a result of implementing this new standard, the City's net pension asset will be replaced by a net pension liability, resulting in a significant impact to the City's governmental and business-type activities.

Significant coordination between the City, the actuary, and Plante & Moran, PLLC will be required in order to implement these pronouncements effectively. GASB Statement No. 68 is required to be implemented June 30, 2015. We are happy to work with the City over the next year to ensure smooth implementations of the new standard. We would also encourage City personnel to view the free webinars available on Plante & Moran, PLLC's website, if you have not already done so.

Potential Change in Audited Financial Statement Due Date

Senate Bill 949 of 2014 was recently introduced. Among other things, the bill changes the due date for audits.

- The audit deadline would be moved to 150 days from 180 days (effective for fiscal years ending after June 30, 2014).

- If the deadline cannot be met, the State can move in and either perform or contract for and charge the local unit for the audit services.

- There would be a requirement that budgets conform to the Uniform Chart of Accounts.

- The biennial audit exception for units under 4,000 population would be removed.

- Very specific language is added to say a unit cannot adopt or operate under a deficit budget, nor incur an operating deficit. If a unit is operating under a deficit, the State is to be notified. In that situation, a deficit elimination plan is due to the State within 90 days. Failure to comply will allow the State to withhold state funds as is necessary to gain compliance.

To the City Council
City of Swartz Creek, Michigan

November 5, 2014

Client: City of Swartz Creek
Opinion Unit: Governmental Activities
Y/E: 6/30/2014

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

The pretax effect of misstatements and classification errors identified would be to increase (decrease) the reported amounts in the financial statement categories identified below:

Ref. #	Description of Misstatement	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	Equity	Revenue	Expenses	Net Income Statement Impact
FACTUAL MISSTATEMENTS:									
A1									
A2									
JUDGMENTAL ADJUSTMENTS:									
B1	To estimate for MTT adjustments			$ 27,786			$ (27,786)		$ (27,786)
B2									
PROJECTED ADJUSTMENTS:									
C1									
C2									
		$ -	$ -	-	$ -	$ -	-	$ -	-
	Total	$ -	$ -	$ 27,786	$ -	$ -	$ (27,786)	$ -	$ (27,786)
PASSED DISCLOSURES:									
D1									
D2									

Client: City of Swartz Creek
Opinion Unit: General Fund (Major Governmental Fund)
Y/E: 6/30/2014

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

The pretax effect of misstatements and classification errors identified would be to increase (decrease) the reported amounts in the financial statement categories identified below:

Ref. #	Description of Misstatement	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	Equity	Revenue	Expenses	Net Income Statement Impact
FACTUAL MISSTATEMENTS:									
A1									
A2									
JUDGMENTAL ADJUSTMENTS:									
B1	To estimate for MTT adjustments			$ 18,690			$ (18,690)		$ (18,690)
B2									
PROJECTED ADJUSTMENTS:									
C1									
C2									
		$ -	$ -	-	$ -	$ -	-	$ -	-
	Total	$ -	$ -	$ 18,690	$ -	$ -	$ (18,690)	$ -	$ (18,690)
PASSED DISCLOSURES:									
D1									
D2									

To the City Council
City of Swartz Creek, Michigan

November 5, 2014

Client: **City of Swartz Creek**
Opinion Unit: **Garbage Fund (Major Governmental Fund)**
Y/E: **6/30/2014**

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

The pretax effect of misstatements and classification errors identified would be to increase (decrease) the reported amounts in the financial statement categories identified below:

Ref. #	Description of Misstatement	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities	Equity	Revenue	Expenses	Net Income Statement Impact
FACTUAL MISSTATEMENTS:									
A1									
A2									
JUDGMENTAL ADJUSTMENTS:									
B1	To estimate for MTT adjustments			$ 9,096			$ (9,096)		$ (9,096)
B2									
PROJECTED ADJUSTMENTS:									
C1									
C2									
		$ -	$ -	-	$ -	$ -	-	$ -	-
	Total	**$ -**	**$ -**	**$ 9,096**	**$ -**	**$ -**	**$ (9,096)**	**$ -**	**$ (9,096)**
PASSED DISCLOSURES:									
D1									
D2									