

# **Charter Township of Flint**

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**Financial Report  
with Supplemental Information  
December 31, 2009**

# Charter Township of Flint

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## Contents

<b>Report Letter</b>	1-2
<b>Management's Discussion and Analysis</b>	3-6
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Assets	7
Statement of Activities	8-9
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	10
Reconciliation of the Balance Sheet to the Statement of Net Assets	11
Statement of Revenue, Expenditures, and Changes in Fund Balances	12
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Proprietary Fund:	
Statement of Net Assets	14
Statement of Revenue, Expenses, and Changes in Net Assets	15
Statement of Cash Flows	16
Fiduciary Funds:	
Statement of Fiduciary Net Assets	17
Statement of Changes in Fiduciary Net Assets - Trust Funds	18
Notes to Financial Statements	19-40
<b>Required Supplemental Information</b>	41
Budgetary Comparison Schedule - General Fund	42
Budgetary Comparison Schedule - Major Special Revenue Funds	43-44
Note to Required Supplemental Information	45-46
Pension System Schedule	47

# Charter Township of Flint

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## Contents (Continued)

<b>Other Supplemental Information</b>	48
Nonmajor Governmental Funds:	
Combining Balance Sheet	49-50
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	51-52
Budgetary Comparison - Nonmajor Special Revenue Funds	53-55
Fiduciary Funds:	
Combining Statement of Net Assets	56
Combining Statement of Changes in Fiduciary Net Asset	57

## Independent Auditor's Report

To the Honorable Members of the Township Board of the  
Charter Township of Flint

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Flint as of and for the year ended December 31, 2009, which collectively comprise the Charter Township of Flint's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Flint's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Flint, as of December 31, 2009 and the respective changes in financial position and cash flows, where applicable for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, retirement system schedules of funding progress, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Honorable Members of the Township Board of the  
Charter Township of Flint

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2010 on our consideration of the Charter Township of Flint's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, Regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Plante & Moran, PLLC*

April 19, 2010

# Charter Township of Flint

## Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of Flint's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2009. Please read it in conjunction with the Township's financial statements.

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Charter Township of Flint as a whole and present a longer-term view of the Charter Township of Flint's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Charter Township of Flint's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

### Governmental and Business-type Activities

The following table shows, in a condensed format, the current year's net assets and changes in net assets, compared to the prior years:

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Cash and investments	\$ 5,918,908	\$ 3,436,718	\$ 2,352,510	\$ 2,460,060	\$ 8,271,418	\$ 5,896,778
Current receivables	12,617,760	13,683,221	3,868,411	2,931,176	16,486,171	16,614,397
Prepaid items	145,451	50,748	1,285	1,461	146,736	52,209
Restricted cash	-	-	260,771	353,687	260,771	353,687
Net pension asset	584,648	413,512	-	-	584,648	413,512
Capital assets	18,500,738	19,873,909	3,494,668	4,484,718	21,995,406	24,358,627
Total assets	37,767,505	37,458,108	9,977,645	10,231,102	47,745,150	47,689,210
Current liabilities	485,536	1,181,907	1,800,223	1,632,248	2,285,759	2,814,155
Deferred revenue	10,585,734	8,283,495	1,532	3,636	10,587,266	8,287,131
Long-term liabilities	8,472,904	8,496,702	184,549	246,923	8,657,453	8,743,625
Total liabilities	19,544,174	17,962,104	1,986,304	1,882,807	21,530,478	19,844,911
Net assets:						
Invested in capital assets, net of related debt	15,424,663	16,586,715	3,390,736	4,276,856	18,815,399	20,863,571
Restricted	625,387	427,588	260,771	353,687	886,158	781,275
Unrestricted	2,173,281	2,481,701	4,339,834	3,717,752	6,513,115	6,199,453
Total net assets	<u>\$ 18,223,331</u>	<u>\$ 19,496,004</u>	<u>\$ 7,991,341</u>	<u>\$ 8,348,295</u>	<u>\$ 26,214,672</u>	<u>\$ 27,844,299</u>

# Charter Township of Flint

## Management's Discussion and Analysis (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 2,875,551	\$ 3,243,491	\$ 1,884,141	\$ 690,434	\$ 4,759,692	\$ 3,933,925
Operating grants	705,490	718,901	-	-	705,490	718,901
Capital grants	57,795	385,399	19,414	44,725	77,209	430,124
General revenue:						
Property taxes	6,947,472	6,843,590	196	580	6,947,668	6,844,170
State-shared revenue	2,170,058	2,515,861	-	-	2,170,058	2,515,861
Investment earnings	110,794	232,110	10,114	62,203	120,908	294,313
Other revenue	486,109	525,968	-	-	486,109	525,968
Total revenue	<u>13,353,269</u>	<u>14,465,320</u>	<u>1,913,865</u>	<u>797,942</u>	<u>15,267,134</u>	<u>15,263,262</u>
<b>Program Expenses</b>						
General government	3,291,634	3,398,952	-	-	3,291,634	3,398,952
Public safety	8,326,402	8,579,485	-	-	8,326,402	8,579,485
Public works	2,721,891	3,167,907	-	-	2,721,891	3,167,907
Community and economic development	1,421	1,421	-	-	1,421	1,421
Recreation and cultural	21,999	53,933	-	-	21,999	53,933
Sewer and water	-	-	2,270,819	2,246,074	2,270,819	2,246,074
Interest on long-term debt	262,595	248,976	-	-	262,595	248,976
Total expenses	<u>14,625,942</u>	<u>15,450,674</u>	<u>2,270,819</u>	<u>2,246,074</u>	<u>16,896,761</u>	<u>17,696,748</u>
<b>Change in Net Assets</b>	<u><b>\$ (1,272,673)</b></u>	<u><b>\$ (985,354)</b></u>	<u><b>\$ (356,954)</b></u>	<u><b>\$ (1,448,132)</b></u>	<u><b>\$ (1,629,627)</b></u>	<u><b>\$ (2,433,486)</b></u>

The governmental net assets decreased 6.5 percent from a year ago – decreasing from \$19,496,004 to \$18,223,331. Last year's net assets decreased by 5 percent.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations - decreased by \$308,420 for governmental activities. The current level of unrestricted net assets for our governmental activities stands at \$2,173,281 or about 15 percent of expenditures.

The Township's business-type activities consist of the Sewer and Water Fund. The total net assets of business type activities decreased approximately \$357,000, or 4 percent. Last year's net assets increased by 15 percent.

Unrestricted net assets of the business-type activities increased by \$622,082 or 17 percent.

### Financial Analysis of the Township's Funds

As the Township completed the year, its General Fund reported a fund balance of \$3,202,794. This represents an increase of \$429,078 from the prior year. The Township's General Fund revenues excluding other financing sources were \$11.77 million. Property taxes were \$5.53 million or 47 percent of the total revenues. State revenue sharing made up \$2.28 million or 19 percent of total revenue.

# Charter Township of Flint

## Management's Discussion and Analysis (Continued)

The Township Board passed a 2009 General Fund budget anticipating an increase of \$13,100 of fund balance. Ultimately, the change in fund balance was an increase of \$429,000. The Township experienced declines in state shared revenue, investment earnings and charges for services. The Township actual expenditures were \$1,446,000 less than the final amended budget.

### Budgetary Highlights

Original to Amended – The general fund amended revenue budget of \$11,840,000 was \$778,000 less than the original budget. The amended budget anticipated decrease of \$380,000 in state shared revenue, \$142,000 in licenses and permits, \$105,000 in fines and forfeitures, approximately \$50,000 each in charges for services, investment income, and rental income.

Amended to Actual – General fund revenues totaled \$11,584,000, \$255,000 less than the final amended budget. The largest difference between budget and actual revenue were lower than anticipated property taxes (\$115,000), investment income (\$97,000) and charges for services (\$90,000). These were offset by higher than anticipated state shared revenue and grants (\$45,000) and cable franchise fees (\$45,000).

General fund expenditures totaled \$11,753,000, \$1,446,000 less than the final amended budget. The largest difference between the budget and actual expenditures was a total positive variance of \$1,065,000 in public safety; police \$766,000, fire department \$194,000 and building and trade inspections \$105,000. General government expenditures totaled \$2,330,000, \$350,000 less than the final amended budget. Although all general government departments were under budget, insurance was the largest difference of \$175,000.

### Capital Assets

At the end of 2009, the Township had invested \$18.8 million in capital assets, net of related debt. This amount complies with methods established by the Governmental Accounting Standards Board (GASB).

Major capital asset events during the current fiscal year included the following:

- Numerous street paving projects totaling \$429,000
- Disposals as result of reduction in capitalization threshold from \$500 to \$1,000

Additional information on the Township's capital assets can be found in Note 5 of this report

### Long-term Debt

At year end the Township had \$8.6 million in governmental long-term debt, including \$775,128 in special assessment debt. In the Water and Sewer Enterprise Fund the Township had \$103,930 in bonds outstanding. Included in long-term debt is the postemployment benefit obligation (OPEB) which was required for the first time in 2008. At year end \$1,619,567 and \$80,619 was the balance for OPEB liability for the governmental and business-type activities, respectively.

# **Charter Township of Flint**

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## **Management's Discussion and Analysis (Continued)**

### **Economic Factors**

- The unemployment rate for the Greater Flint Area (which borders Flint Township) was 14.4% for 2009. This compares to an unemployment rate of 10.6% for the previous year.

### **Contacting the Township's Financial Administration**

This financial report is intended to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Charter Township of Flint's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk's Department, 1490 South Dye Road, Flint, Michigan 48532-4121.

# Charter Township of Flint

## Statement of Net Assets December 31, 2009

	Primary Government			Economic Development Corporation
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 5,707,758	\$ 1,948,342	\$ 7,656,100	\$ 2,248
Investments	211,150	404,168	615,318	-
Receivables:				
Property taxes receivable	6,343,524	1,532	6,345,056	-
Receivables from sales to customers on account	129,389	3,868,316	3,997,705	-
Accrued interest receivable	85	86	171	-
Due from other governmental units	4,640,790	-	4,640,790	-
Special assessments receivable	1,487,501	14,948	1,502,449	-
Internal balances (Note 6)	16,471	(16,471)	-	-
Prepaid expenses and other assets	145,451	1,285	146,736	-
Restricted assets	-	260,771	260,771	-
Capital assets: (Note 5)				
Assets not subject to depreciation	1,738,479	-	1,738,479	-
Assets subject to depreciation	16,762,259	3,494,668	20,256,927	-
Net pension asset	584,648	-	584,648	-
Total assets	37,767,505	9,977,645	47,745,150	2,248
<b>Liabilities</b>				
Accounts payable	180,344	154,634	334,978	-
Due to other governmental units	-	1,620,253	1,620,253	-
Refundable deposits, bonds, etc.	15,124	14,085	29,209	-
Accrued liabilities and other	290,068	11,251	301,319	-
Unearned revenue (Note 4)	10,585,734	1,532	10,587,266	-
Noncurrent liabilities: (Note 7)				
Due within one year	632,643	103,930	736,573	-
Due in more than one year	7,840,261	80,619	7,920,880	-
Total liabilities	19,544,174	1,986,304	21,530,478	-
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	15,424,663	3,390,736	18,815,399	-
Restricted for:				
Police	75,782	-	75,782	-
Other purposes	11,893	260,771	272,664	-
Garbage	10,517	-	10,517	-
Fire Equipment	183,488	-	183,488	-
Municipal Streets	343,707	-	343,707	-
Unrestricted	2,173,281	4,339,834	6,513,115	2,248
Total net assets	<u>\$ 18,223,331</u>	<u>\$ 7,991,341</u>	<u>\$ 26,214,672</u>	<u>\$ 2,248</u>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Charter Township of Flint

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,291,634	\$ 788,730	\$ -	\$ -
Public safety	8,326,402	545,413	677,093	-
Public works	2,721,891	1,541,408	28,397	57,795
Community and economic development	1,421	-	-	-
Recreation and culture	21,999	-	-	-
Interest on long-term debt	262,595	-	-	-
Total governmental activities	14,625,942	2,875,551	705,490	57,795
Business-type activities:				
Sewer and Water	2,270,819	1,884,141	-	19,414
Total primary government	<u>\$ 16,896,761</u>	<u>\$ 4,759,692</u>	<u>\$ 705,490</u>	<u>\$ 77,209</u>
Component units:				
Economic Development Corporation	\$ 449	\$ -	\$ -	\$ -
General revenues:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Total general revenues				
<b>Change in Net Assets</b>				
<b>Net Assets - Beginning of year</b>				
<b>Net Assets - End of year</b>				

**Statement of Activities**  
**Year Ended December 31, 2009**

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,502,904)	\$ -	\$ (2,502,904)	\$ -
(7,103,896)	-	(7,103,896)	-
(1,094,291)	-	(1,094,291)	-
(1,421)	-	(1,421)	-
(21,999)	-	(21,999)	-
(262,595)	-	(262,595)	-
(10,987,106)	-	(10,987,106)	-
-	(367,264)	(367,264)	-
(10,987,106)	(367,264)	(11,354,370)	-
-	-	-	(449)
6,947,472	196	6,947,668	-
2,170,058	-	2,170,058	-
110,794	10,114	120,908	-
419,521	-	419,521	-
66,588	-	66,588	-
9,714,433	10,310	9,724,743	-
(1,272,673)	(356,954)	(1,629,627)	(449)
19,496,004	8,348,295	27,844,299	2,697
<b>\$ 18,223,331</b>	<b>\$ 7,991,341</b>	<b>\$ 26,214,672</b>	<b>\$ 2,248</b>

# Charter Township of Flint

## Governmental Funds Balance Sheet December 31, 2009

	General Fund	Municipal Street Fund	JAG Grant Fund	Nonmajor Funds	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 2,814,725	\$ 176,178	\$ 2,418,534	\$ 298,321	\$ 5,707,758
Investments	211,150	-	-	-	211,150
Receivables:					
Property taxes receivable	5,070,145	509,318	-	764,061	6,343,524
Special assessments receivable	1,237,002	250,499	-	-	1,487,501
Receivables from sales to customers on account	129,389	-	-	-	129,389
Accrued interest receivable	85	-	-	-	85
Due from other governmental units	769,656	-	-	47,849	817,505
Due from other funds	65,846	-	-	7,215	73,061
Prepaid expenses and other assets	113,359	-	-	32,092	145,451
	<u>\$10,411,357</u>	<u>\$ 935,995</u>	<u>\$ 2,418,534</u>	<u>\$ 1,149,538</u>	<u>\$14,915,424</u>
<b>Total assets</b>					
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 176,467	\$ 3,877	\$ -	\$ -	\$ 180,344
Due to other funds	7,215	-	1,526	47,849	56,590
Refundable deposits, bonds, etc.	15,124	-	-	-	15,124
Accrued liabilities and other	278,712	-	-	-	278,712
Deferred revenue	6,731,045	838,910	2,417,008	862,350	10,849,313
	<u>7,208,563</u>	<u>842,787</u>	<u>2,418,534</u>	<u>910,199</u>	<u>11,380,083</u>
<b>Total liabilities</b>					
<b>Fund Balances</b>					
Reserved for:					
Police	75,782	-	-	-	75,782
Garbage	10,517	-	-	-	10,517
Prepaid expenses	113,359	-	-	-	113,359
Other purposes	11,893	-	-	-	11,893
Unreserved, reported in:					
General Fund:					
Designated for subsequent year's expenditures	157,778	-	-	-	157,778
Undesignated	2,833,465	-	-	-	2,833,465
Special Revenue Funds	-	93,208	-	232,645	325,853
Debt Service Funds	-	-	-	6,694	6,694
	<u>3,202,794</u>	<u>93,208</u>	<u>-</u>	<u>239,339</u>	<u>3,535,341</u>
<b>Total fund     balances</b>					
	<u>\$10,411,357</u>	<u>\$ 935,995</u>	<u>\$ 2,418,534</u>	<u>\$ 1,149,538</u>	<u>\$14,915,424</u>
<b>Total liabilities and     fund balances</b>					

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Charter Township of Flint

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets Year Ended December 31, 2009

<b>Fund Balance Reported in Governmental Funds</b>	\$ 3,535,341
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	18,500,738
Long term amounts due from other governments are not available to pay for current period expenditures and, therefore, are deferred in the funds	3,823,285
Special assessment receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	263,579
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(6,592,947)
Accrued interest is not due and payable in the current period and is not reported in the funds	(11,356)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(260,390)
Other long-term assets, such as net pension assets are not available for current financial resources, and are not reported as fund assets	584,648
Other long-term liabilities, such as net other post employment benefit obligations, do not present a claim on current financial resources, and are not reported as fund liabilities	(1,619,567)
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 18,223,331</u></b>

# Charter Township of Flint

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2009

	General Fund	Municipal Street Fund	JAG Grant Fund	Nonmajor Funds	Total
<b>Revenue</b>					
Property taxes	\$ 5,527,779	\$ 568,125	\$ -	\$ 851,568	\$ 6,947,472
Licenses and permits	249,632	-	-	-	249,632
Federal grants	179,999	-	301,694	95,946	577,639
State-shared revenue and grants	2,282,684	-	-	-	2,282,684
Charges for services	1,296,861	-	-	-	1,296,861
Fines and forfeitures	140,824	-	-	-	140,824
Investment income	102,587	3,329	1,857	3,021	110,794
Rental income	288,410	-	-	110,150	398,560
Other revenue:					
Special assessments	1,208,040	-	-	-	1,208,040
Local donations	-	104,615	-	-	104,615
Cable franchise fees	419,521	-	-	-	419,521
Other miscellaneous income	67,673	-	-	-	67,673
<b>Total revenue</b>	<b>11,764,010</b>	<b>676,069</b>	<b>303,551</b>	<b>1,060,685</b>	<b>13,804,315</b>
<b>Expenditures - Current</b>					
General government	2,329,751	-	-	-	2,329,751
Public safety	7,627,197	-	303,551	77,323	8,008,071
Public works	1,583,621	332,868	-	28,397	1,944,886
Community and economic development	-	-	-	1,421	1,421
Recreation and culture	21,906	-	-	-	21,906
Debt Service:					
Principal	363,230	94,285	-	207,661	665,176
Interest on long-term debt	7,179	67,463	-	97,322	171,964
<b>Total expenditures</b>	<b>11,932,884</b>	<b>494,616</b>	<b>303,551</b>	<b>412,124</b>	<b>13,143,175</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(168,874)</b>	<b>181,453</b>	<b>-</b>	<b>648,561</b>	<b>661,140</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	26,167	-	-	-	26,167
Transfers in	571,785	-	-	-	571,785
Transfers out	-	-	-	(571,785)	(571,785)
<b>Total other financing sources (uses)</b>	<b>597,952</b>	<b>-</b>	<b>-</b>	<b>(571,785)</b>	<b>26,167</b>
<b>Net Change in Fund Balances</b>	<b>429,078</b>	<b>181,453</b>	<b>-</b>	<b>76,776</b>	<b>687,307</b>
<b>Fund Balances (Deficit) - Beginning of year</b>	<b>2,773,716</b>	<b>(88,245)</b>	<b>-</b>	<b>162,563</b>	<b>2,848,034</b>
<b>Fund Balances - End of year</b>	<b>\$ 3,202,794</b>	<b>\$ 93,208</b>	<b>\$ -</b>	<b>\$ 239,339</b>	<b>\$ 3,535,341</b>



# Charter Township of Flint

## Proprietary Funds Statement of Net Assets December 31, 2009

	<u>Enterprise Fund</u> <u>Sewer and Water</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 1,948,342
Investments	404,168
Delinquent taxes receivable:	
Property taxes receivable	1,532
Special assessments receivable - Due within one year	9,759
Receivables from sales to customers on account	3,868,316
Accrued interest receivable	86
Prepaid expenses and other assets	<u>1,285</u>
Total current assets	6,233,488
Noncurrent assets:	
Restricted assets	260,771
Special assessment receivables - Greater than one year	5,189
Capital assets	<u>3,494,668</u>
Total noncurrent assets	<u>3,760,628</u>
Total assets	9,994,116
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	154,634
Due to other governmental units	1,620,253
Due to other funds	16,471
Refundable deposits, bonds, etc.	14,085
Accrued liabilities and other	11,251
Deferred revenue	1,532
Current portion of long-term debt	<u>103,930</u>
Total current liabilities	1,922,156
Noncurrent liabilities:	
Net other post employment benefit obligation	<u>80,619</u>
Total noncurrent liabilities	<u>80,619</u>
Total liabilities	<u>2,002,775</u>
<b>Net Assets</b>	
Invested in capital assets - Net of related debt	3,390,736
Restricted:	
Debt service	260,771
Unrestricted	<u>4,339,834</u>
Total net assets	<u>\$ 7,991,341</u>

# Charter Township of Flint

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2009

	<u>Enterprise Fund</u> <u>Sewer and Water</u>
<b>Operating Revenue</b>	
Charges for services	\$ 1,640,222
Fines and penalties	242,741
Miscellaneous	1,178
Total operating revenue	<u>1,884,141</u>
<b>Operating Expenses</b>	
Personnel services	455,372
Professional services	12,175
Supplies	503
Repairs	603,948
Rent	235
Contractual	83,225
Insurance	61,146
Other post employment benefit expense	41,558
Miscellaneous	2,646
Depreciation	1,003,878
Total operating expenses	<u>2,264,686</u>
<b>Operating Loss</b>	(380,545)
<b>Nonoperating Revenue (Expenses)</b>	
Property tax revenue	196
Investment income	10,114
Interest expense	(6,133)
<b>Loss - Before capital contributions</b>	<u>(376,368)</u>
Capital contributions	19,414
<b>Change in Net Assets</b>	(356,954)
<b>Net Assets - Beginning of year</b>	<u>8,348,295</u>
<b>Net Assets - End of year</b>	<u><u>\$ 7,991,341</u></u>

# Charter Township of Flint

## Proprietary Funds Statement of Cash Flows Year Ended December 31, 2009

	Enterprise Fund
	Sewer and Water
<b>Cash Flow from Operating Activities</b>	
Receipts from customers	\$ 9,332,929
Payments to suppliers	(9,262,420)
Payments to employees	(177,074)
Internal activity - Payments to other funds	(6,007)
	(112,572)
Net cash used in operating activities	(112,572)
<b>Cash Flows from Capital and Related Financing Activities</b>	
Special assessment collections	25,058
Property taxes (restricted for capital or capital debt)	196
Purchase of capital assets	(13,830)
Principal and interest paid on capital debt	(110,063)
	(98,639)
Net cash used in capital and related financing activities	(98,639)
<b>Cash Flows from Investment Activities</b>	
Interest received on investments	10,745
Purchase of investment securities	(3,812)
	6,933
Net cash provided by investing activities	6,933
<b>Net Decrease in Cash and Cash Equivalents</b>	(204,278)
<b>Cash and Cash Equivalents - Beginning of year</b>	2,413,391
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 2,209,113</b>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>	
Cash and investments	\$ 2,352,510
Restricted cash	260,771
Less amounts classified as investments	(404,168)
	<b>\$ 2,209,113</b>
Total cash and cash equivalents	<b>\$ 2,209,113</b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>	
Operating loss	\$ (380,545)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	1,003,878
Changes in assets and liabilities:	
Receivables	(939,607)
Prepaid and other assets	176
Due to other governments	166,640
Due to other funds	(6,007)
Accrued and other liabilities	1,335
Net post employment benefit obligation	41,558
	41,558
Net cash used in operating activities	<b>\$ (112,572)</b>

# Charter Township of Flint

## Fiduciary Funds Statement of Fiduciary Net Assets December 31, 2009

	<u>Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 60,459	\$ 606,013
Mutual funds	3,952,519	-
Delinquent taxes receivable	-	316,258
Accrued interest	5,550	-
	<u>4,018,528</u>	<u>\$ 922,271</u>
<b>Liabilities</b>		
Due to other governmental units	-	\$ 226,116
Undistributed taxes	-	426,412
Refundable deposits, bonds, etc.	-	17,671
Accrued liabilities and other	-	252,072
	<u>-</u>	<u>\$ 922,271</u>
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	<u>\$ 4,018,528</u>	

# Charter Township of Flint

## Fiduciary Funds

### Statement of Changes in Fiduciary Net Assets - Trust Funds

### Year Ended December 31, 2009

#### Additions

Investment income:	
Interest and dividends	\$ 110,186
Net increase in fair value of investments	<u>640,231</u>
Net investment income	750,417
Contributions:	
Employer contributions	433,752
Employee contributions	<u>85,935</u>
Total contributions	<u>519,687</u>
Total additions	1,270,104

#### Deductions

Benefit payments	430,719
Administrative expenses	<u>7,250</u>
Total deductions	<u>437,969</u>

**Net Increase in Net Assets Held in Trust** 832,135

**Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year** 3,186,393

**Net Assets Held in Trust for Pension and Other Employee Benefits - End of year** \$ 4,018,528

# Charter Township of Flint

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## Notes to Financial Statements December 31, 2009

### Note I - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Flint (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Flint:

#### **Reporting Entity**

The Charter Township of Flint was incorporated July 17, 1978, under the provisions of Act 90, P.A. 1976, as amended. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

#### **Blended Component Units**

**The Charter Township of Flint Firefighters' Trust Fund** - The Charter Township of Flint Firefighters' Trust Fund (the "Trust Fund") is made up of Township employees and elected officials. The Pension Board approves investment policies. The Pension Board provides services exclusively to Township employees (current and retired).

**Charter Township of Flint Building Authority** - The Charter Township of Flint Building Authority (the "Authority") governing board is made up of Township employees and Township residents. The Authority board provides services exclusively to the Township for the purpose of overseeing future construction projects.

#### **Discretely Presented Component Unit**

**Charter Township of Flint Economic Development Corporation** - The Charter Township of Flint Economic Development Corporation (the "Corporation") board is appointed by the Township. The Township approves the annual budget and provides employees and facilities to the Corporation.

All financial information of this component unit has been included in these financial statements. There are no separately issued financial statements.

# Charter Township of Flint

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## Notes to Financial Statements December 31, 2009

### Note I - Summary of Significant Accounting Policies (Continued)

#### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

### Note I - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

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

The Municipal Street Fund accounts for revenue and expenditures for the purpose of street repairs and construction.

The JAG Grant Fund accounts for revenue and expenditures related to the JAG grant.

The Township reports the following major proprietary fund:

The Water and Sewer Fund is maintained for the operations of the water distribution system and sewage pumping and collection systems.

Additionally, the Township reports the following fiduciary activities:

The Pension Trust Fund accounts for the activities of the fire fighters' trust fund utilized to pay for Township fire fighter retirees. The fund accumulates resources for pension benefits financed by both employer and employee contributions.

The Postemployment Benefit Trust Fund accumulates resources for postemployment benefit payments for Township retired employees.

The Agency Fund accounts for assets held by the Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities, and do not involve the measurement of results of operations).

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 1 - Summary of Significant Accounting Policies (Continued)

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Township's policy is to first apply restricted resources.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

#### **Property Tax Revenue**

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2008 tax is levied and collectible on December 1, 2008 and is recognized as revenue in the year ended December 31, 2009, when the proceeds of the levy are budgeted and available for the financing of operations.

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 1 - Summary of Significant Accounting Policies (Continued)

The 2008 taxable valuation of the Township totaled \$1.174 billion. Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	4.6423	\$ 5,527,779
Police operating (10 years 2007-2016)	.500	567,991
Roads (10 years 2006-2015)	.500	568,125
Capital improvement (5 years 2006-2010)	.250	283,577
Total		<u>\$ 6,947,472</u>

### Assets, Liabilities, and Net Assets or Equity

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

**Prepaid Items** - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets** - The water and sewer fund has a tax levy for payment of debt service principal and interest. The unspent amounts held in a separate cash account have been classified as restricted assets.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 1 - Summary of Significant Accounting Policies (Continued)

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Infrastructure	10 to 20 years
Water and sewer systems	18 to 40 years
Buildings and building improvements	30 years
Building improvements	7 to 20 years
Vehicles	2 to 15 years
Equipment and furniture	3 to 15 years
Computer equipment	5 to 10 years

**Compensated Absences** - It is the Township's policy to pay firefighters one-half of their unused sick days at the time of retirement. All other Township employees are paid for unused sick days on an annual basis. There is no liability for unpaid accumulated vacation since the Township does not have a policy to pay any amount when employees separate from service with the Township. The liability for sick time is accrued when incurred in the government-wide financial statements. A liability for this amount is reported in governmental funds only for firefighter terminations as of the year end.

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Pension and Other Post Employment Benefit Costs** - The Township offers both pension and retiree health care benefits to retirees. The Township receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government wide statements and proprietary fund, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 1 - Summary of Significant Accounting Policies (Continued)

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

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### Note 2 - Stewardship, Compliance, and Accountability

**Construction Code Fees** - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Shortfall at January 1, 2009	\$ (290,160)
Current year permit revenue	58,173
Related expenses - Professional services	<u>250,225</u>
Current year shortfall	<u>(192,052)</u>
Cumulative surplus (shortfall) at December 31, 2009	<u>\$ (482,212)</u>

### Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

### Note 3 - Deposits and Investments (Continued)

The Pension Trust Fund and Retiree Health Care Trust Funds are authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Township has designated five banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$170,971 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Custodial Credit Risk of Investments** - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. At year end, \$631,428 of investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 3 - Deposits and Investments (Continued)

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
Mutual Fund - Fixed Income	\$ 1,431,746	4-12 years

**Credit Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U. S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual fund - equities	\$ 2,471,887	3-4 stars	Morningstar
Repurchase agreements (sweeps)	570,969	not rated	n/a
Mutual fund - equities	48,866	2-5 stars	Morningstar
Money market	60,459	4 stars	Morningstar

### Note 4 - Receivables and Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Governmental Funds		
	Unavailable	Unearned	Total
Property taxes	\$ -	\$ 9,348,732	\$ 9,348,732
Special assessments	263,579	1,237,002	1,500,581
Total	<u>\$ 263,579</u>	<u>\$ 10,585,734</u>	<u>\$ 10,849,313</u>

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 5 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance January 1, 2009	Additions	Disposals	Balance December 31, 2009
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,738,879	\$ -	\$ (400)	\$ 1,738,479
Subtotal	1,738,879	-	(400)	1,738,479
Capital assets being depreciated:				
Infrastructure	23,171,903	429,313	-	23,601,216
Buildings and improvements	6,940,429	37,669	(150,495)	6,827,603
Machinery and equipment	4,270,761	18,081	(399,782)	3,889,060
Vehicles	2,786,645	146,398	(254,985)	2,678,058
Office furnishings	259,511	-	(83,509)	176,002
Subtotal	37,429,249	631,461	(888,771)	37,171,939
Accumulated depreciation:				
Infrastructure	12,213,095	1,134,218	-	13,347,313
Buildings and improvements	2,199,131	219,674	(50,495)	2,368,310
Machinery and equipment	3,236,741	286,092	(395,055)	3,127,778
Vehicles	1,470,262	229,903	(240,837)	1,459,328
Office furnishings	174,990	-	(68,039)	106,951
Subtotal	19,294,219	1,869,887	(754,426)	20,409,680
Net capital assets being depreciated	18,135,030	(1,238,426)	(134,345)	16,762,259
Net capital assets	<u>\$ 19,873,909</u>	<u>\$ (1,238,426)</u>	<u>\$ (134,745)</u>	<u>\$ 18,500,738</u>
<b>Proprietary Activities</b>				
Capital assets being depreciated:				
Water and sewer lines	\$ 39,945,759	\$ 13,830	\$ -	\$ 39,959,589
Office furnishings	166,043	-	-	166,043
Subtotal	40,111,802	13,830	-	40,125,632
Accumulated depreciation:				
Water and sewer lines	35,481,893	996,382	-	36,478,275
Office furnishings	145,193	7,496	-	152,689
Subtotal	35,627,086	1,003,878	-	36,630,964
Net capital assets being depreciated	4,484,716	(990,048)	-	3,494,668
Net capital assets	<u>\$ 4,484,716</u>	<u>\$ (990,048)</u>	<u>\$ -</u>	<u>\$ 3,494,668</u>

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 5 - Capital Assets (Continued)

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

Governmental Activities:

General government	\$ 317,034
Public safety	403,426
Public works	1,134,917
Recreation and culture	14,510
Total governmental activities	\$ 1,869,887

Business-type Activities:

Water and Sewer	\$ 1,003,878
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### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
General Fund	Water and Sewer fund	\$ 16,471
	JAG	1,526
	Community Development	47,849
	Total General Fund	65,846
Police Millage Fund	General	7,215
	Total	\$ 73,061

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Providing Resource	Fund Receiving Resource	Amount
Police Special Millage	General Fund	\$ 571,785

The transfer from the General Fund to the Police Special Millage Fund represents reimbursement to the General Fund for police expenditures.

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 7 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. County contractual agreements and installment purchase agreements are also general obligations of the government.

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
Building Authority Bonds - Series 2002	4.3 - 5%	2031	\$ 1,585,000	\$ -	\$ 35,000	\$ 1,550,000	\$ 35,000
State police post	n/a	2025	4,104,996	-	588,124	3,516,872	238,432
Capital lease - Copier	n/a	2013	23,657	-	4,907	18,750	5,362
Capital lease - Vehicle	n/a	2011	86,451	125,228	100,896	110,783	69,090
Road Assessment	n/a	2018	869,413	71,402	94,285	846,530	106,866
Installment Loan - Pumper Trucks	3.03%	2013	722,673	-	172,661	550,012	177,893
Total bond and note obligations			7,392,190	196,630	995,873	6,592,947	632,643
Accumulated compensated absences	n/a	n/a	331,915	-	71,525	260,390	-
Net OPEB liability			772,597	846,970	-	1,619,567	-
Total governmental activities			\$ 8,496,702	\$ 1,043,600	\$ 1,067,398	\$ 8,472,904	\$ 632,643
<b>Business-type Activities</b>							
McCollum Drain contract	5.0 - 5.6%	April 1, 2010	\$ 27,862	\$ -	\$ 13,932	\$ 13,930	\$ 13,930
Flint Township Laterals - Series 1998 Contract	3.75 - 4.65	April 1, 2010	180,000	-	90,000	90,000	90,000
Total bonds payable			207,862	-	103,932	103,930	103,930
Net OPEB liability			39,061	41,558	-	80,619	-
Total business-type activities			\$ 246,923	\$ 41,558	\$ 103,932	\$ 184,549	\$ 103,930

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Year Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 632,643	\$ 156,038	\$ 788,681	\$ 103,930	\$ 2,483	\$ 106,413
2011	622,089	138,626	760,715	-	-	-
2012	593,827	120,989	714,816	-	-	-
2013	414,457	105,399	519,856	-	-	-
2014	408,804	95,159	503,963	-	-	-
2015-2019	1,594,357	336,234	1,930,591	-	-	-
2020-2024	1,403,139	234,025	1,637,164	-	-	-
2025-2029	688,628	133,750	822,378	-	-	-
2030-2034	235,003	17,750	252,753	-	-	-
Total	\$ 6,592,947	\$ 1,337,970	\$ 7,930,917	\$ 103,930	\$ 2,483	\$ 106,413

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 7 - Long-term Debt (Continued)

**County Contractual Obligations** - The above contractual obligations to the County are the result of the County issuance of bonds on the Township's behalf. The Township has pledged to raise property taxes, to the extent permitted by law, if necessary to fund the obligation to repay the county. The remaining principal and interest to be paid on the bonds is \$106,413. The Township has accumulated enough reserve from previous tax levies to cover the remaining debt service requirements.

### Note 8 - Contracts

**Leases** - The Township entered into an agreement with G&K Associates for the State Police post building. The lease payable is included in noncurrent liabilities in the statement of net assets. No interest is being charged on the lease agreement. The future minimum lease payment for the lease is as follows:

<u>Years Ending December 31</u>	<u>Amount</u>
2010	\$ 238,432
2011	238,432
2012	238,432
2013	238,432
2014	238,432
2015-2019	1,072,944
2020-2024	1,043,140
2025	208,628
Total	<u>\$ 3,516,872</u>

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 8 - Contracts (Continued)

**Sub - Lease** - The Township has entered into a sub-lease agreement with the State of Michigan for the state police post building. The lease receivable is included in due from other governments in the statement of net assets. The future minimum lease payments are as follows:

Years Ending December 31	Amount
2010	\$ 253,334
2011	253,334
2012	253,334
2013	253,334
2014	253,334
2015-2019	1,181,846
2020-2024	1,160,640
2025	214,129
Total	<u>\$ 3,823,285</u>

### Note 9 - No Commitment Debt

The Economic Develop Corporation of the Charter Township of Flint has issued limited obligation economic development revenue bonds. Since the bonds are payable solely from the net revenues derived from the project and the bonds are not a general obligation of the Corporation or the Township, the bonds have not been reflected in the financial statements of the Township. Information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source. As of December 31, 2009 there is approximately \$14,000,000 no commitment debt outstanding.

### Note 10 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for property, liability, wrongful acts, law enforcement, automobile, bond, crime, inland marine, boiler claims, and health care. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 11 - Fire Fighters' Pension Trust Defined Benefit Plan

**Plan Description** - The Fire Fighters' Pension Plan is a single-employer defined benefit pension plan that is administered by the Charter Township of Flint. The Fire Fighters' plan covers substantially all full time firefighters. The plan was established in accordance with the State of Michigan's Public Act 345 of 1937. The plan is administered by a five-member Board of Trustees comprised of two members of the Township's administration and three other Township employees. Investments of the plan are made through JP Morgan Chase Bank Trust Department. The plan provides that the employer/employees contribute amounts necessary to fund the actuarially determined benefits. At December 31, 2008 the date of the most recent actuarial report, membership consisted of 15 retirees and beneficiaries currently receiving benefits, no inactive vested members and 14 current active employees. The plan does not issue a separate financial report.

**Funding Policy** - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units and requires a contribution from the employees of 8 percent of gross wages. The funding policy provides for periodic employer contributions at actuarially determined rates; the current rate is 31.05 percent of covered payroll.

**Annual Pension Cost** - For the year ended December 31, 2009, the Township's annual pension cost was \$337,360 and the actual contribution made was \$423,737. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended December 31:		
	2009	2008	2007
Annual pension cost (APC)	\$ 337,360	\$ 291,496	\$ 294,014
Percentage of APC contributed	125.6 %	132.8 %	132.8 %
Net pension asset	\$ 383,346	\$ 296,969	\$ 201,259

**Funded Status and Funding Progress** - The funding status for the three most recent years is as follows:

	Actuarial Valuation as of December 31:		
	2008	2007	2006
Actuarial value of assets	\$ 4,076,685	\$ 4,037,110	\$ 3,721,093
Actuarial Accrued Liability (AAL)			
(entry age)	7,240,933	7,086,243	6,876,518
Unfunded AAL (UAAL)	3,164,248	3,049,133	3,155,245
Funded ratio	56.3 %	57.0 %	54.1 %
Covered payroll	996,212	1,001,071	1,000,057
UAAL as a percentage of covered payroll	317.6 %	304.6 %	315.5 %

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 11 - Fire Fighters' Pension Trust Defined Benefit Plan (Continued)

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at December 31, 2008, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 8.0 investment rate of return, (b) projected salary increases of 4.5 to 7.5 percent per year, and (c) 0 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 21 years.

### Note 12 - Police Officer's Defined Benefit Pension Plan

**Plan Description** - The Township participates in the Michigan Municipal Employees' Retirement System (the "System"), an agent multiple-employer defined benefit pension plan that covers patrol officers and the prior controller of the Township. The system provides retirement, disability and death benefits to plan members and their beneficiaries. At December 31, 2008, the date of the most recent actuarial report, membership consisted of 7 retirees and beneficiaries, 4 inactive vested members and 43 current active employees. 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 competitive bargaining units and requires a contribution from the employees of 7 percent for the Chief of Police, 11.53 percent for the patrol officers, and 10.33 percent for the police command officers of gross wages, respectively.

**Annual Pension Cost** - For the year ended December 31, 2009, the Township's annual pension cost was \$191,595 and the actual contribution made was \$269,328. The annual required contribution was determined as part of an actuarial valuation at December 31, 2008, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 to 12.9 percent per year, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 28 years.

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 12 - Police Officer's Defined Benefit Pension Plan (Continued)

#### Three-year trend information

	Fiscal Year Ended December 31:		
	2009	2008	2007
Annual pension cost (APC)	\$ 191,595	\$ 189,835	\$ 184,053
Percentage of APC contributed	140.6 %	136.0 %	133.0 %
Net pension asset (obligation)	\$ 173,033	\$ 95,300	\$ 26,880
	Actuarial Valuation as of December 31:		
	2008	2007	2006
Actuarial value of assets	\$ 13,095,809	\$ 12,194,987	\$ 10,996,269
Actuarial Accrued Liability (AAL) (entry age)	16,644,202	15,388,799	14,016,675
Unfunded AAL (UAAL)	3,548,393	3,193,812	3,020,406
Funded ratio	78.7 %	79.2 %	78.5 %
Covered payroll	\$ 2,820,999	\$ 2,642,965	\$ 2,645,770
UAAL as a percentage of covered payroll	125.8 %	120.8 %	114.2 %

### Note 13 - Full-Time Clerical/Non-Union Defined Benefit Pension Plan

**Plan Description** - The Township participates in the Michigan Municipal Employees' Retirement System (the "System"), an agent multiple-employer defined benefit pension plan that covers clerical/full-time and some non-union employees of the Township. The system provides retirement, disability and death benefits to plan members and their beneficiaries. At December 31, 2008, the date of the most recent actuarial report, membership consisted of 1 retiree and beneficiaries, 2 inactive vested members and 23 current active employees. 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 competitive bargaining units and requires a contribution from the employees of 6.45 percent. The funding policy provides for periodic employer contributions at actuarially determined rates; the current rate is 5.61 percent. As per the collective bargaining agreement, the Township contributed 6.45 percent.

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 13 - Full-Time Clerical/Non-Union Defined Benefit Pension Plan (Continued)

**Annual pension cost** - For the year ended December 31, 2009, the Township's annual pension cost was \$46,925 and the actual contribution made was \$53,951. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended December 31		
	2009	2008	2007
Annual pension cost (APC)	\$ 46,925	\$ 51,630	\$ 42,298
Percentage of APC contributed	115.0 %	115.0 %	115.0 %
Net pension asset	\$ 28,269	\$ 21,243	\$ 13,512

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at December 31, 2008, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 to 12.9 percent per year, and (c) 0 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 27 years.

	Actuarial Valuation as of December 31:		
	2008	2007	2006
Actuarial value of assets	\$ 2,098,552	\$ 1,896,484	\$ 1,677,612
Actuarial accrued liability (entry age)	2,235,889	2,019,551	1,918,748
Unfunded AAL	137,347	123,067	241,136
Funded ratio	94 %	94 %	87 %
Covered payroll	\$ 863,449	\$ 768,727	\$ 764,028
UAA as a percentage of covered payroll	16 %	16 %	18 %

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 14 - Defined Contribution Pension Plan

All other employees not described in a previous plan changed to a defined contribution plan administered through Michigan Municipal Employees Retirement System (MERS). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

	Elected Officials and Non-Union Employees	Police Communication Operators
Employee contribution percentage	5 %	- %
Employer contribution percentage	10	5
Vesting	Immediate	20% per year over 5 years
Employee contributions for 12/31/09	\$ 34,526	\$ -
Employer contribution for 12/31/09	47,295	7,045
Covered payroll	472,954	140,905
Total payroll	5,525,978	5,525,978

### Note 15 - Other Postemployment Benefits

**Plan description** - The Township provides retiree health care benefits to eligible employees and their spouses. Currently, the plan has 110 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

This is a single employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the employer.

**Funding Policy** - Retiree health care costs are recognized when paid by the Township on a "pay-as-you-go" basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. In the current year, the Township paid postemployment health care premiums of \$287,179 plus it contributed \$10,000 into a prefunded retiree health care fund.

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 15 - Other Postemployment Benefits (Continued)

**Funding Progress** - For the year ended December 31, 2009 the Township has estimated the cost of providing retiree health care benefits through an actuarial valuation as of January 1, 2008. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 1,194,842
Interest on the prior year's net OPEB obligation	32,466
Less adjustment to the annual required contribution	<u>(41,521)</u>
Annual OPEB cost	1,185,787
Amounts contributed:	
Payments of current premiums	(287,179)
Advance funding	<u>(10,000)</u>
Increase in net OPEB obligation	888,608
<b>OPEB obligation</b> - beginning of year	<u>811,658</u>
<b>OPEB obligation</b> - end of year	<u>\$ 1,700,266</u>

The schedule of employer contributions and the net OPEB obligation for the previous two years is:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
12/31/08	1/1/08	\$ 1,148,360	29.3	\$ 811,658
12/31/09	1/1/08	1,194,842	24.9	1,700,266

The funding progress of the plan is:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)
1/1/08	\$ 25,000	\$ 13,806,492	\$ 13,781,492	0.2

# Charter Township of Flint

## Notes to Financial Statements December 31, 2009

### Note 15 - Other Postemployment Benefits (Continued)

**Actuarial Methods and Assumptions** - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 8, 2008, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an 8 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 3 percent initially. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 29 years.

### Note 16 - Commitment

The Township's long-term contract with a vendor to provide waste management services expires December 31, 2010 and the Township is currently in the process of negotiating a new contract. The following amount is to be paid to the vendor per the current contract based on the 2009 home count of 9,724, which is a decrease of 22 homes from the previous year. The current annual mobile home collection fee is \$95,604, which is adjusted annually for inflation per the Consumer Price Index (CPI). An annual land fill tax of \$2,334 is also included in the following payment to the vendor.

2010	\$	1,230,979
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# **Charter Township of Flint**

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## **Notes to Financial Statements December 31, 2009**

### **Note 17 - Upcoming Accounting Pronouncements**

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned and unassigned. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The Township will implement Statement No. 54 beginning with the fiscal year ended December 31, 2011.

## **Required Supplemental Information**

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# Charter Township of Flint

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 5,643,100	\$ 5,643,100	\$ 5,527,779	\$ (115,321)
Licenses and permits	425,867	283,867	249,632	(34,235)
Federal grants	46,062	46,062	-	(46,062)
State-shared revenue and grants	2,617,200	2,237,200	2,282,684	45,484
Charges for services	1,444,533	1,387,533	1,296,861	(90,672)
Fines and forfeitures	224,500	119,500	140,824	21,324
Investment income	250,000	200,000	102,587	(97,413)
Rental income	331,561	287,410	288,410	1,000
Other revenue:				
Special assessments	1,208,640	1,208,640	1,208,040	(600)
Local donations	1,000	1,000	-	(1,000)
Cable franchise fees	375,000	375,000	419,521	44,521
Other miscellaneous income	50,600	50,600	67,673	17,073
Total revenue	12,618,063	11,839,912	11,584,011	(255,901)
<b>Expenditures - Current</b>				
General government:				
Township Board	78,901	78,901	71,553	7,348
Supervisor's office	125,210	125,210	112,021	13,189
Controller's office	213,674	213,674	203,721	9,953
Treasurer	321,706	321,706	285,887	35,819
Assessing	322,598	322,598	297,742	24,856
Board of review and appeals	9,799	9,799	6,097	3,702
Clerk	173,878	173,878	157,614	16,264
Elections	101,486	101,486	78,504	22,982
Buildings and grounds	244,041	244,041	210,535	33,506
Insurance and other functions	1,070,693	1,070,693	896,098	174,595
Planning commission	11,731	11,731	5,414	6,317
Civil service	6,750	6,750	4,565	2,185
Total general government	2,680,467	2,680,467	2,329,751	350,716
Public safety:				
Police	5,604,199	5,604,199	4,838,162	766,037
Fire department	2,415,296	2,415,296	2,220,583	194,713
Building department and trade inspections	493,257	493,257	388,453	104,804
Total public safety	8,512,752	8,512,752	7,447,198	1,065,554
Public works				
Recreation and culture	1,584,850	1,584,850	1,583,621	1,229
Debt Service:				
Principal	391,708	391,708	363,230	28,478
Interest on long-term debt	7,179	7,179	7,179	-
Total expenditures	13,198,956	13,198,956	11,752,885	1,446,071
<b>Excess of Revenue Over (Under) Expenditures</b>	(580,893)	(1,359,044)	(168,874)	1,190,170
<b>Other Financing Sources</b>				
Sale of capital assets	15,000	15,000	26,167	11,167
Transfers in	579,000	579,000	571,785	(7,215)
Total other financing sources	594,000	594,000	597,952	3,952
<b>Net Change in Fund Balance</b>	13,107	(765,044)	429,078	1,194,122
<b>Fund Balance - Beginning of year</b>	2,773,716	2,773,716	2,773,716	-
<b>Fund Balance - End of year</b>	<b>\$ 2,786,823</b>	<b>\$ 2,008,672</b>	<b>\$ 3,202,794</b>	<b>\$ 1,194,122</b>

# Charter Township of Flint

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds - Municipal Street Fund Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 581,600	\$ 581,600	\$ 568,125	\$ (13,475)
Investment income	4,000	4,000	3,329	(671)
Other revenue:				
Local donations	48,815	48,815	104,615	55,800
Total revenue	634,415	634,415	676,069	41,654
<b>Expenditures - Current</b>				
Public works	479,745	479,745	332,868	146,877
Debt service	161,748	161,748	161,748	-
Total expenditures	641,493	641,493	494,616	146,877
<b>Net Change in Fund Balance</b>	(7,078)	(7,078)	181,453	188,531
<b>Fund Balance (deficit) - Beginning of year</b>	(88,245)	(88,245)	(88,245)	-
<b>Fund Balance (deficit) - End of year</b>	<u>\$ (95,323)</u>	<u>\$ (95,323)</u>	<u>\$ 93,208</u>	<u>\$ 188,531</u>

# Charter Township of Flint

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds - JAG Grant Fund Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ 1,882,963	\$ 1,882,963	\$ 301,694	\$ (1,581,269)
Investment income	-	-	1,857	1,857
Other revenue:				
Total revenue	1,882,963	1,882,963	303,551	(1,579,412)
<b>Expenditures - Current</b>				
Public safety	2,208,300	2,208,300	303,551	1,904,749
Total expenditures	2,208,300	2,208,300	303,551	1,904,749
<b>Net Change in Fund Balance</b>	(325,337)	(325,337)	-	325,337
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ (325,337)</u>	<u>\$ (325,337)</u>	<u>\$ -</u>	<u>\$ 325,337</u>

# Charter Township of Flint

## Note to Required Supplemental Information Year Ended December 31, 2009

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds, except that operating transfers and debt proceeds have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)". All annual appropriations lapse at fiscal year end. Prior to January 1, the budget is legally enacted on a departmental (activity) basis through passage of a resolution for all budgeted funds. The Supervisor or designee is authorized to transfer budgeted amounts within departmental appropriation accounts, however, any revisions that alter the total expenditures of any department must be approved by the Township Board.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

	<u>Revenues</u>	<u>Public Safety Expenditures</u>
General Fund:		
Balance per budgetary comparison schedules	\$ 11,584,011	\$ 7,447,198
Federal grant funds passed to subrecipients	<u>179,999</u>	<u>179,999</u>
Balance per fund based statements	<u>\$ 11,764,010</u>	<u>\$ 7,627,197</u>

# Charter Township of Flint

## Note to Required Supplemental Information (Continued) Year Ended December 31, 2009

The following is a comparison of budget [on a project (grant) length basis] and actual expenditures for the Community Development Fund for the year ended December 31, 2009.

	Revised Project (Grant) Length Budget	Project Funds Expended During 2009	Total Project Funds Expended Through 12-31-09	Unexpended Balance at 12-31-09
Special Revenue Fund Type:	\$ -	\$ -	\$ -	\$ -
Community Development Fund:	-	-	-	-
Public safety project 2007	5,833	5,503	5,782	51
Public safety project 2008	36,471	17,286	26,110	10,361
Public works project 2008	256,955	73,157	173,057	83,898
Total Community Development	<u>\$ 299,259</u>	<u>\$ 95,946</u>	<u>\$ 204,949</u>	<u>\$ 94,310</u>

# Charter Township of Flint

## Required Supplemental Information Pension System Schedule Year Ended December 31, 2009

The schedule of funding progress for the Firefighter's pension plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/03	\$ 3,123,648	\$ 5,704,006	\$ 2,580,358	54.8	\$ 691,434	373.2
12/31/04	3,209,627	6,317,924	3,108,297	50.8	912,917	340.5
12/31/05	3,366,575	6,572,273	3,205,698	51.2	949,968	337.5
12/31/06	3,721,093	6,876,518	3,155,425	54.1	1,000,057	315.5
12/31/07	4,037,110	7,086,243	3,049,133	57.0	1,001,071	304.6
12/31/08	4,076,685	7,240,933	3,164,248	56.3	996,212	317.6

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
12/31/04	12/31/03	\$ 225,131	162.1
12/31/05	12/31/04	272,688	135.8
12/31/06	12/31/05	302,188	129.2
12/31/07	12/31/06	302,223	132.8
12/31/08	12/31/07	291,496	132.8
12/31/09	12/31/08	337,360	125.6

\* The required contribution is expressed to the Township as a percentage of payroll.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2008, the latest actuarial valuation, follows:

Amortization method	Entry age, closed
Amortization period (perpetual)	21 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5% - 7.5%
*Includes inflation at	4.5%
Cost of living adjustments	None

## **Other Supplemental Information**

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# Charter Township of Flint

	Special Revenue Funds				
	Community Development	Public Improvement	Building Authority	Fire Safety Equipment	Police Special Millage
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 367	\$ 16,698	\$ 216,495	\$ 58,067
Receivables:					
Property taxes receivable	-	-	-	254,582	509,479
Due from other governmental units	47,849	-	-	-	-
Due from other funds	-	-	-	-	7,215
Prepaid expenses and other assets	-	-	32,092	-	-
<b>Total assets</b>	<b>\$ 47,849</b>	<b>\$ 367</b>	<b>\$ 48,790</b>	<b>\$ 471,077</b>	<b>\$ 574,761</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ 47,849	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	287,589	574,761
<b>Total liabilities</b>	<b>47,849</b>	<b>-</b>	<b>-</b>	<b>287,589</b>	<b>574,761</b>
<b>Fund Balances</b>					
Unreserved, reported in Special Revenue Funds	-	367	48,790	183,488	-
Debt Service Fund	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>367</b>	<b>48,790</b>	<b>183,488</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 47,849</b>	<b>\$ 367</b>	<b>\$ 48,790</b>	<b>\$ 471,077</b>	<b>\$ 574,761</b>

# Charter Township of Flint

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds December 31, 2009

Debt Service Funds	Total Nonmajor Governmental Funds
Building Authority Debt	
\$ 6,694	\$ 298,321
-	764,061
-	47,849
-	7,215
-	32,092
<b>\$ 6,694</b>	<b>\$ 1,149,538</b>
\$ -	\$ 47,849
-	862,350
-	910,199
-	232,645
6,694	6,694
6,694	239,339
<b>\$ 6,694</b>	<b>\$ 1,149,538</b>

# Charter Township of Flint

	Special Revenue Funds				
	Community Development	Public Improvement	Building Authority	Fire Safety Equipment	Police Special Millage
<b>Revenue</b>					
Property taxes	\$ -	\$ -	\$ -	\$ 283,577	\$ 567,991
Federal grants	95,946	-	-	-	-
Investment income	-	-	67	1,038	1,794
Rental income	-	-	-	-	-
Total revenue	<u>95,946</u>	<u>-</u>	<u>67</u>	<u>284,615</u>	<u>569,785</u>
<b>Expenditures - Current</b>					
Public safety	67,549	-	-	7,774	2,000
Public works	28,397	-	-	-	-
Community and economic development	-	-	1,421	-	-
Debt Service					
Principal	-	-	-	172,661	-
Interest on long-term debt	-	-	-	21,897	-
Total expenditures	<u>95,946</u>	<u>-</u>	<u>1,421</u>	<u>202,332</u>	<u>2,000</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	-	-	(1,354)	82,283	567,785
<b>Other Financing Uses</b>					
Transfers out	-	-	-	-	(571,785)
<b>Net Change in Fund Balances</b>	-	-	(1,354)	82,283	(4,000)
<b>Fund Balances - Beginning of year</b>	<u>-</u>	<u>367</u>	<u>50,144</u>	<u>101,205</u>	<u>4,000</u>
<b>Fund Balances - End of year</b>	<u>\$ -</u>	<u>\$ 367</u>	<u>\$ 48,790</u>	<u>\$ 183,488</u>	<u>\$ -</u>

# Charter Township of Flint

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended December 31, 2009

Debt Service Funds	Total Nonmajor Governmental Funds
\$ -	\$ 851,568
-	95,946
122	3,021
<u>110,150</u>	<u>110,150</u>
110,272	1,060,685
-	77,323
-	28,397
-	1,421
35,000	207,661
<u>75,425</u>	<u>97,322</u>
<u>110,425</u>	<u>412,124</u>
(153)	648,561
-	<u>(571,785)</u>
(153)	76,776
<u>6,847</u>	<u>162,563</u>
<u><b>\$ 6,694</b></u>	<u><b>\$ 239,339</b></u>

# Charter Township of Flint

## Other Supplemental Information Nonmajor Governmental Fund - Building Authority Budgetary Comparison Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Investment income	\$ 85	\$ 85	\$ 67	\$ (18)
<b>Expenditures - Current</b>				
Community and economic development	1,421	1,421	1,421	-
<b>Net Change in Fund Balance</b>	(1,336)	(1,336)	(1,354)	(18)
<b>Fund Balance - Beginning of year</b>	50,144	50,144	50,144	-
<b>Fund Balance - End of year</b>	<b>\$ 48,808</b>	<b>\$ 48,808</b>	<b>\$ 48,790</b>	<b>\$ (18)</b>

# Charter Township of Flint

## Other Supplemental Information Nonmajor Governmental Fund - Fire Safety Equipment Budgetary Comparison Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 288,200	\$ 288,200	\$ 283,577	\$ (4,623)
Investment income	1,500	1,500	1,038	(462)
Other revenue:				
Total revenue	289,700	289,700	284,615	(5,085)
<b>Expenditures - Current</b>				
Public safety:				
Fire department	45,975	45,975	7,774	38,201
Debt Service:				
Principal	172,661	172,661	172,661	-
Interest on long-term debt	21,897	21,897	21,897	-
Total expenditures	240,533	240,533	202,332	38,201
<b>Net Change in Fund Balance</b>	49,167	49,167	82,283	33,116
<b>Fund Balance - Beginning of year</b>	101,205	101,205	101,205	-
<b>Fund Balance - End of year</b>	<u>\$ 150,372</u>	<u>\$ 150,372</u>	<u>\$ 183,488</u>	<u>\$ 33,116</u>

# Charter Township of Flint

## Other Supplemental Information Nonmajor Governmental Fund - Police Special Millage Budgetary Comparison Year Ended December 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 581,610	\$ 581,610	\$ 567,991	\$ (13,619)
Investment income	2,000	2,000	1,794	(206)
Total revenue	583,610	583,610	569,785	(13,825)
<b>Expenditures - Current</b>				
Public safety	2,100	2,100	2,000	100
Transfers out	(579,000)	(579,000)	(571,785)	18,823
<b>Net Change in Fund Balance</b>	2,510	2,510	(4,000)	5,098
<b>Fund Balance - Beginning of year</b>	4,000	4,000	4,000	-
<b>Fund Balance - End of year</b>	<b>\$ 6,510</b>	<b>\$ 6,510</b>	<b>\$ -</b>	<b>\$ (6,510)</b>

# Charter Township of Flint

## Other Supplemental Information Combining Statement of Net Assets Fiduciary Funds December 31, 2009

	Pension Trust Funds			Agency Funds		
	Firefighters' Pension Trust Fund	Retiree Health Care Trust Fund	Total Pension Trust Funds	General Agency	Tax Collection	Total Agency Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 60,459	\$ -	\$ 60,459	\$ 238,344	\$ 367,669	\$ 606,013
Investments:						
Mutual Funds	3,903,633	48,886	3,952,519	-	-	-
Delinquent taxes receivable	-	-	-	316,258	-	316,258
Accrued interest	5,550	-	5,550	-	-	-
Total assets	<u>3,969,642</u>	<u>48,886</u>	<u>4,018,528</u>	<u>\$ 554,602</u>	<u>\$ 367,669</u>	<u>\$ 922,271</u>
<b>Liabilities</b>						
Due to other governmental units	-	-	-	\$ 226,116	\$ -	\$ 226,116
Undistributed taxes	-	-	-	58,848	367,564	426,412
Refundable deposits, bonds, etc.	-	-	-	17,581	90	17,671
Accrued liabilities and other	-	-	-	252,057	15	252,072
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 554,602</u>	<u>\$ 367,669</u>	<u>\$ 922,271</u>
<b>Net Assets Held in Trust for Pension and Postemployment Benefits</b>	<u>\$ 3,969,642</u>	<u>\$ 48,886</u>	<u>\$ 4,018,528</u>			

# Charter Township of Flint

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Asset Fiduciary Funds Year Ended December 31, 2009

	Firefighters' Pension Trust Fund	Retiree Health Care Trust fund	Total
<b>Additions</b>			
Investment income:			
Interest and dividends	\$ 110,186	\$ -	\$ 110,186
Net increase in fair value of investments	<u>626,248</u>	<u>13,983</u>	<u>640,231</u>
Net investment income	736,434	13,983	750,417
Contributions:			
Employer contributions	423,752	10,000	433,752
Employee contributions	<u>85,935</u>	<u>-</u>	<u>85,935</u>
Net contributions	<u>509,687</u>	<u>10,000</u>	<u>519,687</u>
Total additions	1,246,121	23,983	1,270,104
<b>Deductions</b>			
Benefit payments	430,719	-	430,719
Administrative expenses	<u>7,153</u>	<u>97</u>	<u>7,250</u>
Total deductions	<u>437,872</u>	<u>97</u>	<u>437,969</u>
<b>Net Increase in Net Assets Held in Trust</b>	808,249	23,886	832,135
<b>Net Assets Held in Trust for Pension and Postemployment Benefits - Beginning of year</b>	<u>3,161,393</u>	<u>25,000</u>	<u>3,186,393</u>
<b>Net Assets Held in Trust for Pension and Postemployment Benefits - End of year</b>	<u><b>\$ 3,969,642</b></u>	<u><b>\$ 48,886</b></u>	<u><b>\$ 4,018,528</b></u>