

Charter Township of Grand Blanc Genesee County, Michigan

**Comprehensive Annual Financial Report
Fiscal Year Ended December 31, 2003**

Prepared by the Treasurer's and Controller's Offices

Charter Township of Grand Blanc

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June 2004

To the Citizens of the Charter Township of Grand Blanc
and the Board of Trustees
Grand Blanc, Michigan

This letter serves to formally transmit to the Board of Trustees the Comprehensive Annual Financial Report for the 2003 fiscal year. This report was prepared by the finance and treasurer's departments. The state statutes require that the Charter Township of Grand Blanc issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for the accuracy of the data and the completeness and fairness of this presentation, including all disclosures, rests with the treasurer. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the governmental activities, business-type activities, and the various funds of the Charter Township of Grand Blanc. All disclosures necessary to enable the reader to gain an understanding of the Charter Township of Grand Blanc's activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart, and a list of the Charter Township of Grand Blanc's principal elected and appointed officials and department heads. The financial section has been changed this year to meet the GASB Statement No. 34 reporting requirements. It includes the management's discussion and analysis; the basic financial statements, which are comprised of the entity-wide financial statements, fund financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules; and the required and other supplemental information on the budgetary comparison schedules and combining financial statements for nonmajor funds. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multiyear basis.

To the Citizens of the Charter Township of Grand Blanc
and the Board of Trustees
Grand Blanc, Michigan

Township Services

The Charter Township of Grand Blanc (the “Charter Township”) provides various services to its citizens. Among these are police protection, planning, zoning, building, property assessment, general administrative services, voter registration, partial water and sewer operations, partial snow removal, mosquito control, and garbage collection. The Charter Township also participates with the City of Grand Blanc (the “City”) in jointly funded ventures such as: Grand Blanc Fire Commission, Grand Blanc Parks and Recreation Commission/Senior Citizen Activity Center, and the Grand Blanc District Library. The Charter Township of Grand Blanc’s Board is comprised of the supervisor, clerk, treasurer, and four trustees. All Board members are elected for a four-year term and their election process coincides with the presidential election.

Economic Condition and Outlook

The Charter Township of Grand Blanc was incorporated in 1833 and is located in the southeastern part of Genesee County. Genesee County is located in the mid-state section of Michigan about 60 miles north of the city of Detroit. The Charter Township currently has a land area of 32.1 square miles and a population of approximately 33,000. The Charter Township is a mixture of commercial, office, manufacturing, health care, and rural residential and planned subdivisions. The Charter Township still maintains a rural atmosphere with a variety of age, size, and price for its housing. The Township has 67 residential developments under some phase of construction. With the 67 on-going subdivisions, the majority of housing sales were from new construction with the average 2003 housing estimated construction cost at \$195,629.

A major factor that has contributed to the positive expansion of our Charter Township is the fact that Grand Blanc is located off the first four exits of I-75 just north of the fastest-growing county in Michigan and the sixth wealthiest in the nation, Oakland County. Oakland County residents are finding very affordable housing in the Grand Blanc community and are still within a 30-minute expressway commute from their Oakland County employment. The 658 property sales and the 326 new housing building permits with a projected construction value of \$63.8 million led Genesee County for 2003. The Charter Township continued to experience a strong number of residential improvement permits at 420. This consistency helps support the public’s continued community confidence to invest in their homes.

However, the overall permits and actual construction for 2003 was less than 2002 and less than budgeted. As mentioned in the management’s discussion and analysis, the Genesee County Builders Association brought a suit against the Charter Township in 2003 claiming that the Charter Township did not show proper justification for the fee increase. During the course of the court proceedings, the Charter Township put a moratorium on new construction. This helped bring the lawsuit to fruition. An agreement was reached that the Charter Township would hire outside consultant services to assist in determining the current and future water and sewer infrastructure needs. From this, our engineering and auditing firm would be utilized to assist in establishing a tap-in fee structure. The study and capacity software modeling will be completed in 2004.

To the Citizens of the Charter Township of Grand Blanc
and the Board of Trustees
Grand Blanc, Michigan

As our housing is being filled with new people, commercial needs are increasing. There were 28 new commercial building permits in 2003. The conservative value of these permits totaled \$11.8 million. This new commercial construction and the commercial vacancy rate of 6 percent indicate that businesses are finding our community a viable location.

Besides affordable and diverse housing, varied and growing retail outlets, and work opportunities within a 30-minute drive, an additional drawing point to our community is the Grand Blanc Community Schools, which service 95 percent of the Charter Township. The Grand Blanc Community School District continually places its students' MEAP, PSAT, ACT, and AP composite scores in the top 3 percent of State Districts. In 2002, the high school and two of the elementary schools were awarded the Michigan Quality Council Leadership Award based on Malcolm Baldrige education criteria for performance excellence. They were the only schools in Michigan for 2002 to receive this award.

The Grand Blanc community is fortunate to have a large number of strong community-based organizations such as the Grand Blanc Chamber of Commerce, Vision 20/20, Grand Blanc Arts Council, Character Community Council, Rotary, Kiwanis, Elks, and the Grand Blanc Newcomers Club. The Grand Blanc Community School Board, the City of Grand Blanc Council, and the Grand Blanc Township Board of Trustees meet on a quarterly basis to discuss community issues and individual and community-wide goals. Also, leaders from each entity meet on a monthly basis.

The Charter Township has two General Motors facilities within its boundaries to support its tax base. The Charter Township relies on GM as the major part of the tax base. GM's percentage of the tax base decreased from 6.4 percent in 2002 to 5.77 percent in 2003. The metal fabrication plant that has been historically a stamping plant for sheet metal parts has been redesigned as a tooling support facility for new assembly lines. GM invested \$20 million in this transfer and will employ 600 employees. The headquarters for General Motors service and parts operation is also located in the Charter Township and employs approximately 1,300 employees.

Even though the State of Michigan and Genesee County continue to experience economic difficulties, the Charter Township's location to Oakland County fuels a favorable economic environment and local indicators point to continued stability and growth.

Major Initiatives

The Charter Township government has been involved in a variety of projects throughout the year. These projects reflect the government's commitment to ensuring that its citizens are able to live and work in an enviable environment. The mission statement of the Charter Township of Grand Blanc is "To provide a safe, caring, and quality community in which to live, work, and play."

To the Citizens of the Charter Township of Grand Blanc
and the Board of Trustees
Grand Blanc, Michigan

Our police department is a progressive full-service law enforcement agency providing 24/7 dispatching and policing services, D.A.R.E., senior citizens call-in, vacation checks, operation identification, K-9 unit, motorcycle unit, and a reconstruction team.

The continued growth of the Charter Township is directly related to the infrastructure capabilities. The total water lines increased 9 miles to 173 miles and the sanitary sewer system increased 4 miles to 219 miles.

A goal from the Charter Township's strategic planning session of 2002 was to prepare the Charter Township for addressing the crowded conditions it was experiencing within the administrative building. With the December 2001 tax millage, the Charter Township had paid in full three water/sewer bonds that had accounted for approximately .4 mills. Following public hearings, the Charter Township Board of Trustees increased the general operating millage .3 mills for the winter of 2002. This additional .3 millage was specifically dedicated for a township civic campus plan. A consultant was retained to assist the Charter Township in determining the needs assessments for its facilities and staff and then to review vacant land for future use capability. In 2003, the consultant worked with a Civic Campus Committee to reduce the possible sites to one. The Charter Township is currently pursuing purchase of this land. Once purchased, an architect will be retained to assist the Charter Township in developing a campus setting and to design the governmental buildings. In 2004, the Charter Township will pay off its last water line bond. The intent of the Board is to increase the General Fund budget by the amount the millage associated with the paid-off bonds had previously generated. The Charter Township is attempting to position itself so that it will have a dedicated tax of approximately .7 mills for any new construction while not raising the total Charter Township tax package.

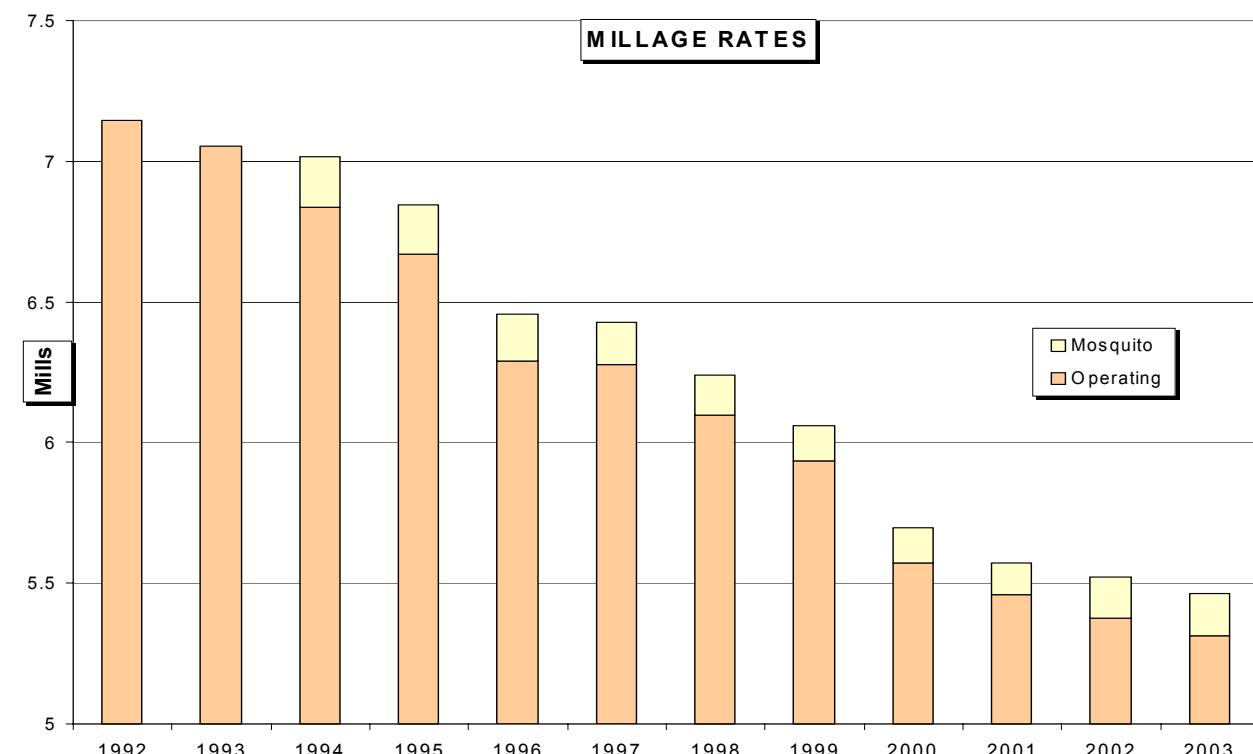
While the Charter Township had initially set aside over \$1 million in 2003 for capital projects/purchases, the Charter Township only spent \$326,000. Seven police cars, a portion for a bike path, park pavilion renovation, and landscaping at the Charter Township park were the major expenditures for 2003. A \$2.7 million balance was moved forward to the 2004 year.

Following the DPW vehicle replacement schedule, the Charter Township purchased one dump truck and two-4WD pickup trucks. The sewer camera truck was paid off in 2003. While the Charter Township purchases its water from Genesee County, it still maintains its well system for backup and/or emergency use.

The Charter Township continued its policy of communication of information to its residents through greatly expanding the use of the website, newsletters, and local newspaper articles.

To the Citizens of the Charter Township of Grand Blanc
and the Board of Trustees
Grand Blanc, Michigan

For the fourteenth consecutive year, the Charter Township Board of Trustees reduced the total Charter Township tax millage. The 2003 Charter Township millage of 5.4618 was 1.1 percent lower than 2002. See the following bar graph.



Mosquito	0	0	.18	.1765	.1678	.1523	.1393	.125	.125	.1154	.15	.15
Operating	7.1441	7.0546	6.8375	6.6693	6.2898	6.2752	6.0994	5.9362	5.5736	5.4583	5.3737	5.3113
Total	7.1441	7.0546	7.0175	6.8458	6.4576	6.4275	6.2387	6.0612	5.6986	5.5737	5.5237	5.4613

Achievements

On July 12, 2003, the Charter Township's police department was awarded recognition and accreditation by C.A.L.E.A. (Commission on Accreditation for Law Enforcement Agencies). This is a nationally prominent award. The department met all applicable policing standards according to its size and function. The standards addressed all areas of administration, operation, and technical activities. A C.A.L.E.A team of assessors did a comprehensive review of all aspects of the police department.

To the Citizens of the Charter Township of Grand Blanc
and the Board of Trustees
Grand Blanc, Michigan

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Charter Township of Grand Blanc for its comprehensive annual financial report for the fiscal year ended December 31, 2002. This was the eighth consecutive year that the Charter Township has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Accounting Systems and Budgetary Control

The Charter Township of Grand Blanc Board of Trustees adopts an annual budget in accordance with the State of Michigan Uniform Budgeting Act, P.A. 621 of 1978. The Charter Township's fiscal year is January through December. The annual budget is adopted each October for the subsequent year. Budgetary controls include the fact that expenditures do not exceed revenues for the year plus beginning fund balance. The Board of Trustees must approve all budget amendments made throughout the fiscal year.

As a recipient of federal and state financial assistance, the Charter Township is responsible for ensuring an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the government.

As part of the Charter Township's audit, tests were made of the government's internal control structure and of its compliance with applicable laws and regulations, including those related to federal financial assistance programs. Results of the Charter Township's 2003 audit provided no instances of material weaknesses in the internal control structure or violations of applicable laws and regulations.

As demonstrated by the statements and schedules included in the financial section of this report, the Charter Township continues to meet its responsibility for sound financial management.

To the Citizens of the Charter Township of Grand Blanc
and the Board of Trustees
Grand Blanc, Michigan

Pension and Postemployment Benefits

The Charter Township of Grand Blanc provides pension programs to its full time employees. All of the general and DPW employees belong to a defined contribution program, whereas the Charter Township contributes a flat percentage of the employee's gross wages to the pension program. The Charter Township has made every payment to the pension program since the beginning of the program (see Note 11). Per the collective bargaining agreement with the Charter Township's patrol officers and dispatchers, their pension program has been transferred to the Michigan Municipal Employees' Retirement System (MMERS), with the Charter Township paying a fixed rate and the employees' rate adjusted per an actuary (see Note 10).

In an effort to address health care costs for future retirees of the Charter Township of Grand Blanc, the Charter Township has established a dedicated Employee Benefits Fund. The intent is to set aside some of the yearly revenues over expenditures into this fund. At some future point in time, the cost of retiree health care would be paid from the investments from this fund. As noted in the fiduciary funds section of the other supplemental information, the Charter Township has \$1,267,837 in this fund as of December 2003.

Deferred Compensation Plan

The Charter Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation funds are not available to employees until termination, retirement, death, or unforeseeable emergency.

Cash Management

The Charter Township operates under the direction of its nationally recognized investment policy and the parameters established by the State of Michigan. The Charter Township's investment policy received two Certifications of Excellence from the Municipal Treasurers Association United States and Canada. For 2003, the Charter Township's investments provided an average yield on all funds of approximately 1.73 percent. Cash temporarily idle during the year was invested in certificates of deposits and demand deposits ranging from 7 days to 120 days to maturity; commercial paper ranging from 19 days to 90 days to maturity; U.S. government instruments; and authorized investment pools. Any uninvested funds in the bank checking accounts were swept into interest-bearing sweep accounts. As checks were presented for payment, monies to cover the checks were transferred from the trust accounts back into the checking accounts. The type of investment and length of investment were determined by the Charter Township's four objectives: safety of capital; liquidity; return on investment; and maintaining the public's trust. Since a large portion of the Charter Township's deposits is not insured and Michigan law does not require collateralization of government deposits, the Charter Township uses a national independent rating service to review and rate depository banks and savings and loan institutions. The status of all financial institutions is reviewed quarterly. The Charter Township Board of Trustees and the public are presented a quarterly comprehensive

To the Citizens of the Charter Township of Grand Blanc
and the Board of Trustees
Grand Blanc, Michigan

investment report identifying all investments and interest earned by type and fund. The report contains comments on economic conditions, investment strategies, and a performance comparison with standard indices.

Risk Management

The Michigan Township Participating Plan covers the Charter Township's liability and the Accident Fund Company covers workers' compensation. United Wisconsin Group covers the employees' disability insurance.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The Charter Township's Board of Trustees selected the firm of Plante & Moran, PLLC. The Charter Township of Grand Blanc met all requirements as set forth by Michigan state statutes. The auditors, in conducting the audit, used auditing standards generally accepted in the United States of America. Plante & Moran, PLLC's report on the basic financial statements is included in the financial section of this report.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance department. I would like to express my appreciation to the Charter Township's finance department for their assistance and input. Additionally, the accounting firm of Plante & Moran, PLLC made substantial contributions in the preparation of this document. Lastly, I wish to acknowledge the Charter Township of Grand Blanc Board of Trustees for their interest and commitment to responsible, prudent, and progressive financial leadership.

Respectfully submitted,



Jeffery L. Cyphert, CPFA
Township Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

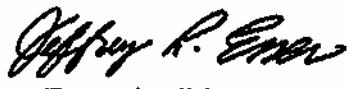
Charter Township of
Grand Blanc, Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President



Executive Director

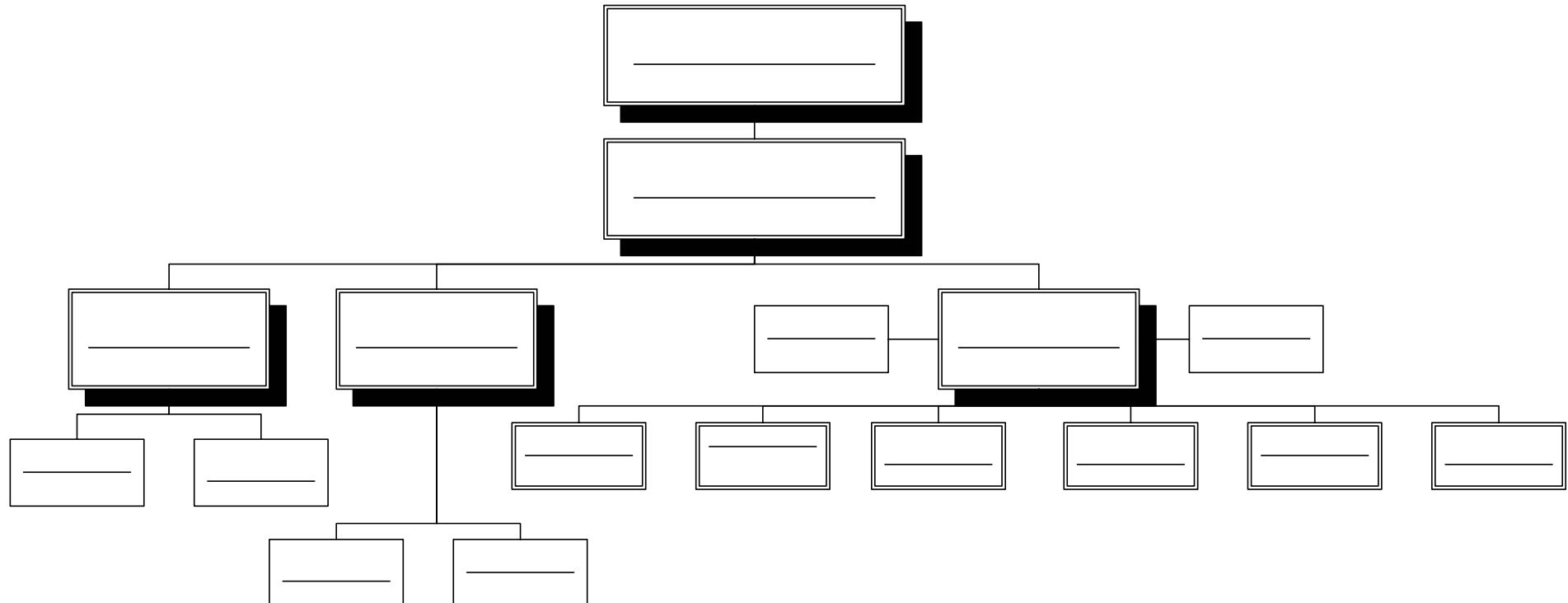
Charter Township of Grand Blanc

List of Principal Officials December 31, 2003

Title	Name
Supervisor	Jeffrey Zittel
Clerk	Lorraine A. Parker
Treasurer	Jeffery L. Cyphert
Board of Trustees	Roger W. Swaim Marilyn M. Hoffman Ann Moss Catherine A. Lane
Finance Director	Jeffery L. Cyphert
DPW Superintendent	Norman R. Riopelle
Police Chief	David Stamm
Fire Chief	James B. Harmes
Assessor	Peggy Nolde
Building Official	Kirk F. Richardson
Parks and Recreation Director	Kae A. Eidson
Planning and Zoning	Keith Edwards
GIS Coordinator	Matt Malone

Charter Township of Grand Blanc

**Charter Township of Grand Blanc
Organization Chart**





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Independent Auditor's Report

To the Board of Trustees
Charter Township of Grand Blanc
Genesee County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Grand Blanc as of and for the year ended December 31, 2003, which collectively comprise the Charter Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Grand Blanc's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Grand Blanc as of December 31, 2003 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis 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 Board of Trustees
Charter Township of Grand Blanc
Genesee County, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Grand Blanc's basic financial statements. The accompanying introductory section, other supplemental information, and statistical section as identified in the table of contents, are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The combining balance sheets and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, budgetary comparison schedules, and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

As described in Note 1, the Charter Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of January 1, 2003. As discussed in Note 1, the Charter Township changed its method of accounting for state-shared revenue.

Plante & Moran, PLLC

April 5, 2004

Charter Township of Grand Blanc

Management's Discussion and Analysis

This section of the Charter Township of Grand Blanc's annual financial report presents our discussion and analysis of the Charter Township's financial performance during fiscal year ended December 31, 2003. Please read it in conjunction with the transmittal letter at the front of this report and the Charter Township's financial statements, which follow this section.

Overview of the Financial Statements

The 2003 Comprehensive Annual Financial Report of the Charter Township of Grand Blanc follows a different format than in previous years. This annual report has been changed to comply with the reporting requirements of the Government Accounting Standards Board Statement No. 34. This annual report consists of five parts - management's discussion and analysis, the basic financial statements, required supplemental information, other supplemental information (which presents combining statements for nonmajor governmental funds and fiduciary funds), and a statistical section. The basic financial statements include two kinds of statements that present different views of the Charter Township. The first two statements are government-wide financial statements that provide both short-term and long-term information about the Charter Township's status. The remaining statements are fund financial statements that focus on individual parts of the Charter Township government, reporting in more detail than the government-wide statements.

Government-wide Statements

The government-wide statements report information about the Charter Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Charter Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid (full accrual).

The two government-wide statements report the Charter Township's net assets and how they have changed. Net assets, the difference between the Charter Township's assets and liabilities, are one means to measure the Charter Township's financial health or position.

The government-wide financial statements of the Charter Township are divided into two categories:

- Government activities - Most of the Charter Township's basic services are included here, such as police, fire protection, public works, recreation and culture, and general administration. Property taxes, state-shared revenue, charges for services, and investment earnings provide most of the funding.
- Business-type activities - The Charter Township charges fees to customers to help it cover the costs of certain services it provides. The Charter Township's water and sewer system is included here.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the Charter Township's most significant funds - not the Charter Township as a whole. Funds are accounting devices that the Charter Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. The Charter Township Board of Trustees establishes other funds to control and manage money for particular purposes (such as the Master Campus Project) or to show that it is properly using certain taxes or grants (such as the Drug Forfeiture Fund).

The Charter Township has three kinds of funds:

- Governmental funds - Most of the Charter Township's basic services are included in the governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter Township's operation.
- Proprietary funds - Services for which the Charter Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long- and short-term financial information. The Charter Township's proprietary fund is the Department of Public Works (DPW) and accounts for the operations of water and sewer services.
- Fiduciary funds - The Charter Township is the trustee, or fiduciary, for ensuring that the assets reported in these funds are used for their intended purposes. All of the Charter Township's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the Charter Township's government-wide financial statements because the Charter Township cannot use these assets to finance its operation.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

Financial Analysis of the Charter Township as a Whole

The Charter Township has combined net assets of \$82 million. This was a total increase of \$5 million or 6.5 percent for 2003. The business-type activities comprised \$71.3 million and government activities accounted for \$10.4 million of total net assets. Future reports will provide comparative data for the statement of activities. Comparative data is not required during the first year of reporting under requirements of GASB No. 34; therefore, a comparative statement of activities is not part of the management's discussion and analysis. However, we felt it was necessary to establish a benchmark for this year's reporting of the effect on the Charter Township's net assets. In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year. All numbers are in thousands.

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
	(in thousands)					
Assets						
Current and other assets	\$ 15,110	\$ 15,995	\$ 7,386	\$ 6,223	\$ 22,496	\$ 22,218
Capital assets	<u>5,779</u>	<u>5,767</u>	<u>65,620</u>	<u>62,872</u>	<u>71,399</u>	<u>68,639</u>
Total assets	20,889	21,762	73,006	69,095	93,895	90,857
Liabilities						
Long-term liabilities outstanding	1,414	1,698	27	151	1,441	1,849
Other liabilities	<u>9,095</u>	<u>10,857</u>	<u>1,626</u>	<u>1,200</u>	<u>10,721</u>	<u>12,057</u>
Total liabilities	10,509	12,555	1,653	1,351	12,162	13,906
Net Assets						
Invested in capital assets - Net of related debt	5,779	5,767	65,617	62,732	71,396	68,499
Restricted	446	464	90	62	536	526
Unrestricted	<u>4,155</u>	<u>2,976</u>	<u>5,646</u>	<u>4,950</u>	<u>9,801</u>	<u>7,926</u>
Total net assets	\$ 10,380	\$ 9,207	\$ 71,353	\$ 67,744	\$ 81,733	\$ 76,951

Both the governmental and business-type activities showed increases for 2003 in total net assets of 12.7 percent and 5.4 percent, respectively. The category changes are minimal and consistent with the prior year.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

Governmental Activities

Revenues for governmental activities totaled \$12 million in 2003. The synopsis of the Charter Township's tax millage for 2003 was 3.9806 for Charter Township operation and master campus plan; .9253 for Charter Township police; .4678 for Charter Township debt; and .1500 for Charter Township mosquito control. Of the total revenues, \$7.1 million or 58.7 percent were in the form of property tax collections. Our residential growth continues to support annual increases in property tax revenues. State-shared revenue contributed 24 percent or \$2.9 million of the total revenues. This area of revenue continues to be of concern as the State of Michigan works at its economic recovery and balancing its budget. All information coming from the state indicates continued reduction in revenue sharing to all governmental entities.

Charges for services represent 10.2 percent of the total revenues. The Charter Township's housing construction provides building permits and inspection fees, which represents 64.1 percent of the charges for services revenue. This is a further example of how growth is positively affecting the Charter Township.

On an encouraging note, the interest on long-term debt of \$25,000 was only .3 percent of the total expenses. Net assets for 2003 increased \$1,173,000.

TABLE 2

	Governmental Activities		Business-type Activities		Total 2003			
	2003		2003					
	(in thousands)							
Revenue								
Program revenue:								
Charges for service	\$ 1,229	\$ 6,570	\$ 7,799					
Operating grants and contributions	285	-	285					
Capital grants and contributions	50	3,451	3,501					
General revenue:								
Property taxes	7,077	166	7,243					
State-shared revenue	2,889	-	2,889					
Unrestricted investment earnings	200	100	300					
Unrestricted fees and other	320	-	320					
Miscellaneous	13	43	56					
Total revenue	12,063	10,330	22,393					

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

TABLE 2 (Continued)

	Governmental		Business-type		Total 2003	
	Activities		Activities			
	2003	2003	(in thousands)			
Expenses						
General government	\$ 2,997	\$ -	\$ -	\$ 2,997		
Public safety	5,465	-	-	5,465		
Public works	1,887	-	-	1,887		
Community and economic development	234	-	-	234		
Recreation and culture	282	-	-	282		
Interest on long-term debt	25	-	-	25		
Water and sewer	-	6,721	-	6,721		
Total expenses	10,890	6,721	-	17,611		
Increase in Net Assets						
	1,173	3,609	-	4,782		
Net Assets - December 31, 2002	9,207	67,744	-	76,951		
Net Assets - December 31, 2003	\$ 10,380	\$ 71,353	\$ 81,733			

Business-type Activities

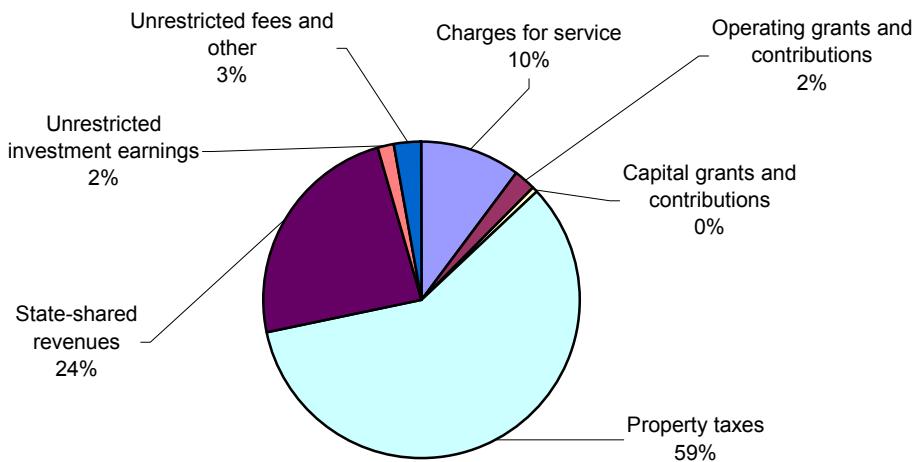
The Charter Township has one business-type activity: the water and sewer system. The Charter Township purchases water from Genesee County and the Charter Township's sewage is pumped to Genesee County treatment facilities. The water and sewer operations are primarily funded by user fees or charges for services. The revenues from charges for services of \$6.6 million covered 97.8 percent of the \$6.7 million of water and sewer expenses. The Charter Township's goal is to have the water and sewer operations self-supporting. The \$3.5 million of capital grants and contributions represents the infrastructure that was donated to the Charter Township by the developers and special assessment districts that were constructing new subdivisions and water and sewer tap in fees. The net assets for business-type activities at the end of 2003 shows an increase of \$3.6 million.

Charter Township of Grand Blanc

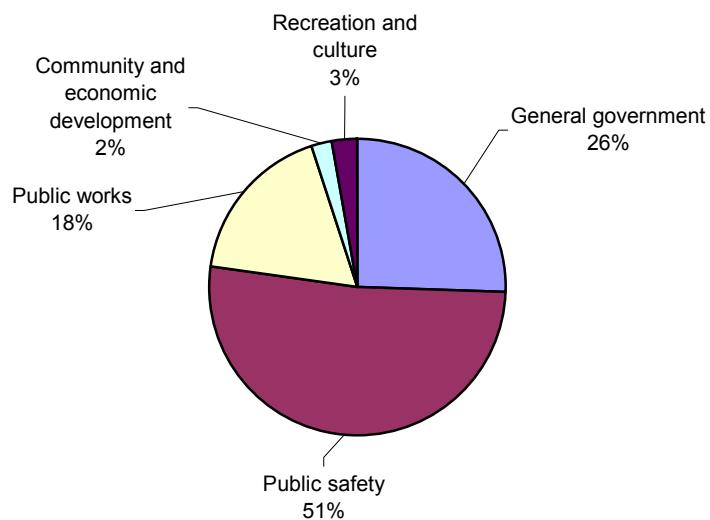
Management's Discussion and Analysis (Continued)

The following pie charts offer a quick view of the revenues and expenses of governmental activities as a percentage of the whole.

TOTAL REVENUES



TOTAL EXPENSES



Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

Capital Assets

The Charter Township has combined capital assets of approximately \$71,396,000. The following schedule provides a summary of the capital assets, net of accumulated depreciation for 2002 and 2003. Numbers are in thousands.

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
	(in thousands)					
Land	\$ 1,480	\$ 1,479	\$ 42	\$ 42	\$ 1,522	\$ 1,521
Buildings and improvements	3,055	3,144	401	410	3,456	3,554
Furniture and equipment	697	758	2,042	1,886	2,739	2,644
Water and sewer distribution systems	-	-	62,187	59,657	62,187	59,657
Vehicles	548	385	944	877	1,492	1,262
 Total	 \$ 5,780	 \$ 5,766	 \$ 65,616	 \$ 62,872	 \$ 71,396	 \$ 68,638

There was minimal change to land, buildings and improvement, and furniture and equipment categories. As noted earlier, the Charter Township did receive donated sewer and water line infrastructure. In the vehicles category, the police department received seven new vehicles for the governmental activities and the DPW received a new dump truck and two 4WD pickups for the business-type activities.

Long-term Debt

The notes to the financial statements indicate that the Charter Township has a total of \$1,440,847 in governmental and business activity debt. Of this debt, 22.9 percent is related to employee-compensated absences. The Charter Township has \$455,187, or 31.6 percent, of the debt as part of outstanding water line construction bonds that will be paid off in 2004. The Charter Township has a policy of assisting in financing road improvements within the Charter Township that are completed by the Genesee County Road Commission. These obligations are then paid over a 10-year period. As of the end of 2003, the Charter Township's road improvement debt obligation was \$526,365. The Charter Township's debt represents 2 percent of total net assets of governmental activities and business-type activities.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

The Charter Township's Nonmajor Governmental Funds

Beginning on page 52 of this report, there is a summary of three types of nonmajor governmental funds:

- Special Revenue Funds - These funds were established to meet specific requirements or needs that would allow the Charter Township to track specific revenues and expenditures. Three of the funds are self-explanatory. The Bicentennial Park Fund was established to track revenues from a cell tower located on Charter Township property that is used by the local parks and recreation department. Parks and recreation have exclusive use of these revenues.
- Capital Projects Funds - These funds identify specific capital projects and track the related expenditures. For the Master Campus Project, the Charter Township Board has identified specific tax revenues for new Charter Township facility design and construction.
- Permanent Funds - The Charter Township is responsible for two cemeteries. These funds identify the principal monies and the investment revenue that is expendable for maintenance.

Financial Analysis of Charter Township Funds and Budgets

The following budget analysis comes from the data provided in the budgetary comparison schedules - General Fund on pages 47 and 48 of this report. The Charter Township exceeded its total budgeted revenues for 2003 by 6.5 percent, or \$322,000, even though there were two major revenue shortfall areas. A 33 percent reduction from budget in building permits was a result of a lawsuit, short building moratorium, and slow-down of issuing new building permits pending a "bolt" study.

In 2002, the Charter Township Board increased the tap-in fees for both water and sewer \$1,000. During 2003, the Genesee County Builders Association brought a suit against the Charter Township claiming that the Charter Township did not show proper justification for the fee increase. During the course of the court proceedings, the Charter Township put a moratorium on new construction. This helped bring the lawsuit to fruition. An agreement was reached that the Charter Township would hire outside consultant services to assist in determining the current and future water and sewer infrastructure needs. From this, our engineering and auditing firm would be utilized to assist in establishing a tap-in fee structure. The study and capacity software modeling will be completed in 2004.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

The low interest rates for short-term government backed investments continued to have a negative effect on investment revenue. The good news is that we had overestimated the loss of state revenue sharing for 2003. At the time our 2003 budget was being approved by the Charter Township Board, we were aware that the state was going to cut revenue sharing 3 percent and very possibly more during 2003. Revenue sharing has become very difficult to correctly budget due to the State of Michigan's adjustments during the course of its budget year and the growth of our Charter Township. However, the financial statements show that revenue sharing came in over budget due to the change in accounting method for recognizing the revenue, as discussed in Note I to the financial statements.

The Charter Township had five departments that were over budget for expenditures. Three of the departments were less than 2 percent over budget. The clerk's office was required to purchase new voting machines that had not been previously budgeted. This caused this department to exceed budget by \$25,581. The office building incurred some unbudgeted repairs for 2003 thus causing building and grounds to exceed their budget by \$7,105. Of the departments that were under budget, most of the variance was due to temporary staffing vacancy or employee use of workers' compensation or sick leave. The actual expenditures for the operation of the general government were \$148,720 less than budgeted or a variance of 6.1 percent. With the sudden retirement of the finance director in November 2003, some of the end of the year department budget adjustments were not presented to the Charter Township Board for approval.

The net effect for 2003 shows an excess of revenues over expenditures prior to transfers out of \$988,819. After transfers out of \$1,000,712, expenditures exceeded revenues and other financing uses by \$11,893. This decreased the Charter Township's General Fund balance to \$1,018,296.

The Charter Township had set aside approximately \$655,000 in the Capital Projects Fund for its part in road maintenance and paving in 2003. All engineering and construction oversight is performed by the Genesee County Road Commission, which ultimately has responsibility for the roads within the Charter Township. A schedule could not be worked out with the Genesee County Road Commission for any of the projects. All the slated projects have been pushed forward to 2004.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

Current Economic Conditions

The general Charter Township operations have two major funding sources and a number of smaller sources. Taxes and state revenue sharing constitute the major funding sources with 52 percent and 29 percent of the total Charter Township General Fund revenue, respectively. The demand for new housing has continued to keep the Charter Township as the number one governmental entity for permits issued in Genesee County for the seventh year in a row. Housing plats that have had initial approval from the Charter Township Board yet have not been developed equate to approximately 6,000 lots. Continued housing opportunity is available. Even with the moratorium and slow down, there were 326 new housing permits issued. The statistical section shows that the Charter Township's taxable value has increased an average of 8.5 percent per year for the last 10 years. The \$81.5 million increase for 2003 equated to an 8.1 percent increase over 2002.

Two separate commercial developers placed options to purchase 80 acres and 75 acres of land within the Charter Township. Both are looking at developing their land via the Planned Urban Development (PUD) concept. One has received the initial Charter Township Board PUD concept approval for a \$100,000,000 commercial development. This would generate almost \$300,000 in new taxes for the Charter Township. The second developer has submitted plans but as of this writing has not petitioned the Board for the PUD approval.

The Charter Township, similar to other municipalities, is wrestling with major increases in health care for its employees. Over 90 percent of its employees are unionized and all their contracts are currently pending renegotiation. An effort is being made to reduce the number of health care carriers and adjust the prescription co-pay to better position the Charter Township as these benefit areas increase in cost. The Charter Township continues to increase the balance of funds set aside for retirees' health care in the Employee Benefits Fund. The Charter Township's intent is to have a self-supporting fund for retiree's health care costs.

As stated earlier, the Charter Township will be paying off three water line construction bonds in 2004. This will reduce the bond debt millage approximately .41 mills. The Charter Township Board intends to increase its general operating millage .41 mills for the winter 2004 tax collection and dedicate this additional revenue to the Master Campus Plan. Combining this millage with the dedicated .30 mills increase in 2002 will produce approximately \$800,000+ annually. This would give the Charter Township a solid base to borrow monies for the construction of a new police station, Charter Township hall, DPW facility, and an upgraded fire station. The Charter Township is addressing its facility needs, yet not increasing the total Charter Township millage to its residents. The Charter Township Board believes this is a very prudent means of addressing the shrinking office space and an outdated building.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

In light of the builders' lawsuit, health care issues, demand for additional office space, and difficult economic conditions for the State of Michigan, this report indicates that the Charter Township continues to expand its already strong financial base with another positive year. The Charter Township has reduced long-term debt by 31.7 percent, increased the total governmental fund balance by 14 percent, increased governmental net assets 12.7 percent, and decreased the total Charter Township property taxes millage rate 1.1 percent.

Contacting the Charter Township's Financial Management

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the Charter Township's finances and to show the Charter Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the treasurer at the Charter Township of Grand Blanc, P.O. Box 1833, 5371 S. Saginaw St., Grand Blanc, MI 48439, or visit our website at www.twp.grand-blanc.mi.us.

Charter Township of Grand Blanc

Charter Township of Grand Blanc

Statement of Net Assets December 31, 2003

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 5,339,781	\$ 4,262,125	\$ 9,601,906
Investments (Note 3)	1,260,847	400,241	1,661,088
Receivables - Net:			
Property taxes	5,065,734	127,859	5,193,593
Customers	822,364	1,931,018	2,753,382
Receivables billed on tax roll	-	275,795	275,795
Tap-in assessment receivables	-	416,710	416,710
Other	43,294	-	43,294
Due from other governmental units	969,776	-	969,776
Internal balances	24,779	(24,779)	-
Investments in joint ventures:			
Fire commission (Note 12)	1,459,526	-	1,459,526
Parks and recreation (Note 12)	124,351	-	124,351
Capital assets - Net (Note 4):			
Nondepreciable capital assets	1,480,422	42,065	1,522,487
Depreciable capital assets - Net	4,298,482	65,574,966	69,873,448
Total assets	20,889,356	73,006,000	93,895,356
Liabilities			
Accounts payable	360,401	1,496,315	1,856,716
Accrued and other liabilities	591,159	129,285	720,444
Due to other governmental units	358,030	-	358,030
Deferred revenue	7,786,230	-	7,786,230
Noncurrent liabilities (Note 6):			
Due within one year	586,369	-	586,369
Due in more than one year	827,287	27,191	854,478
Total liabilities	10,509,476	1,652,791	12,162,267
Net Assets			
Invested in capital assets - Net of related debt	5,778,904	65,617,031	71,395,935
Restricted:			
Solid waste	184,936	-	184,936
Drug forfeiture	485	-	485
Law enforcement	26,033	-	26,033
PEG Channel Grant	60,579	-	60,579
Oakwood Cemetery Fund	44,514	-	44,514
Perry Cemetery Fund	129,790	-	129,790
Mosquito spraying	-	90,158	90,158
Unrestricted	4,154,639	5,646,020	9,800,659
Total net assets	\$ 10,379,880	\$ 71,353,209	\$ 81,733,089

Charter Township of Grand Blanc

	Program Revenues			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
		Expenses	Contributions	
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 2,997,262	\$ 82,762	\$ 34,991	\$ -
Public safety	5,464,514	1,043,899	122,867	-
Public works	1,886,488	5,312	126,973	50,000
Community and economic development	234,370	81,793	-	-
Recreation and culture	282,174	15,600	-	-
Interest on long-term debt	24,917	-	-	-
Total governmental activities	10,889,725	1,229,366	284,831	50,000
Business-type activities - Water and sewer	6,720,937	6,569,818	-	3,450,976
Total primary government	\$ 17,610,662	\$ 7,799,184	\$ 284,831	\$ 3,500,976

General revenues:

Property taxes
State-shared revenues
Unrestricted investment earnings
Unrestricted fees and other
Miscellaneous
Transfers

Total general revenues and transfers

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

Statement of Activities
Year Ended December 31, 2003

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,879,509)	\$ (2,879,509)	
(4,297,748)	-	(4,297,748)
(1,704,203)	-	(1,704,203)
(152,577)	-	(152,577)
(266,574)	-	(266,574)
<u>(24,917)</u>	<u>-</u>	<u>(24,917)</u>
 (9,325,528)	 -	 (9,325,528)
 <u>-</u>	 <u>3,299,857</u>	 <u>3,299,857</u>
 (9,325,528)	 3,299,857	 (6,025,671)
 7,077,377	 166,286	 7,243,663
2,889,369	-	2,889,369
199,823	100,325	300,148
319,563	-	319,563
12,731	42,760	55,491
 <u>-</u>	 <u>-</u>	 <u>-</u>
 <u>10,498,863</u>	 <u>309,371</u>	 <u>10,808,234</u>
 1,173,335	 3,609,228	 4,782,563
 <u>9,206,545</u>	 <u>67,743,981</u>	 <u>76,950,526</u>
 <u>\$ 10,379,880</u>	 <u>\$ 71,353,209</u>	 <u>\$ 81,733,089</u>

Charter Township of Grand Blanc

Governmental Funds Balance Sheet December 31, 2003

	Major Special Revenue Fund		Major Debt Service Fund		Other Nonmajor Governmental Funds	Total Governmental Funds		
			Water and Sewer Debt Service Fund					
	General Fund	Solid Waste Fund						
Assets								
Cash and cash equivalents (Note 3)	\$ 4,323,009	\$ 691,703	\$ 273,021	\$ 52,048	\$ 5,339,781			
Investments (Note 3)	1,138,591	-	-	122,256	1,260,847			
Receivables:								
Taxes	4,698,678	-	367,056	-	5,065,734			
Customers	-	822,364	-	-	822,364			
Other	43,294	-	-	-	43,294			
Due from other governmental units	969,776	-	-	-	969,776			
Due from other funds (Note 5)	24,779	-	-	2,977,304	3,002,083			
Total assets	\$ 11,198,127	\$ 1,514,067	\$ 640,077	\$ 3,151,608	\$ 16,503,879			
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 175,147	\$ 101,294	\$ -	\$ 83,960	\$ 360,401			
Accrued and other liabilities	588,252	-	-	-	588,252			
Due to other funds (Note 5)	2,977,304	-	-	-	2,977,304			
Due to other governmental units	358,030	-	-	-	358,030			
Deferred revenue	6,081,098	1,227,837	477,295	-	7,786,230			
Total liabilities	10,179,831	1,329,131	477,295	83,960	12,070,217			
Fund Balances								
Reserved for:								
Solid waste activities	-	184,936	-	-	184,936			
Cable TV activities	-	-	-	60,579	60,579			
Law enforcement	-	-	-	26,518	26,518			
Cemetery:								
Unexpendable	-	-	-	105,627	105,627			
Expendable	-	-	-	68,677	68,677			
Unreserved, reported in:								
General Fund	1,018,296	-	-	-	1,018,296			
Special Revenue Funds	-	-	-	6,624	6,624			
Debt Service Fund	-	-	162,782	-	162,782			
Capital Projects Funds:								
Designated (Note 7)	-	-	-	2,649,441	2,649,441			
Undesignated	-	-	-	150,182	150,182			
Total fund balances	1,018,296	184,936	162,782	3,067,648	4,433,662			
Total liabilities and fund balances	\$ 11,198,127	\$ 1,514,067	\$ 640,077	\$ 3,151,608	\$ 16,503,879			

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	5,778,904
Interest payable is not accrued in the funds	(2,907)
Investment in joint ventures are not included as an asset in the governmental funds	1,583,877
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(1,111,552)
Compensated absences and are not due and payable in the current period and are not reported in the funds	(302,104)
Net assets of governmental activities	\$ 10,379,880

Charter Township of Grand Blanc

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2003

	Major Revenue Fund	Special	Major Debt	Other	Total
		Service Fund	Water and		
		Solid	Sewer Debt		
	General Fund	Waste Fund	Service Fund	Funds	Funds
Revenue					
Property taxes (Note 8)	\$ 5,427,667	\$ -	\$ 481,660	\$ -	\$ 5,909,327
Licenses and permits	1,216,745	-	-	-	1,216,745
State sources	3,016,237	-	-	-	3,016,237
Charges for services	-	1,168,050	-	-	1,168,050
Fines, forfeitures, and seizures	126,275	-	-	11,214	137,489
Investment income	123,202	6,773	733	69,112	199,820
Other	316,098	-	639	100,594	417,331
 Total revenue	 10,226,224	 1,174,823	 483,032	 180,920	 12,064,999
Expenditures					
General government	2,278,345	90	-	-	2,278,435
Public safety	5,727,792	-	-	15,820	5,743,612
Public services	1,231,268	1,287,575	-	-	2,518,843
Other current services	-	-	4,599	161,131	165,730
Capital outlay	-	-	-	330,006	330,006
Debt service:					
Principal	-	-	455,188	-	455,188
Interest and other charges	-	-	27,630	-	27,630
 Total expenditures	 9,237,405	 1,287,665	 487,417	 506,957	 11,519,444
 Excess of Revenue Over (Under) Expenditures	 988,819	 (112,842)	 (4,385)	 (326,037)	 545,555
Other Financing Sources (Uses)					
Transfer in from General Fund	-	-	-	1,000,712	1,000,712
Transfer out to Master Campus Fund	(300,712)	-	-	-	(300,712)
Transfer out to Capital Projects Fund	(700,000)	-	-	-	(700,000)
 Total other financing sources (uses)	 (1,000,712)	 -	 -	 1,000,712	 -
 Net Change in Fund Balances	 (11,893)	 (112,842)	 (4,385)	 674,675	 545,555
 Fund Balances - Beginning of year	 1,030,189	 297,778	 167,167	 2,392,973	 3,888,107
 Fund Balances - End of year	 <u>\$ 1,018,296</u>	 <u>\$ 184,936</u>	 <u>\$ 162,782</u>	 <u>\$ 3,067,648</u>	 <u>\$ 4,433,662</u>

Charter Township of Grand Blanc

Governmental Funds

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2003

Net Change in Fund Balances - Total Governmental Funds	\$ 545,555
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	11,885
Interest expense is recorded when incurred in the statement of activities	3,396
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	586,370
Increase in accumulated employee sick, vacation, and personal pay are recorded when earned in the statement of activities	(31,903)
Investment in Joint Venture Fire Commission is not included in funds	58,032
Change in Net Assets of Governmental Activities	<u>\$ 1,173,335</u>

Charter Township of Grand Blanc

Proprietary Fund Statement of Net Assets December 31, 2003

Enterprise Fund -
Department of
Public Works

Assets

Current assets:

Cash and cash equivalents (Note 3)	\$ 4,262,125
Investments (Note 3)	400,241
Receivables:	
Property taxes	127,859
Customer usage billings	1,931,018
Receivables billed on tax roll	<u>275,795</u>
Total current assets	6,997,038

Noncurrent assets:

Tap-in assessments receivable - Net of current portion	416,710
Nondepreciable capital assets (Note 4)	42,065
Depreciable capital assets - Net (Note 4)	<u>65,574,966</u>
Total noncurrent assets	66,033,741
Total assets	73,030,779

Liabilities

Current liabilities:

Accounts payable	1,496,315
Due to General Fund	24,779
Accrued and other liabilities	<u>129,285</u>
Total current liabilities	1,650,379
Noncurrent liabilities - Compensated absences (Note 6)	<u>27,191</u>
Total liabilities	1,677,570

Net Assets

Invested in capital assets - Net of related debt	65,617,031
Restricted for mosquito spraying	90,158
Unrestricted	<u>5,646,020</u>
Total net assets	<u>\$ 71,353,209</u>

Charter Township of Grand Blanc

Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Assets

		Enterprise Fund - Department of Public Works	
		Year Ended December 31	
		2003	2002
Operating Revenue			
Sewage disposal		\$ 3,467,972	\$ 3,388,824
Water sales		2,784,542	2,555,504
Water meters		129,032	212,209
Penalties and other charges for services		<u>173,409</u>	<u>153,895</u>
Total operating revenue		6,554,955	6,310,432
Operating Expenses			
Cost of sewage disposal		2,123,294	2,147,061
Cost of water		2,054,948	2,128,152
Depreciation (Note 4)		942,851	865,290
General and administrative		<u>1,452,076</u>	<u>1,330,145</u>
Total operating expenses		6,573,169	6,470,648
Operating Loss		(18,214)	(160,216)
Nonoperating Revenue (Expenses)			
Interest income		100,312	109,978
Loss on sale of assets		-	(4,948)
Property tax revenue (Note 8)		166,315	155,306
Interest expense		(9,799)	(13,794)
Mosquito spraying		<u>(137,969)</u>	<u>(106,210)</u>
Total nonoperating revenues		118,859	140,332
Net Gain (Loss) - Before capital contributions		100,645	(19,884)
Capital Contributions		3,508,583	5,263,058
Change in Net Assets		3,609,228	5,243,174
Net Assets - Beginning of year, as restated (Note 1)		<u>67,743,981</u>	<u>62,500,807</u>
Net Assets - End of year		<u>\$ 71,353,209</u>	<u>\$ 67,743,981</u>

Charter Township of Grand Blanc

Proprietary Fund Statement of Cash Flows Year Ended December 31, 2003

	Enterprise Fund - Department of Public Works
Cash Flows from Operating Activities	
Receipts from customers	\$ 6,407,755
Payments to suppliers	(4,209,834)
Payments to employees	(1,071,360)
Other receipts	<u>173,409</u>
Net cash provided by operating activities	1,299,970
Cash Flows from Noncapital Related Financing Activities - Collection of mosquito assessment	166,315
Cash Flows from Capital and Related Financing Activities	
Collection of customer assessments (principal and interest)	1,484,697
Purchase of capital assets	(1,557,095)
Federal grant for water main construction	14,387
Principal and interest paid on installment contracts	<u>(150,013)</u>
Net cash used in capital and related financing activities	(208,024)
Cash Flows from Investing Activities	
Interest received on investments	100,312
Purchase of investment securities	<u>614,021</u>
Net cash provided by investing activities	714,333
Net Increase in Cash and Cash Equivalents	1,972,594
Cash and Cash Equivalents - Beginning of year	<u>2,289,531</u>
Cash and Cash Equivalents - End of year	<u>\$ 4,262,125</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (18,214)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	942,851
Cost of mosquito spraying	(137,970)
Changes in assets and liabilities:	
Receivables	26,209
Other assets	9,800
Due from other governmental units	10,556
Accounts payable	412,091
Accrued and other liabilities	59,276
Due to/from other funds	<u>(4,629)</u>
Net cash provided by operating activities	<u>\$ 1,299,970</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2003, the Department of Public Works Fund received \$2,130,490 of lines donated by developers.

Charter Township of Grand Blanc

**Fiduciary Funds
Statement of Net Assets
December 31, 2003**

	Pension and Other Employee Benefits	Trust Funds	Agency Fund
Assets			
Cash and cash equivalents (Note 3)	\$ 73,157	\$ 3,542,285	
Investments (Note 3):			
Certificate of deposits	106,814		
Mutual funds	1,901,153		
Limited partnerships	37,200		
Corporate bonds	840,097		
Government securities	1,043,200		
Other receivables	300,712		
Total assets	4,302,333	<u>\$ 3,542,285</u>	
Liabilities - Undistributed tax collections			
	-	<u>\$ 3,542,285</u>	
Net Assets - Held in trust for pension and other employee benefits			
	<u>\$ 4,302,333</u>		

Charter Township of Grand Blanc

Fiduciary Funds
Statement of Changes in Net Assets
Pension and Other Employee Benefits Trust Funds
Year Ended December 31, 2003

Additions

Investment income:	
Interest and dividends	\$ 147,870
Net increase in fair value of investments	<u>209,497</u>
Net investment income	357,367
Contributions - Employer	<u>476,119</u>
Total additions	833,486

Deductions

Benefit payments	128,009
Administrative expenses	<u>19,807</u>
Total deductions	<u>147,816</u>

Net Increase

Net Assets Held in Trust for Pension and Other Employee Benefits	685,670
Beginning of year	<u>3,616,663</u>
End of year	<u>\$ 4,302,333</u>

Charter Township of Grand Blanc

Notes to Financial Statements **December 31, 2003**

Note I - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Grand Blanc (the "Charter 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:

Reporting Entity

The Charter Township is governed by an elected seven-member Board of Trustees. The accompanying financial statements present the Charter Township of Grand Blanc. There are no component units to be included in these financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement activities) report information on all of the nonfiduciary activities of the primary government. 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.

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.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

Note I - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds. 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.

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 Charter 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, 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. All other revenue items are considered to be available only when cash is received by the Charter Township.

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 Charter Township reports the following major governmental funds:

General Fund - The General Fund is the Charter 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.

Solid Waste Fund - The Solid Waste Fund accounts for the operations of a residential and commercial rubbish collection disposal system, primarily transportation to a privately owned and operated landfill. Funding is provided primarily through a property tax levy.

Charter Township of Grand Blanc

Notes to Financial Statements **December 31, 2003**

Note I - Summary of Significant Accounting Policies (Continued)

Water and Sewer Debt Service Fund - The Water and Sewer Debt Service Fund accounts for the proceeds of property taxes that are earmarked for debt service.

The Township reports the following major proprietary fund:

Department of Public Works - The Department of Public Works Fund is used to account for the results of operations that provide water and sewer services to residents, financed primarily by a user charge for the provision of those services.

Additionally, the Township reports the following fund types:

Permanent Funds - The Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Charter Township's programs.

Pension and Other Employee Benefits Trust Fund - The Pension and Other Employee Benefits Trust Funds accounts for the activities of employee benefit plans which accumulates resources for pension and other postemployment benefit payments to qualified employees.

Agency Fund - 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.

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 Charter 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 Charter Township's water and sewer function and various other functions of the Charter Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Charter Township of Grand Blanc

Notes to Financial Statements **December 31, 2003**

Note I - Summary of Significant Accounting Policies (Continued)

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.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Charter Township's proprietary fund relates to charges to customers for sales and services. The Department of Public Works 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. See Note 8 for more information on property tax revenue.

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." 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. 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.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

Note I - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Charter Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two one years. 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.

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

Buildings and improvements	10 to 50 years
Vehicles	7 to 10 years
Furniture and equipment	5 to 20 years
Water and sewer distribution systems	60 to 99 years

Compensated Absences (Vacation, Sick, and Personal Leave) - It is the Charter Township's policy to permit employees to accumulate earned but unused sick, vacation, and personal pay benefits. All sick, vacation, and personal pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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.

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.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

Note I - Summary of Significant Accounting Policies (Continued)

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.

Comparative Data/Reclassifications - Comparative total data for the prior year has been presented only for individual enterprise funds and certain governmental funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Accounting and Reporting Changes

GASB Statement No. 34 - In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The Charter Township of Grand Blanc has applied the provisions of this statement in the accompanying financial statements (including the notes to the financial statements). Certain significant changes in the statement include the following:

- A management's discussion and analysis (MD&A) section providing an analysis of the Charter Township's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the Charter Township's activities
- A change in the fund financial statements to focus on the major funds
- Capital assets in the governmental activities column of the statement of net assets includes assets totaling approximately \$8,421,155 that would previously have been reported in the General Fixed Assets Account Group.
- The governmental activities column includes bonds and other long-term obligations totaling \$1,968,123 previously reported in the General Long-term Debt Account Group.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition - The Charter Township changed its method of accounting for state-shared revenue. Beginning in 2003, state-shared revenue collected within 60 days of the end of the current fiscal period is recognized as revenue in the current period. Previously, the Charter Township accrued state-shared revenue collected within 30 days of the end of the current fiscal period.

Correction of Prior Periods - The Charter Township restated the December 31, 2001 net assets of the Department of Public Works Fund as follows:

Net Assets - December 31, 2001 - As previously reported

Reported as retained earnings	\$ 7,308,388
Reported as contributed capital	35,493,753
Adjustment to account for water and sewer lines donated to the Charter Township in previous years	20,092,064
Adjustment to accrue for water and sewer units purchased	<u>(393,398)</u>
Net Assets - December 31, 2001 - As restated	<u>\$ 62,500,807</u>

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Charter 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 Charter 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 shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall - January 1, 2003	\$ (25,036)
Building permit revenue	693,177

Related expenses:

Direct costs	\$ 810,059
Estimated indirect costs	121,509

Total construction code expenses	<u>931,568</u>
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Cumulative shortfall - December 31, 2003	<u>\$ (263,427)</u>
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Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

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. The Charter Township has designated eight 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, bank accounts, and CDs, but not the remainder of state statutory authority as listed above. To the extent that cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in the pool, except that Agency Fund investment earnings are allocated to the General Fund as provided by Michigan law.

The Charter Township of Grand Blanc's deposits and investment policies are in accordance with statutory authority.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary Funds
Cash and cash equivalents	\$ 5,339,781	\$ 4,262,125	\$ 9,601,906	\$ 3,615,442
Investments	<u>1,260,847</u>	<u>400,241</u>	<u>1,661,088</u>	<u>3,928,464</u>
 Total	 <u>\$ 6,600,628</u>	 <u>\$ 4,662,366</u>	 <u>\$ 11,262,994</u>	 <u>\$ 7,543,906</u>

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

Note 3 - Deposits and Investments (Continued)

The breakdown between deposits and investments for the Charter Township is as follows:

	Primary Government	Fiduciary Funds
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 8,817,543	\$ 504,211
Investments in securities, mutual funds, and similar vehicles	2,444,601	7,039,695
Petty cash or cash on hand	850	-
Total	\$ 11,262,994	\$ 7,543,906

Deposits

The bank balance of the Charter Township's deposits is \$6,384,542, of which \$500,000 is covered by federal depository insurance. The remainder was uninsured and uncollateralized. The Charter 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 Charter Township evaluated each financial institution with which it deposits Charter Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

The Pension Trust Fund is also 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 pension fund investments in DaimlerChrysler North American Bonds, General Motors Acceptance Corporation Smartnotes, American High Income Trust Class A, Capital World Growth and Income Class A, and ICON Industrials Fund currently exceeds 5 percent of total plan assets.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

Note 3 - Deposits and Investments (Continued)

Investments are categorized into these three categories of credit risk:

Category 1 - Insured or registered, with securities held by the Charter Township or its agent in the Charter Township's name;

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Charter Township's name; and

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Charter Township's name.

At year end, the Charter Township's investment balances were categorized as follows:

	Category			Reported Amount (Fair Value)
	1	2	3	
Primary government:				
Common stock	\$ -	\$ 102,824	\$ -	\$ 102,824
Commercial paper	-	1,538,833	-	1,538,833
Subtotal	-	1,641,657	-	1,641,657
Investments not subject to categorization:				
Interlocal agreement investment pool	-	-	-	48,775
Bank investment pools	-	-	-	754,169
Total primary government	\$ -	\$ 1,641,657	\$ -	\$ 2,444,601
Fiduciary funds:				
Corporate bonds	\$ -	\$ 840,097	\$ -	\$ 840,097
Government securities	-	1,043,200	-	1,043,200
Subtotal	-	1,883,297	-	1,883,297
Investments not subject to categorization:				
Bank investment pools	-	-	-	3,218,045
Mutual funds	-	-	-	1,901,153
Limited partnerships	-	-	-	37,200
Total fiduciary funds	\$ -	\$ 1,883,297	\$ -	\$ 7,039,695

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

Note 3 - Deposits and Investments (Continued)

Included in the Charter Township's investments at the balance sheet date are the following:

- Approximately \$1,004,000 of collateralized mortgage obligations (or obligations of the Federal National Mortgage Association). These investments are usually not backed by the full faith and credit of the U.S. government, but are generally considered to offer modest credit risks. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable years.

Note 4 - Capital Assets

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

	Balance January 1, 2003		Disposals and Additions	Balance December 31, 2003
Governmental Activities				
Capital assets not being depreciated -				
Land	\$ 1,479,462	\$ 960	\$ -	\$ 1,480,422
Capital assets being depreciated:				
Buildings and improvements	4,206,917	40,576	-	4,247,493
Vehicles	979,595	277,485	256,424	1,000,656
Furniture and equipment	1,755,181	127,683	-	1,882,864
Subtotal	6,941,693	445,744	256,424	7,131,013
Accumulated depreciation:				
Buildings and improvements	1,062,702	130,669	-	1,193,371
Vehicles	595,380	102,833	244,802	453,411
Furniture and equipment	996,054	189,695	-	1,185,749
Subtotal	2,654,136	423,197	244,802	2,832,531
Net capital assets being depreciated	4,287,557	22,547	11,622	4,298,482
Net governmental capital assets	\$ 5,767,019	\$ 23,507	\$ 11,622	\$ 5,778,904

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

Note 4 - Capital Assets (Continued)

	Balance January 1, 2003	Additions	Disposals and Adjustments	Balance December 31, 2003
Business-type Activities				
Capital assets not being depreciated -				
Land	\$ 42,065	\$ -	\$ -	\$ 42,065
Capital assets being depreciated:				
Water and sewer distribution systems	69,968,293	3,176,868	-	73,145,161
Buildings and improvements	516,453	-	-	516,453
Vehicles	1,307,787	193,289	36,622	1,464,454
Furniture and equipment	2,897,056	317,427	-	3,214,483
Subtotal	74,689,589	3,687,584	36,622	78,340,551
Accumulated depreciation:				
Water and sewer distribution systems	10,310,578	646,968	-	10,957,546
Buildings and improvements	106,068	9,386	-	115,454
Vehicles	431,415	125,546	36,622	520,339
Furniture and equipment	1,011,296	160,950	-	1,172,246
Subtotal	11,859,357	942,850	36,622	12,765,585
Net capital assets being depreciated	62,830,232	2,744,734	-	65,574,966
Net business-type capital assets	\$ 62,872,297	\$ 2,744,734	\$ -	\$ 65,617,031

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

Governmental activities:	
General government	\$ 209,043
Public safety	169,248
Economic development	3,747
Recreation and culture	41,159
Total governmental activities	\$ 423,197
Business-type activities - Water and sewer	\$ 942,851

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

Note 4 - Capital Assets (Continued)

Construction Commitments - The Charter Township has one active construction project at year end. The project is the Presidential Street water main project. At year end, the Charter Township's commitment with contractors is as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Presidential Street water main	\$ 531,710	\$ 141,829

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From	Amount
General Fund	Department of Public Works	\$ 24,779
Nonmajor governmental fund - Capital Projects Fund	General Fund	2,733,401
Other nonmajor governmental funds	General Fund	243,903
		<u>2,977,304</u>
Total		\$ <u>3,002,083</u>

The balance owed from the General Fund to the Capital Projects Fund represents the cumulative amount transferred from the General Fund to the Capital Projects Fund over that Fund's lifetime. The General Fund continues to hold the cash and investments so that it may continue to earn interest on these funds. The other 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 Resources	Fund Receiving Resources	Amount
General Fund	Capital Projects Fund	\$ 700,000
General Fund	Master Campus Fund	300,712
Total		\$ <u>1,000,712</u>

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

The transfers from the General Fund to the Capital Projects Fund and Master Campus Fund represent transfers of unrestricted resources to finance capital projects.

Note 6 - Long-term Debt

The Charter Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Charter Township. County contractual agreements and installment purchase agreements are also general obligations of the government.

The special assessment obligations represent the financing of road improvements done by the Genesee County Road Commission that benefit certain districts within the Charter Township; these districts are assessed, at least in part, for the cost of the improvements. The remaining cost is split between the Road Commission and the Charter Township. The Charter Township funds its portion of the cost annually from General Fund revenues. No additional funds have been set aside for the future payment of this debt. Other long-term obligations include compensated absences.

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Governmental Activities						
Other governmental obligations -						
Special assessment at-large road districts of the Genesee County Road Commission						
Amount of issue: \$1,371,149	3.8% -	\$2,210 -	\$ 647,547	\$ (121,182)	\$ 526,365	\$ 121,182
Maturing through 2010	6.125%	\$32,963				
General obligation bonds:						
Genesee County Sanitary Disposal System No. 1, of which the Charter Township of Grand Blanc participates in 18.43% of the total project, originally issued December 20, 1965	2.5%	\$110,580	221,160	(110,580)	110,580	110,580
Amount of issue: \$2,268,065						
Maturing through 2004						

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Governmental Activities (Continued)						
General obligation bonds (Continued):						
Swartz Creek Interceptor of the Genesee County Sanitary Sewage Disposal System No. 1, of which the Charter Township of Grand Blanc participates in 35.69% of the total project, originally issued November 12, 1969 Amount of issue: \$2,400,000 Maturing through 2004	6.00%	\$44,607	\$ 89,215	\$ (44,608)	\$ 44,607	\$ 44,607
Phase II of the Charter Township of Grand Blanc Lateral System of the Genesee County Sewage Disposal System No. 1, originally issued on January 4, 1973 Amount of issue: \$5,200,000 Maturing through 2004	4.00%	\$300,000	600,000	(300,000)	300,000	300,000
Installment purchase agreements - Contract issued in 2001 for the Charter Township's portion of a fire truck purchase for the Grand Blanc Fire Commission Amount of issue: \$150,000 Maturing through 2011	4.99%	\$10,000 - \$20,000	140,000	(10,000)	130,000	10,000
Other long-term obligations - Compensated absences			270,201	31,903	302,104	-
Total governmental activities			1,968,123	(554,467)	1,413,656	586,369
Business-type Activities						
Installment purchase agreements :						
2001 Loader backhoe Amount of issue: \$76,175 Maturing through 2004	6.46%	\$1,923 - \$2,284	24,522	(24,522)	-	-
2001 TV truck Amount of issue: \$193,450 Maturing through 2005	7.25%	\$33,471 - \$44,286	115,692	(115,692)	-	-
Other long-term obligations - Compensated absences			-	27,191	27,191	-
Total business-type activities			140,214	(113,023)	27,191	-
Total governmental and business- type activities			\$ 2,108,337	\$ (667,490)	\$ 1,440,847	\$ 586,369

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

Note 6 - Long-term Debt (Continued)

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

	Governmental Activities		
	Principal	Interest	Total
2004	\$ 586,369	\$ 40,717	\$ 627,086
2005	136,182	25,177	161,359
2006	113,189	18,231	131,420
2007	110,518	12,668	123,186
2008	52,734	7,260	59,994
2009-2013	112,560	7,110	119,670
 Total	 \$ 1,111,552	 \$ 111,163	 \$ 1,222,715

Note 7 - Reserved and Designated Fund Balances

Fund balances have been designated as follows:

Capital Projects Fund - Designated for

Technology	\$ 100,000
Pathway/Trailway Plan	300,000
Vehicle replacement	200,000
911 operations	300,000
Road improvements	600,000
Future land obligations	775,000
McGrath Park	200,000
Bicentennial Park	174,941
 Total Capital Projects Fund	 \$ 2,649,941

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

Note 8 - Property Tax Revenue

The Charter Township's governmental funds recognize the December 1, 2002 property tax levy as revenue for the year ended December 31, 2003. The Charter Township's Enterprise Fund recognizes the December 1, 2003 property tax levy as revenue for the fiscal year ended December 31, 2003. The following is a breakdown of tax levies:

Source of Taxes	Fund Receiving Taxes	Approximate Revenue
Governmental funds:		
3.6806 mills - Charter limit of 5.0 mills	General Fund	\$ 3,753,000
.9253 mills - Voted millage for public service	General Fund	943,000
.30 mills - For Master Campus Project	General Fund	306,000
.4678 mills - Debt millage allowed by State constitution	Water and Sewer Debt Fund	477,000
Act 198/255 taxes and administration fees	General Fund	450,000
Act 198/255 taxes	Water and Sewer Debt Fund	7,000
Enterprise Fund:		
.15 mills - Charter limit of 5.0 mills	Department of Public Works (for mosquito spraying)	165,000
Act 198/255 taxes	Department of Public Works (for mosquito spraying)	3,000

A mill equals one dollar of tax per thousand dollars of property valuation (taxable valuation). The Charter Township's total taxable valuation for 2002 was approximately \$1,019,647,000 (used for governmental revenue) and for 2003 was approximately \$1,101,174,000 (used for Enterprise Fund revenue).

The police millage raised less revenue than expenditures. The water and sewer debt millage is segregated into a debt service fund type. Net assets in the Enterprise Fund have been restricted for the excess of tax revenues collected over mosquito spraying expenditures paid.

Charter Township of Grand Blanc

Notes to Financial Statements **December 31, 2003**

Note 9 - Risk Management

The Charter 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 Charter Township has purchased commercial insurance for workers' compensation, medical benefits, and general liability claims and participates in the Michigan Townships Participating Plan (the "Plan") risk pool for claims relating to general liability. 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.

Note 10 - Defined Benefit Pension Plan

Plan Description - The Charter Township participates in the Michigan Municipal Employees' Retirement System ("the System"), an agent multiple-employer defined benefit pension plan that covers all employees of the Fraternal Order of Police. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. The 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 Police Officers Labor Council Patrol Officers Union. The agreement requires a contribution from the employees of any actuarially required contributions in excess of 15 percent prior to 1997 and 14 percent after January 1, 1997. Currently, this results in an employee contribution ranging from 0 percent to 8.11 percent of gross wages.

Annual Pension Costs - For the year ended December 31, 2003, the Charter Township's annual pension cost of \$369,963 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2001, using the entry age normal cost method.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

Note 10 - Defined Benefit Pension Plan (Continued)

Significant actuarial assumptions used include: (a) an 8 percent investment rate of return; (b) projected salary increases of 4.5 percent to 8.66 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 five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 31 years.

Three-year trend information is as follows:

	Fiscal Year Ended December 31		
	2001	2002	2003
Annual pension costs (APC)	\$ 197,362	\$ 274,812	\$ 369,963
Percentage of APC contributed	100%	100%	100%
Net pension obligation	None	None	None

	Actuarial Valuation as of December 31		
	2000	2001	2002
Actuarial value of assets	\$ 1,675,798	\$ 1,894,710	\$ 2,195,050
Actuarial Accrued Liability (AAL) (entry age normal)	\$ 4,093,666	\$ 5,104,536	\$ 5,411,309
Unfunded AAL (UAAL)	\$ 2,417,868	\$ 3,209,826	\$ 3,216,259
Funded ratio	40.9%	37.1%	40.6%
Covered payroll	\$ 1,299,417	\$ 1,615,171	\$ 1,948,189
UAAL as a percentage of covered payroll	186%	199%	165%

Note 11 - Defined Contribution Pension Plan

The Charter Township provides pension benefits to all of its full-time employees (except police officers, who are covered by a defined benefit plan effective January 1, 1993) through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment (or other date). As established by the Charter Township Board of Trustees, the Charter Township contributes 15 percent of employees' gross earnings and employees are not permitted to make contributions other than participant rollover contributions. In accordance with these requirements, the Charter Township contributed \$276,119 during the current year, and there was no employee contribution.

Charter Township of Grand Blanc

Notes to Financial Statements **December 31, 2003**

Note 12 - Joint Ventures

The Charter Township is a member of the Grand Blanc District Library Commission, which provides library services to the residents of the Charter Township and the City of Grand Blanc. The participating communities provide annual funding for its operations. During the current year, the Charter Township contributed \$54,500 for its operations. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Grand Blanc District Library Commission can be obtained from the administrative offices at 4195 West Pasadena, Flint, MI 48504.

The Charter Township is a member of the Grand Blanc Parks and Recreation Commission, which provides recreational services to the residents of the Charter Township and the City of Grand Blanc. The participating communities provide annual funding for its operations. During the current year, the Charter Township contributed \$211,352 for its operations. The Charter Township's equity interest of \$124,351 is recorded within the governmental activities column of the statement of net assets. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Grand Blanc Parks and Recreation Commission can be obtained from the administrative offices at 131 East Grand Blanc Road, Grand Blanc, MI 48439.

The Charter Township is a member of the Grand Blanc Fire Commission, which provides fire protection services to the residents of the Charter Township and the City of Grand Blanc. The participating communities provide annual funding for its operations. During the current year, the Charter Township contributed \$512,644 for its operations. The Charter Township's equity of \$1,459,526 is recorded within the governmental activities column of the statement of net assets. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Grand Blanc Fire Commission can be obtained from the administrative offices at 117 High Street, Grand Blanc, MI 48439.

Note 13 - Contingent Liabilities

The Charter Township is currently in arbitration over the police force contract. A new contract was settled and retroactive wages were paid in December 2001. However, the police force is seeking an additional retroactive wage adjustment relating to the base hours worked during the period prior to the settlement of the new contract. The estimated potential liability to the Charter Township is approximately \$300,000.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2003

Note 13 - Contingent Liabilities (Continued)

Lawsuits

The Charter Township has been named as a defendant in multiple claims and lawsuits requesting damages of various amounts. The various proceedings have not yet progressed to the point where legal opinion can be reached as to the ultimate liability, if any, after consideration of available insurance, where applicable, that may result from the resolution of these matters. The Charter Township has not recorded an estimate of this liability at December 31, 2003.

Note 14 - Other Postemployment Benefits

The Charter Township provides health care benefits to employees with 20 years of service and who have attained the age of 55 (25 years of service for sworn police officers) upon retirement, in accordance with labor contracts. Currently, 11 retirees are eligible. The Charter Township includes retirees and their dependants in its insured health care plan, with no contribution required by the participant. Expenditures for postemployment health care benefits are recognized as the insurance premiums become due; during the year, this amounted to approximately \$127,500.

Required Supplemental Information

General Fund

The General Fund contains the records of the ordinary activities of the Charter Township that are not accounted for in another fund. General Fund activities are funded by revenues from state-shared revenues, general property taxes, and other sources. The schedules comparing revenues and expenditures - budgetary comparison schedule - compare the activity final amended budgets (the level on which expenditures may not legally exceed appropriations) to actual revenues and expenditures.

Charter Township of Grand Blanc

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2003

	Prior Year Actual	Original Budget	Amended Budget	Actual	Amended Budget	Variance with Amended Budget
Revenues						
Property taxes	\$ 4,643,343	\$ 5,415,890	\$ 5,415,890	\$ 5,427,667	\$ 5,427,667	\$ 11,777
Licenses and permits:						
Building permits	519,154	666,622	666,622	445,504	445,504	(221,118)
Inspection fees	414,843	342,700	342,700	333,723	333,723	(8,977)
Cable television franchise fee	360,812	295,000	295,000	319,563	319,563	24,563
Zoning fees	104,360	84,091	84,091	89,178	89,178	5,087
Other	13,368	11,000	11,000	28,777	28,777	17,777
Total licenses and permits	1,412,537	1,399,413	1,399,413	1,216,745	1,216,745	(182,668)
Federal sources - Police grants	-	16,000	16,000	-	-	(16,000)
State sources:						
Revenue sharing	2,684,158	2,440,000	2,440,000	2,889,369	2,889,369	449,369
Police grants	60,571	90,100	90,100	111,653	111,653	21,553
Liquor license fees	15,600	11,000	11,000	15,215	15,215	4,215
Total state sources	2,760,329	2,541,100	2,541,100	3,016,237	3,016,237	475,137
District Court fines	112,715	95,000	95,000	126,275	126,275	31,275
Interest	176,084	244,050	244,050	123,202	123,202	(120,848)
Other revenues:						
Special assessments	116,004	105,000	105,000	126,973	126,973	21,973
Other	29,282	18,100	18,100	61,424	61,424	43,324
Refunds and rebates:						
Police	85,800	35,000	35,000	79,502	79,502	44,502
School summer tax collection fees	44,198	34,000	34,000	48,199	48,199	14,199
Total other revenues	275,284	192,100	192,100	316,098	316,098	123,998
Total revenues	9,380,292	9,903,553	9,903,553	10,226,224	10,226,224	322,671

Charter Township of Grand Blanc

Required Supplemental Information (Continued) Budgetary Comparison Schedule - General Fund Year Ended December 31, 2003

	Prior Year Actual	Original Budget	Amended Budget	Actual	Amended Budget	Variance with Amended Budget
Expenditures						
General government:						
General office	\$ 648,769	\$ 741,929	\$ 741,929	\$ 656,787	\$ 85,142	
Legislative	199,933	340,870	340,870	279,968	60,902	
Supervisor's office	125,056	142,301	142,301	124,784	17,517	
Clerk's office	219,267	230,758	230,758	256,339	(25,581)	
Treasurer's office	173,623	241,748	219,360	216,102	3,258	
Elections	21,850	28,721	28,721	3,878	24,843	
Assessor's office	342,854	334,592	373,092	379,819	(6,727)	
Building and grounds	133,964	154,034	154,034	161,139	(7,105)	
Legal and attorney	148,496	196,000	196,000	199,529	(3,529)	
Total general government	2,013,812	2,410,953	2,427,065	2,278,345	148,720	
Public safety:						
Police	3,790,504	4,388,132	4,388,132	4,175,542	212,590	
Fire	501,210	512,655	512,655	512,644	11	
Building and zoning	1,064,791	989,338	1,021,726	1,039,606	(17,880)	
Total public safety	5,356,505	5,890,125	5,922,513	5,727,792	194,721	
Public services	887,524	1,371,252	1,416,252	1,231,268	184,984	
Total expenditures	8,257,841	9,672,330	9,765,830	9,237,405	528,425	
Excess of Revenues Over Expenditures	1,122,451	231,223	137,723	988,819	851,096	
Other Financing Uses						
Transfer to Capital Projects Fund	(900,000)	(231,223)	(137,723)	(700,000)	(562,277)	
Transfer to Master Campus Fund	-	-	-	(300,712)	(300,712)	
Transfer to Special Revenue Funds	(200,000)	-	-	-	-	
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	22,451	-	-	(11,893)	(11,893)	
Fund Balance - Beginning of year	1,007,738	1,030,189	1,030,189	1,030,189	-	
Fund Balance - End of year	\$ 1,030,189	\$ 1,030,189	\$ 1,030,189	\$ 1,018,296	\$ (11,893)	

Major Special Revenue Fund

The Solid Waste Fund is a Special Revenue Fund. Special Revenue Funds account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. This fund accounts for the operations of a residential and commercial rubbish collection and disposal system, primarily transportation to a privately-owned and operated landfill.

Charter Township of Grand Blanc

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Fund Year Ended December 31, 2003

Solid Waste Fund					
	Prior Year Actual	Original Budget	Amended Budget	Amended Actual	Variance with Amended Budget
Revenues					
Solid waste collection charges	\$ 1,098,336	\$ 1,164,500	\$ 1,168,049	\$ 1,168,050	\$ 1
Interest	12,395	12,000	5,900	6,773	873
Total revenues	1,110,731	1,176,500	1,173,949	1,174,823	874
Expenditures					
Public services - Solid waste collection	1,126,764	1,210,500	1,210,500	1,287,575	(77,075)
Other operating expenses	44	200	200	90	110
Total expenditures	1,126,808	1,210,700	1,210,700	1,287,665	(76,965)
Excess of Expenditures Over					
Revenues	(16,077)	(34,200)	(36,751)	(112,842)	(76,091)
Fund Balances - Beginning of year	313,855	297,778	297,778	297,778	-
Fund Balance - End of year	\$ 297,778	\$ 263,578	\$ 261,027	\$ 184,936	\$ (76,091)

Charter Township of Grand Blanc

Note to Required Supplemental Information December 31, 2003

Note - Budgetary Information

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 have been included in the "revenue" and "expenditures" categories, rather than as an "other financing source." All annual appropriations lapse at fiscal year end.

The Charter Township adopts a formal budget for the General Fund and Special Revenue Funds. By August 1 of each year, all department heads submit spending requests to the Charter Township supervisor so that a budget may be prepared. Before September 1, the proposed budget is submitted to the Charter Township Board for review. Public hearings are held, and the final budget is adopted no later than November 1. The Charter Township must approve any budget amendments.

The budget document presents information by fund, function, department, and line items. Appropriations are adopted by the Charter Township Board on a departmental basis; this is the legal level of budgetary control. Expenditures at the departmental level in excess of budget appropriations are a violation of Michigan law. During the year, the budget was amended in a legally permissible manner. Encumbrances represent commitments related to unperformed contracts (or purchase orders) for goods or services. Encumbrances are not included as expenditures or liabilities; the amount of encumbrances outstanding at December 31, 2003 is not significant. Unexpended appropriations lapse at year end.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Charter Township of Grand Blanc incurred significant expenditures that were in excess of the amounts budgeted, as follows:

	Amended		
	Budget	Actual	Variance
Solid Waste Fund - Solid waste collection	\$ 1,210,500	\$ 1,287,575	\$ (77,075)

Other Supplemental Information

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. A description of the Special Revenue Funds included as nonmajor governmental funds is as follows:

Drug Forfeiture Fund - This fund accounts for monies received from the Federal Drug Enforcement Agency for law enforcement purposes and for state funds related to drug enforcement purposes. These monies are to be used to supplement existing law and drug enforcement funds in the law enforcement field.

Law Enforcement Fund - This fund accounts for monies received as a result of gambling raids. These funds are to be used for law enforcement enhancement.

Bicentennial Park Fund - This fund accounts for monies received from Trinity Wireless for the use of land within Bicentennial Park for a cellular tower. These funds are to be used for Bicentennial Park improvements.

PEG Channel Grant Fund - This fund accounts for monies collected by the Charter Township for the operation of public, educational, and government channels (PEG).

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition of capital facilities other than those financed by the operations of an Enterprise Fund. A description of the Capital Projects Funds included as nonmajor governmental funds is as follows:

Capital Projects Fund - This fund is used to account for earmarked revenue set aside for public improvements of a major nature. Revenue sources to date have come solely from General Fund operating transfers.

Master Campus Project - This fund is used to account for property taxes set aside for all costs associated with the development and construction of a Charter Township master campus.

Permanent Funds

Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for Charter Township programs. A description of the Permanent Funds included as nonmajor governmental funds is as follows:

Oakwood Cemetery Fund - This fund is used to account for Oakwood Cemetery deposits.

Perry Cemetery Fund - This fund is used to account for Perry Cemetery deposits.

Charter Township of Grand Blanc

Special Revenue Funds

	Drug Forfeiture	Law Enforcement	Bicentennial Park	PEG Channel Grant
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Due from other funds	<u>485</u>	<u>26,033</u>	<u>6,624</u>	<u>60,579</u>
Total assets	<u>\$ 485</u>	<u>\$ 26,033</u>	<u>\$ 6,624</u>	<u>\$ 60,579</u>
Liabilities and Fund Balances				
Liabilities - Accounts payable	\$ -	\$ -	\$ -	\$ -
Fund Balances				
Reserved:				
Cable TV activities	-	-	-	60,579
Law enforcement	485	26,033	-	-
Cemetery - Unexpendable	-	-	-	-
Cemetery - Expendable	-	-	-	-
Unreserved - Designated	-	-	-	-
Unreserved - Undesignated	-	-	6,624	-
Total fund balances	<u>485</u>	<u>26,033</u>	<u>6,624</u>	<u>60,579</u>
Total liabilities and fund balances	<u>\$ 485</u>	<u>\$ 26,033</u>	<u>\$ 6,624</u>	<u>\$ 60,579</u>

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003

Capital Projects Funds		Permanent Funds			Total
Capital Projects Fund	Master Campus Project	Oakwood Cemetery Fund	Perry Cemetery Fund	Nonmajor Governmental Funds	
\$ -	\$ -	\$ 9,213	\$ 42,835	\$ 52,048	
-	-	35,301	86,955	122,256	
<u>2,733,401</u>	<u>150,182</u>	<u>-</u>	<u>-</u>	<u>2,977,304</u>	
\$ 2,733,401	\$ 150,182	\$ 44,514	\$ 129,790	\$ 3,151,608	
 \$ 83,960	 \$ -	 \$ -	 \$ -	 \$ 83,960	
 -	 -	 -	 -	 60,579	
 -	 -	 -	 -	 26,518	
 -	 -	 16,667	 88,960	 105,627	
 -	 -	 27,847	 40,830	 68,677	
 <u>2,649,441</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>2,649,441</u>	
 <u>-</u>	 <u>150,182</u>	 <u>-</u>	 <u>-</u>	 <u>156,806</u>	
 <u>2,649,441</u>	 <u>150,182</u>	 <u>44,514</u>	 <u>129,790</u>	 <u>3,067,648</u>	
 \$ 2,733,401	 \$ 150,182	 \$ 44,514	 \$ 129,790	 \$ 3,151,608	

Charter Township of Grand Blanc

Special Revenue Funds					
	Drug Forfeiture	Law Enforcement	Bicentennial Park	PEG Channel Grant	
Revenue					
Forfeitures and seizures	\$ 7,214	\$ 4,000	\$ -	\$ -	
Investment income	-	-	-	-	
Other	-	-	15,600	34,991	
Total revenue	7,214	4,000	15,600	34,991	
Expenditures					
Public safety	12,005	3,815	-	-	
Capital outlay	-	-	4,300	-	
Other	-	-	6,440	-	
Total expenditures	12,005	3,815	10,740	-	
Excess of Revenue Over (Under) Expenditures	(4,791)	185	4,860	34,991	
Other Financing Sources - Transfer from other funds	-	-	-	-	
Net Change in Fund Balances	(4,791)	185	4,860	34,991	
Fund Balances - Beginning of year	5,276	25,848	1,764	25,588	
Fund Balances - End of year	\$ 485	\$ 26,033	\$ 6,624	\$ 60,579	

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2003

Capital Projects Funds		Permanent Funds			
Capital Projects Fund	Master Campus Project	Oakwood Cemetery Fund	Perry Cemetery Fund	Total Nonmajor Governmental Funds	
\$ -	\$ -	\$ -	\$ -	\$ 11,214	
-	3,510	6,411	59,191	69,112	
<u>50,000</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>100,594</u>	
50,000	3,510	6,411	59,194	180,920	
 325,706	 - 154,040	 - -	 - 651	 15,820 330,006 161,131	
<u>325,706</u>	<u>154,040</u>	<u>-</u>	<u>651</u>	<u>506,957</u>	
(275,706)	(150,530)	6,411	58,543	(326,037)	
 <u>700,000</u>	 <u>300,712</u>	 <u>-</u>	 <u>-</u>	 <u>1,000,712</u>	
424,294	150,182	6,411	58,543	674,675	
<u>2,225,147</u>	<u>-</u>	<u>38,103</u>	<u>71,247</u>	<u>2,392,973</u>	
\$ 2,649,441	\$ 150,182	\$ 44,514	\$ 129,790	\$ 3,067,648	

Charter Township of Grand Blanc

**Other Supplemental Information
Budgetary Comparison Schedule
Nonmajor Governmental Funds
Year Ended December 31, 2003**

	Drug Forfeiture Fund				Variance with Amended Budget
	Prior Year Actual	Amended Budget	Actual	Amended Budget	
	\$ 6,049	\$ 4,000	\$ 7,214	\$ 3,214	
Revenues - Forfeitures and seizures					
Expenditures - Public safety	10,349	9,276	12,005	(2,729)	
Excess of Expenditures Over					
Revenues	(4,300)	(5,276)	(4,791)	485	
Fund Balance - Beginning of year	<u>9,576</u>	<u>5,276</u>	<u>5,276</u>	-	
Fund Balance - End of year	<u>\$ 5,276</u>	<u>\$ -</u>	<u>\$ 485</u>	<u>\$ 485</u>	

Charter Township of Grand Blanc

**Other Supplemental Information
Budgetary Comparison Schedule
Nonmajor Governmental Funds (Continued)
Year Ended December 31, 2003**

	Law Enforcement Fund					Variance with Amended Budget	
	Prior Year Actual	Amended Budget		Amended Actual			
Revenues - Forfeitures and seizures	\$ 34,260	\$ 10,000	\$ 4,000	\$ (6,000)			
Expenditures - Public safety	17,121	25,000	3,815	21,185			
Excess of Revenues Over (Under) Expenditures	17,139	(15,000)	185	15,185			
Fund Balance - Beginning of year	8,709	25,848	25,848	-			
Fund Balance - End of year	<u>\$ 25,848</u>	<u>\$ 10,848</u>	<u>\$ 26,033</u>	<u>\$ 15,185</u>			

Charter Township of Grand Blanc

Other Supplemental Information
Budgetary Comparison Schedule
Nonmajor Governmental Funds (Continued)
Year Ended December 31, 2003

	Bicentennial Park Fund				Variance with Amended Budget
	Prior Year Actual	Amended Budget	Amended Actual	Amended Budget	
Revenues - Rental income	\$ 14,400	\$ 14,400	\$ 15,600	\$ 1,200	
Expenditures					
Capital outlay	22,537	14,400	4,300	10,100	
Other	3,600	1,763	6,440	(4,677)	
Total expenditures	26,137	16,163	10,740	5,423	
Excess of Revenues Over (Under)					
Expenditures	(11,737)	(1,763)	4,860	6,623	
Fund Balance - Beginning of year	13,501	1,764	1,764	-	
Fund Balance - End of year	<u>\$ 1,764</u>	<u>\$ 1</u>	<u>\$ 6,624</u>	<u>\$ 6,623</u>	

Charter Township of Grand Blanc

**Other Supplemental Information
Budgetary Comparison Schedule
Nonmajor Governmental Funds (Continued)
Year Ended December 31, 2003**

	PEG Channel Grant				Variance with Amended Budget	
	Prior Year Actual	Amended Budget	Actual			
			Actual	Budget		
Revenues - PEG contributions	\$ 25,588	\$ 34,991	\$ 34,991	\$ -		
Expenditures - Other	- -	60,579	- -	60,579		
Excess of Revenues Over (Under) Expenditures	25,588	(25,588)	34,991	60,579		
Fund Balance - Beginning of year	- -	25,588	25,588	- -		
Fund Balance - End of year	\$ 25,588	\$ -	\$ 60,579	\$ 60,579		

Fiduciary Funds

A description of the Fiduciary Funds maintained by the Charter Township is as follows:

Pension Trust Fund - This fund accounts for employer and employee contributions to the Charter Township's defined contribution pension plan.

Employee Benefits Fund - This fund accounts for anticipated future costs of existing employee benefit programs.

Charter Township of Grand Blanc

Other Supplemental Information
Combining Statement of Net Assets
Pension and Other Employee Trust Funds
December 31, 2003

	Pension Trust	Employee Benefits	Totals
Assets			
Cash and equivalents	\$ 73,157	\$ -	\$ 73,157
Investments:			
Certificate of deposits	106,814	-	106,814
Mutual funds	1,901,153	-	1,901,153
Limited partnerships	37,200	-	37,200
Corporate bonds	840,097	-	840,097
Government securities	-	1,043,200	1,043,200
Other receivables	<u>76,075</u>	<u>224,637</u>	<u>300,712</u>
 Net Assets - Reserved for pension and other employee benefits	 <u>\$ 3,034,496</u>	 <u>\$ 1,267,837</u>	 <u>\$ 4,302,333</u>

Charter Township of Grand Blanc

Other Supplemental Information
Combining Statement of Changes in Net Assets
Pension and Other Employee Benefit Trust Funds
Year Ended December 31, 2003

	Employee		
	Pension Trust	Benefits	Totals
Additions			
Investment income:			
Interest and dividends	\$ 129,041	\$ 18,829	\$ 147,870
Net increase in fair value of investments	<u>209,497</u>	-	<u>209,497</u>
Net investment income	338,538	18,829	357,367
Contributions - Employer	<u>276,119</u>	<u>200,000</u>	<u>476,119</u>
Total additions	614,657	218,829	833,486
Deductions			
Benefit payments	128,009	-	128,009
Administrative expenses	<u>19,807</u>	-	<u>19,807</u>
Total deductions	<u>147,816</u>	-	<u>147,816</u>
Net Increase	466,841	218,829	685,670
Net Assets Held in Trust for Pension and Other Employee Benefits			
Beginning of year	<u>2,567,655</u>	<u>1,049,008</u>	<u>3,616,663</u>
End of year	<u>\$ 3,034,496</u>	<u>\$ 1,267,837</u>	<u>\$ 4,302,333</u>

Charter Township of Grand Blanc

Fiduciary Funds
Statement of Changes in
Assets and Liabilities - Agency Fund
Year Ended December 31, 2003

	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
Assets - Cash and cash equivalents	<u>\$ 6,598,200</u>	<u>\$ 43,983,765</u>	<u>\$ 47,039,680</u>	<u>\$ 3,542,285</u>
Liabilities - Undistributed tax collections	<u>\$ 6,598,200</u>	<u>\$ 43,983,765</u>	<u>\$ 47,039,680</u>	<u>\$ 3,542,285</u>

Statistical Section

Charter Township of Grand Blanc

General Governmental Expenditures by Function Last Ten Fiscal Years (amounts expressed in thousands)

Year	General Government	Public Safety	Public Services	Debt Service	Capital Outlay	Other
1994	\$ 1,105	\$ 2,834	\$ 1,294	\$ 1,729	\$ 17	\$ 547
1995	1,172	2,740	1,497	1,762	480	110
1996	1,117	2,807	1,652	1,755	1,107	6
1997	1,267	3,167	1,715	1,727	16	6
1998	1,304	3,276	2,134	1,681	2,109	6
1999	1,670	3,792	2,045	1,537	545	6
2000	1,719	4,006	1,885	1,496	518	6
2001	1,719	4,613	1,747	1,268	235	5
2002	2,014	5,384	2,014	1,201	1,101	5
*	2003	2,278	5,744	2,519	483	330
						165

General Governmental Revenues by Source Last Ten Fiscal Years (amounts expressed in thousands)

Year	Property Taxes	Licenses and Permits	State Sources	Charges for Services	Interest	Other
1994	\$ 3,945	\$ 732	\$ 1,830	\$ 872	\$ 206	\$ 271
1995	3,984	338	1,918	915	321	416
1996	4,041	549	2,178	960	301	255
1997	4,115	489	2,056	960	282	398
1998	4,470	864	2,177	898	337	612
1999	4,723	987	2,358	974	309	577
2000	5,008	907	2,482	1,070	414	411
2001	5,047	1,285	2,916	1,113	414	376
2002	5,433	1,413	2,760	1,098	203	474
*	2003	5,909	1,217	3,016	1,168	200
						555

* 2003 reflects the effects of implementing GASB Statement No. 34. Prior to 2003, the Employee Benefits Fund was reported as a governmental fund and the Perry Cemetery and Oakwood Cemetery Funds were reported as Fiduciary Funds. Beginning in 2003, the Employee Benefits Fund is reported as a Fiduciary Fund and the Cemetery Funds are reported as Special Revenue Funds.

Charter Township of Grand Blanc

Tax Year*	Total Levy	Current		Percent
		Collections	Collected	
1993	\$ 3,604,428	\$ 3,377,642	93.71	
1994	3,715,355	3,541,106	95.31	
1995	3,803,726	3,616,312	95.07	
1996	3,900,102	3,704,012	94.97	
1997	4,181,877	3,908,970	93.47	
1998	4,392,004	4,117,227	93.74	
1999	4,698,371	4,425,947	94.20	
2000	4,717,231	4,463,157	94.61	
2001	5,088,582	4,820,983	94.74	
2002	5,631,935	5,308,723	94.26	

Property Values and Millage Rates

Tax Year	Estimated		
	Actual Value	Taxable Value***	Ratio
1994	\$ 1,059,269,400	\$ 529,634,700	50.00
1995	1,128,754,800	555,871,403	49.25
1996	1,309,483,800	620,667,850	47.40
1997	1,449,714,800	683,208,361	47.13
1998	1,633,083,000	747,902,145	45.80
1999	1,801,398,800	816,439,688	45.32
2000	1,837,971,400	871,269,165	47.40
2001	2,046,331,800	954,764,747	46.66
2002	2,287,789,000	1,051,049,801	45.94
2003	2,553,378,000	1,134,557,982	44.43

* Tax year falls one year prior to the fiscal year in which the taxes are budgeted. For example, the 1996 taxes become revenue of the fiscal year ended December 31, 1997.

** Property values include Act 198 abated properties, stated at 50 percent of assessed value.

*** Taxable values prior to 1995 were assessed at 50 percent of true cash value. Beginning with the 1995 assessments, the growth in taxable value of each parcel of property is limited by the lesser of inflation or 5 percent.

Property Tax Data
Township Property Tax Levies and Collections
Last Ten Fiscal Years

Delinquent Collections	Total Collections	Percent of Levy	Delinquent Taxes	Percent of Levy
\$ 219,654	\$ 3,597,296	99.80	\$ 7,132	0.20
173,464	3,714,570	99.98	785	0.02
185,495	3,801,807	99.95	1,919	0.05
179,482	3,883,494	99.57	16,608	0.03
255,662	4,164,632	99.59	17,245	0.41
274,140	4,391,367	99.99	637	0.01
249,734	4,675,681	99.52	22,690	0.48
245,783	4,708,940	99.82	8,291	0.18
263,741	5,084,724	99.92	3,858	0.08
286,174	5,594,897	99.34	37,038	0.66

Property Values and Millage Rates

Township	County	Millage Rates		
		School		
7.0175	7.7618	12.4777	30.4777	27.2570
6.8458	7.7618	12.4777	30.4777	27.0853
6.4576	8.1618	12.7277	30.7277	27.3471
6.4275	8.2618	12.4777	30.4777	27.1670
6.2387	8.2618	14.2777	32.2777	28.7782
6.0692	8.2345	14.2513	32.1307	28.5550
5.6986	8.2271	14.2588	32.0899	28.1845
5.5737	8.2187	15.2430	33.2430	29.0354
5.5237	8.1831	15.1825	32.9305	28.8893
5.4618	8.1373	14.0714	31.7058	27.6705

Charter Township of Grand Blanc

Property Tax Data (Continued) Principal Taxpayers Last Ten Fiscal Years

Principal Taxpayers	Type of Business	2003 Taxable Value	Percent of Total
General Motors	Auto manufacturing	\$ 65,430,998	5.77
VEMCO	Auto manufacturing	20,205,286	1.78
Consumers Energy	Utilities	19,430,245	1.71
Edward Rose Assoc.	Apartments	14,570,198	1.28
Ring Screw Works	Manufacturing	13,551,764	1.19
Auker	Real estate	10,917,138	0.96
Genesys Medsports	Health/Fitness/Conference	10,714,101	0.94
Knollwood Village Assoc.	Apartments	9,533,000	0.84
Grand Blanc Processing	Manufacturing	6,398,816	0.56
PM Maple Limited	Apartments	5,605,600	0.49
Total		<u>\$ 176,357,146</u>	

Charter Township of Grand Blanc

Computation of Legal Debt Margin December 31, 2003

Taxable value subject to property tax	\$ 1,101,173,626
Taxable value subject to Act 198 Industrial Facilities Tax	<u>33,384,356</u>
 Total taxable value	 <u>\$ 1,134,557,982</u>
 Legal debt margin - 10%	 \$ 113,455,798
Debt applicable to limitation:	
Total governmental activities debt	\$ 1,413,656
Less special assessment debt	(526,365)
Less county contractual obligations	(455,187)
Less employee-compensated absences	<u>(302,104)</u>
 Total debt applicable to limitation	 <u>130,000</u>
 Legal debt margin	 <u>\$ 113,325,798</u>

Computation of Direct and Overlapping Debt

	Percent Applicable to Charter Debt Outstanding	Amount Applicable to Charter Township
Direct - Charter Township of Grand Blanc	\$ 1,111,552	100.00 \$ 1,111,552
Overlapping:		
Genesee County	45,952,772	11.47 5,270,783
Grand Blanc School District	105,180,000	73.48 77,286,264
Goodrich School District	43,150,299	8.29 3,577,160
Lake Fenton School District	30,090,000	2.62 788,358
Mott Community College	<u>53,065,000</u>	<u>10.93</u> <u>5,800,005</u>
 Total	 <u>\$ 278,549,623</u>	 <u>\$ 93,834,122</u>

Charter Township of Grand Blanc

Ratio of Debt to Taxable Value and Debt per Capita December 31, 2002 (amounts in thousands)

Year	Governmental			Ratio of Net			
	Long-term Debt*	Less Debt Service Fund	Net Debt	Taxable Value	Debt to Taxable Value	Population	Net Debt per Capita
1994	\$ 11,338	\$ 929	\$ 10,409	\$ 529,635	1.97	25,392	\$ 410
1995	9,920	861	9,059	555,871	1.63	25,392	357
1996	8,605	791	7,814	620,668	1.26	25,392	308
1997	7,251	593	6,658	650,929	1.02	25,392	262
1998	5,871	491	5,380	703,997	0.76	25,392	212
1999	4,563	520	4,043	774,503	0.52	25,392	159
2000	3,244	547	2,697	827,881	0.33	29,827	90
2001	2,195	574	1,621	913,105	0.18	29,827	54
2002	1,050	167	883	1,019,647	0.09	29,827	30
2003	585	163	422	1,101,174	0.04	29,827	14

Ratio of Governmental Fund Debt Service to Total Expenditures

Year	Debt Service	Total		Ratio of Debt Service to Expenditures
		Governmental	Expenditures	
1994	\$ 1,729	\$ 7,526		22.97
1995	1,762	7,762		22.70
1996	1,755	8,444		20.78
1997	1,727	7,898		21.87
1998	1,681	10,510		15.99
1999	1,537	9,595		16.02
2000	1,496	9,630		15.53
2001	1,268	9,587		13.23
2002	1,201	11,719		10.25
2003	483	11,519		4.19

* Governmental long-term debt includes all general obligation bonds and contracts, but excludes special assessment bonds and employee-compensated absences.

Charter Township of Grand Blanc

Miscellaneous Statistics December 31, 2003

Construction and Property Values

Year	Building Permits			Property Values (Taxable Value)				Abatement Property Act 198	
	Number of		Residential	Commercial and		Total Taxable Value			
	Permits	Estimated Value		Industrial					
1994	842	\$ 36,187,066	\$ 348,040,300	\$ 181,594,400	\$ 529,634,700	\$ 42,523,300			
1995	834	149,952,624	360,883,013	194,988,390	555,871,403	32,270,800			
1996	1,002	83,956,000	410,948,204	209,719,581	620,667,785	16,504,005			
1997	1,054	64,478,277	412,785,104	238,143,457	650,928,561	32,279,800			
1998	1,226	83,864,993	453,462,578	250,534,167	703,996,745	43,905,400			
1999	1,259	85,288,318	496,542,994	277,959,690	774,502,684	41,937,004			
2000	1,186	71,802,011	549,392,330	278,590,175	827,982,505	43,388,167			
2001	1,204	128,960,259	614,822,305	298,840,839	913,663,144	41,659,749			
2002	1,335	95,431,864	691,451,610	328,195,192	1,019,646,802	31,402,999			
2003	1,221	87,120,425	758,621,320	342,552,306	1,101,173,626	33,384,356			

Demographic Statistics (Source: U.S. Census data)

	Federal Census Year				
	2000	1990	1980	1970	1960
Population	29,827	25,392	24,413	19,229	9,418
Per capita income	\$ 27,520	\$ 20,050	\$ 10,545	\$ 6,535	*
Median age	36.0	33.7	27.6	24.4	26.1
Education level, in years of schooling:					
Percent high school or higher	92.1	13.6	*	*	*
Percent Bachelor's degree or higher	30.7	*	*	*	*
School enrollment	8,213	6,382	*	*	*
Unemployment rate	4.0%	5.2%	*	*	*

* Information not available

Charter Township of Grand Blanc

Miscellaneous Statistics (Continued) December 31, 2002

Other Statistics

Date of Township formation	1833
Date of Charter Township adoption	June 22, 1978
Area in square miles	32.5
Number of Charter Township employees	112
Police protection:	
Number of stations	1
Number of police personnel	51
Number of physical arrests	1,873
Number of traffic and parking violations	4,371
Fire protection - Fire coverage is provided through the Grand Blanc Fire Commission, serving both the City and Township of Grand Blanc:	
Number of stations	3
Number of fire personnel	54
Number of fire calls answered	511
Water and sewer system:	
Miles of water mains	173
Number of water customers per REUs	14,043
Annual water consumption (cubic feet)	141,510,695
Miles of sanitary sewer mains	219
Number of sewer customers per REUs	19,167