

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Flint	County Genesee
Fiscal Year End December 31, 2007	Opinion Date May 7, 2008	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

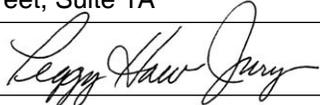
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Plante & Moran, PLLC		Telephone Number 810-767-5350		
Street Address 111 East Court Street, Suite 1A		City Flint	State MI	Zip 48502
Authorizing CPA Signature 	Printed Name Peggy Haw Jury		License Number 1101009025	

Charter Township of Flint Genesee County, Michigan

**Financial Report
December 31, 2007
with Supplemental Information**

Charter Township of Flint, Michigan

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Charter Township of Flint, Michigan

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Introductory Section

Charter Township of Flint, Michigan

List of Elected and Appointed Officials

Supervisor	Douglas C. Carlton
Clerk	Kim A. Courts
Treasurer	Sandra S. Wright
Trustees	Franklin Kasle Belenda L. Parker Roger Powell Brady Smith

Building Authority Board

Chairman	Unfilled
Secretary	William J. Churchill
Treasurer	John R. Ervin
Trustees	Fadwa Alghanem Thomas Svitkovich

Fire Retirement Board

Chairman	Robert J. Lloyd
Vice Chairman	John R. Ringwelski
Treasurer	Sandra S. Wright
Trustees	Douglas C. Carlton Bethany J. Takacs

Financial Section

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Flint (Township), Michigan as of December 31, 2007, and for the year then ended, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township'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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Flint, Michigan at December 31, 2007, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1D, during the year ended December 31, 2007, Charter Township of Flint implemented the provision to retroactively capitalize major infrastructure assets acquired on or before December 31, 2002, as required by GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments.

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

The management's discussion and analysis, budgetary comparison information, and pension plan analysis of funding progress as identified in the table of contents are not a required part of the basic financial statements, but are supplementary 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 supplementary information. However, we did not audit the information and express no opinion on it.

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

Alante & Moran, PLLC

May 7, 2008

Management's Discussion and Analysis

Charter Township of Flint, Michigan

Management's Discussion and Analysis

This section of the annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year that ended on December 31, 2007. Please read it in conjunction with the Township's financial statements, which follow this section.

Financial Highlights

- The Township's assets exceeded its liabilities at the close of the most recent calendar year by \$30,277,785. This is an increase in net assets of \$836,701 from the previous year.
- During the year, the Township's governmental activities expenses were \$769,624 less than the \$13,530,545 generated in taxes, other revenues and other financing sources for governmental programs.
- General fund revenue exceeded expenditures by \$1,081,903 increasing the General Fund fund balance to \$2,378,325.

Using this Annual Report

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

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

The Township as a Whole

The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year:

Township Net Assets

<u>Governmental Activities</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 16,782,622	\$ 14,849,600	\$ 5,400,864	\$ 5,929,505	\$ 22,183,486	\$ 20,779,105
Restricted cash	-	-	874,255	926,483	874,255	926,483
Capital assets	19,052,187	20,006,506	5,479,683	5,861,382	24,531,870	25,867,888
Total assets	<u>35,834,809</u>	<u>34,856,106</u>	<u>11,754,802</u>	<u>12,717,370</u>	<u>47,589,611</u>	<u>47,573,476</u>
Long-term liabilities	6,174,153	6,547,414	207,863	733,989	6,382,016	7,281,403
Other liabilities	9,179,298	8,596,958	1,750,512	2,254,031	10,929,810	10,850,989
Total liabilities	<u>15,353,451</u>	<u>15,144,372</u>	<u>1,958,375</u>	<u>2,988,020</u>	<u>17,311,826</u>	<u>18,132,392</u>

Charter Township of Flint, Michigan

Management's Discussion and Analysis (Continued)

Township Net Assets (Continued)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net assets:						
Invested in capital assets						
Net of related debt	17,212,293	18,103,860	4,745,693	4,592,815	21,957,986	22,696,675
Restricted	613,354	116,361	874,255	926,483	1,487,609	1,042,844
Unrestricted	2,655,711	1,491,513	4,176,479	4,210,052	6,832,190	5,701,565
Total net assets	<u>\$ 20,481,358</u>	<u>\$ 19,711,734</u>	<u>\$ 9,796,427</u>	<u>\$ 9,729,350</u>	<u>\$ 30,277,785</u>	<u>\$ 29,441,084</u>

The Township's combined assets exceeded its liabilities by \$30.3 and \$29.4 million for 2007 and 2006. A large portion of the Township's net assets are invested in capital assets (e.g. land, buildings, vehicles, furniture and equipment) less any related debt used to acquire those assets. The Township uses these capital assets to provide services to the citizens so they are not available for future spending. Unrestricted net assets - the part of the net assets that can be used to finance day-to-day operations - increased \$1,164,198 for the governmental activities.

The following table shows the changes of the net assets during the current year and as compared to the prior year:

Township's Change in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,124,161	\$ 2,975,527	\$ 1,380,430	\$ 1,472,861	\$ 4,504,591	\$ 4,448,388
Operating grants and contributions	232,327	334,818	-	-	232,327	334,818
Capital grants and contributions	420,469	81,953	122,645	201,740	543,114	283,693
General revenues						
State shared revenue	2,572,582	2,559,054	-	-	2,572,582	2,559,054
Property taxes	6,464,195	5,125,790	563,981	1,068,318	7,028,176	6,194,108
Other	716,811	601,776	178,711	174,667	895,522	776,443
Total revenues	<u>13,530,545</u>	<u>11,678,918</u>	<u>2,245,767</u>	<u>2,917,586</u>	<u>15,776,312</u>	<u>14,596,504</u>
Expenses:						
General government	3,889,147	3,570,420	-	-	3,889,147	3,570,420
Public safety	7,351,587	7,569,425	-	-	7,351,587	7,569,425
Other	1,520,187	703,567	-	-	1,520,187	703,567
Sewer and water	-	-	2,178,690	2,000,037	2,178,690	2,000,037
Total expenses	<u>12,760,921</u>	<u>11,843,412</u>	<u>2,178,690</u>	<u>2,000,037</u>	<u>14,939,611</u>	<u>13,843,449</u>
Increase (decrease) in net assets	<u>769,624</u>	<u>(164,494)</u>	<u>67,077</u>	<u>917,549</u>	<u>836,701</u>	<u>753,055</u>
Net assets beginning of the year	<u>19,711,734</u>	<u>19,876,228</u>	<u>9,729,350</u>	<u>8,811,801</u>	<u>29,441,084</u>	<u>28,688,029</u>
Net assets end of the year	<u>\$ 20,481,358</u>	<u>\$ 19,711,734</u>	<u>\$ 9,796,427</u>	<u>\$ 9,729,350</u>	<u>\$ 30,277,785</u>	<u>\$ 29,441,084</u>

Charter Township of Flint, Michigan

Management's Discussion and Analysis (Continued)

Capital Assets

At the end of 2007, the Township had invested \$17,212,293 in governmental activity capital assets, net of related debt. It also had invested \$4,745,693 in capital assets, net of related debt to be used for business type activities.

Long-term Debt

At year-end the Township had \$6,597,015 in bonds, notes, and leases outstanding for governmental activities and \$733,990 in bonds and notes outstanding for business type activities.

Economic Factors

- One-half mill has been voter approved for fiscal 2008 to be used for police officers. Such millage is expected to produce approximately \$580,000 annually based upon the Township's current total taxable value of property.
- The government plans to continue to explore savings options in the area of health insurance for its employees. Specifically, the use of individual health savings plans is expected to provide significant annual savings in the near future.
- The Township's governing board has initiated an aggressive approach in its annual budget process to adopt future budgets that disallow deficit budget spending with the result of reversing past trends of having annually decreasing fund balances in its general operating fund. This goal was successful for the 2007 fiscal year.
- The government expects to see reduced funding from state agencies due to continued reduction in tax collections (especially that of sales tax) as seen in a nation-wide trend of state and local revenues.
- The unemployment rate for the greater Flint area (which borders Flint Township) was 14.5 percent for 2006. This compares to an unemployment rate of 8.3 percent for the previous year.
- Through aggressive investment of sewer bond funds, the Township was able to eliminate the sewer bond millage early; allowing for such millage to be eliminated. A new millage was approved by voters for the hiring of additional police officers and road fund at no net tax increase to the taxpayers.
- In order to enhance the limited scope of a one year the budget the Township is creating a five year projection model for the general fund revenue and expenses in order to determine positive and or negative trends to allow the Township to respond.

Budgets

The budget for 2007 was amended as required by state law. Both the original budget and amended budget have been shown in this document for 2007. The Township has again produced a timely and balanced budget for 2008.

Requests for Information

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

Basic Financial Statements

Government-wide Financial Statements

Charter Township of Flint

Statement of Net Assets December 31, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
Assets				
Cash and equivalents	\$ 2,897,330	\$ 2,487,581	\$ 5,384,911	\$ 2,947
Investments	104,271	387,266	491,537	-
Receivables:				
Property taxes	6,322,565	5,380	6,327,945	-
Accounts	154,790	2,518,907	2,673,697	-
Accrued interest receivable	-	2,423	2,423	-
Special assessments	1,188,768	17,198	1,205,966	-
Due from other governments	5,798,429	-	5,798,429	-
Internal balances	19,810	(19,810)	-	-
Prepaid items	55,008	1,919	56,927	-
Restricted assets:				
Cash and cash equivalents	-	874,255	874,255	-
Net pension asset	241,651	-	241,651	-
Capital assets (not depreciated)	1,672,981	-	1,672,981	-
Capital assets (net of accumulated depreciation)	17,379,206	5,479,683	22,858,889	-
Total assets	35,834,809	11,754,802	47,589,611	2,947

See Notes to Financial Statements.

Charter Township of Flint

Statement of Net Assets (Continued) December 31, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
Liabilities				
Accounts payable	\$ 232,370	\$ 31,264	\$ 263,634	\$ -
Accrued liabilities	235,069	8,752	243,821	-
Due to other governments	48,134	1,178,989	1,227,123	-
Unearned revenue	8,240,863	5,380	8,246,243	-
Noncurrent liabilities:				
Due within one year	422,862	526,127	948,989	-
Due in more than one year	6,174,153	207,863	6,382,016	-
Total liabilities	15,353,451	1,958,375	17,311,826	-
Net Assets				
Invested in capital assets - Net of related debt	17,212,293	4,745,693	21,957,986	-
Restricted for:				
Debt service	-	874,255	874,255	-
Police	108,619	-	108,619	-
Municipal Streets	183,059	-	183,059	-
Fire Equipment	286,413	-	286,413	-
Other purposes	35,263	-	35,263	-
Unrestricted	2,655,711	4,176,479	6,832,190	2,947
Total net assets	\$ 20,481,358	\$ 9,796,427	\$ 30,277,785	\$ 2,947

See Notes to Financial Statements.

Charter Township of Flint

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental activities:			
General government	3,889,147	\$ 2,485,731	\$ -
Public safety	7,351,587	638,430	222,549
Public works	1,350,938	-	-
Recreation and cultural	85,488	-	9,778
Interest on long-term debt	83,761	-	-
Total governmental activities	<u>12,760,921</u>	<u>3,124,161</u>	<u>232,327</u>
Business-type activities			
Sewer and water	2,178,690	1,380,430	-
Total business-type activities	<u>2,178,690</u>	<u>1,380,430</u>	<u>-</u>
Total primary government	<u>\$ 14,939,611</u>	<u>\$ 4,504,591</u>	<u>\$ 232,327</u>
Component Unit			
Economic Development Authority	<u>\$ 395</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Property taxes
 State shared revenue
 Investment earnings
 Franchise fees
 Gain on sale of capital assets

Total general revenues and transfers

Change in net assets

Net Assets - Beginning of year as restated (Note 15)

Net Assets - End of year

Statement of Activities
Year Ended December 31, 2007

Net (Expense) Revenue and Changes in Net Assets

Capital Grants and Contributions	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation
\$ -	\$ (1,403,416)	\$ -	\$ (1,403,416)	\$ -
271,211	(6,219,397)	-	(6,219,397)	-
149,258	(1,201,680)	-	(1,201,680)	-
-	(75,710)	-	(75,710)	-
-	(83,761)	-	(83,761)	-
420,469	(8,983,964)	-	(8,983,964)	-
122,645	-	(675,615)	(675,615)	-
122,645	-	(675,615)	(675,615)	-
\$ 543,114	(8,983,964)	(675,615)	(9,659,579)	-
	-	-	-	(395)
	6,464,195	563,981	7,028,176	-
	2,572,582	-	2,572,582	-
	335,071	178,711	513,782	-
	370,409	-	370,409	-
	11,331	-	11,331	-
	9,753,588	742,692	10,496,280	-
	769,624	67,077	836,701	(395)
	19,711,734	9,729,350	29,441,084	3,342
\$ 20,481,358	\$ 9,796,427	\$ 30,277,785	\$ 2,947	

Fund Financial Statements

Charter Township of Flint

Governmental Funds Balance Sheet December 31, 2007

	General	Other Governmental Funds	Total
Assets			
Cash and cash equivalents	\$ 2,197,111	\$ 700,219	\$ 2,897,330
Investments	104,271	-	104,271
Receivables:			
Property taxes	5,056,416	1,282,152	6,338,568
Special assessment	1,172,765	-	1,172,765
Other	154,790	-	154,790
Due from other funds	19,810	-	19,810
Due from other governments	920,661	-	920,661
Deferred bond expense - Net	-	34,933	34,933
Prepaid items	20,075	-	20,075
Total assets	\$ 9,645,899	\$ 2,017,304	\$ 11,663,203
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 232,370	\$ -	\$ 232,370
Accrued liabilities	220,701	-	220,701
Due to other governments	20,414	27,720	48,134
Escrow accounts and deposits	14,368	-	14,368
Deferred revenue	6,779,721	1,461,142	8,240,863
Total liabilities	7,267,574	1,488,862	8,756,436
Fund balances			
Reserved for:			
Prepays	20,075	-	20,075
Underground storage tank	10,000	-	10,000
Cemetery perpetual care	16,442	-	16,442
MTA grant expenditures	123	-	123
Police contributions	27,349	-	27,349
Police banquet and awards	2,608	-	2,608
Garbage collection	8,698	-	8,698
State drug forfeiture	78,662	-	78,662
Police grants	41,028	-	41,028
Unreserved reported in:			
General fund	2,173,340	-	2,173,340
Special revenue funds	-	521,320	521,320
Debt service fund	-	7,122	7,122
Total fund balances	2,378,325	528,442	2,906,767
Total liabilities and fund balances	\$ 9,645,899	\$ 2,017,304	\$ 11,663,203

See Notes to Financial Statements.

Charter Township of Flint

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets Year Ended December 31, 2007

Fund balances reported in the governmental funds	\$ 2,906,767
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	19,052,187
Long term amounts due from other governments are not available to pay for current period expenditures and, therefore, are deferred in the funds	4,877,768
Employee compensated absences are payable over a long period of years, and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(334,570)
Long term liabilities, including bonds payable and capital leases, are not due and payable in the current period, and therefore, are not reported in the funds	(6,262,445)
Other long term assets, such as net pension assets are not available for current financial resources, and are not reported as fund assets	241,651
Net Assets - Governmental Activities	<u>\$ 20,481,358</u>

Charter Township of Flint

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2007

	General Fund	Other Governmental Funds	Totals
Revenue			
Property taxes	\$ 5,632,423	\$ 853,911	\$ 6,486,334
Special assessment	1,172,765	-	1,172,765
Licenses and permits	360,611	-	360,611
Federal grants	39,777	6,587	46,364
State grants	2,696,247	-	2,696,247
Local grants	-	149,258	149,258
Charges for services	1,774,360	-	1,774,360
Fines and forfeits	147,628	-	147,628
Interest	329,797	5,274	335,071
Sub-lease income - state police post	319,561	-	319,561
Other revenue	101,504	112,950	214,454
Total revenue	<u>12,574,673</u>	<u>1,127,980</u>	<u>13,702,653</u>
Expenditures			
Current:			
General government	3,525,851	-	3,525,851
Public safety	7,229,441	5,185	7,234,626
Public works	-	538,781	538,781
Recreation and cultural	53,283	1,402	54,685
Insurance	402,874	-	402,874
Amortization expense	-	1,421	1,421
Debt service:			
Principal retirement	391,890	35,000	426,890
Interest and fiscal charges	5,536	78,225	83,761
Total expenditures	<u>11,608,875</u>	<u>660,014</u>	<u>12,268,889</u>
Excess of revenue over expenditures	<u>965,798</u>	<u>467,966</u>	<u>1,433,764</u>
Other financing sources:			
Sale of property and equipment	30,867	-	30,867
Debt issuance	85,238	-	85,238
Total other financing sources	<u>116,105</u>	<u>-</u>	<u>116,105</u>
Net change in fund balances	1,081,903	467,966	1,549,869
Fund Balances - Beginning of year	<u>1,296,422</u>	<u>60,476</u>	<u>1,356,898</u>
Fund Balances - End of year	<u>\$ 2,378,325</u>	<u>\$ 528,442</u>	<u>\$ 2,906,767</u>

See Notes to Financial Statements.

Charter Township of Flint

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, 2007

Net Change in Fund Balances - Total Governmental Funds \$ 1,549,869

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities these costs are allocated over their estimated useful lives and as depreciation expense:

Depreciation expense	(1,760,581)
Capital outlay	554,587
Donated assets	271,211
Net book value of assets disposed of	(19,536)

Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end (319,561)

Increase in accumulated employee sick pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment (5,926)

Repayment of bond and note principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 454,668

Capital lease proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets (85,238)

Net pension asset is shown on the statement of net assets which reduces pension expense in the statement of activities 130,131

Change in Net Assets of Governmental Activities **\$ 769,624**

Charter Township of Flint

Proprietary Fund Statement of Net Assets December 31, 2007

	<u>Enterprise Fund</u> <u>Sewer and</u> <u>Water Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,487,581
Investments	387,266
Receivables:	
Property taxes	5,380
Accounts	1,199,580
Unbilled	1,309,163
Special assessments - Current portion	9,772
Tap-in contracts - Current portion	10,164
Accrued interest	2,423
Prepaid costs	1,919
	<hr/>
Total current assets	5,413,248
Non current assets:	
Restricted cash	874,255
Capital assets	5,479,683
Special assessments receivable - Long-term portion	7,426
	<hr/>
Total noncurrent assets	6,361,364
	<hr/>
Total assets	11,774,612
	<hr/>

See Notes to Financial Statements.

Charter Township of Flint

Proprietary Fund Statement of Net Assets (Continued) December 31, 2007

	<u>Enterprise Fund</u> <u>Sewer and</u> <u>Water Fund</u>
Liabilities	
Current liabilities (payable from current assets):	
Accounts payable	\$ 31,264
Accrued liabilities	8,752
Due to other funds	19,810
Due to other governments	1,178,989
Deferred revenue	5,380
Current portion of long-term debt	<u>526,127</u>
Total current liabilities	<u>1,770,322</u>
Long-term debt - net of current portion	<u>207,863</u>
Total liabilities	<u>1,978,185</u>
Net Assets	
Invested in capital assets, net of related debt	4,745,693
Restricted for debt service	874,255
Unrestricted	<u>4,176,479</u>
Total net assets	<u>\$ 9,796,427</u>

Charter Township of Flint

Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2007

	<u>Enterprise Fund</u> <u>Sewer and</u> <u>Water Fund</u>
Operating Revenue	
Charges for services	\$ 1,196,736
Fines and forfeits	183,145
Miscellaneous	549
Total operating revenue	<u>1,380,430</u>
Operating Expenses	
Personnel services	432,618
Professional services	16,045
Supplies	1,856
Repairs	558,862
Rent	352
Contractual	35,588
Insurance	80,038
Depreciation	1,006,656
Miscellaneous	2,407
Total operating expenses	<u>2,134,422</u>
Operating loss	<u>(753,992)</u>
Nonoperating Revenue (Expenses)	
Property taxes	563,981
Interest income	178,711
Interest expense and fiscal charges	<u>(44,268)</u>
Total non operating revenue	<u>698,424</u>
Loss before contributions	<u>(55,568)</u>
Capital contributions	<u>122,645</u>
Change in net assets	67,077
Net Assets - Beginning of year	<u>9,729,350</u>
Net Assets - End of year	<u><u>\$ 9,796,427</u></u>

See Notes to Financial Statements.

Charter Township of Flint

Proprietary Fund Statement of Cash Flows Year Ended December 31, 2007

	Enterprise Fund Sewer and Water Fund
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 1,367,411
Payments to vendors	(1,055,252)
Net cash provided by operating activities	312,159
Cash Flows from Investing Activities	
Purchase of investments	(387,266)
Interest on investments	192,710
Net cash used by investing activities	(194,556)
Cash Flows from Non-capital Financing Activities	
Repayments of loans from other funds	(3,833)
Cash Flows from Capital and Related and Financing Activities	
Proceeds from property tax levy (restricted for debt service)	497,841
Collection of customer assessments	133,760
Repayment of long-term debt	(534,577)
Proceeds from sale of capital assets	607
Purchase of capital assets	(625,564)
Interest payments	(44,268)
Net cash used in capital and related financing activities	(572,201)
Net decrease in cash and cash equivalents	(458,431)
Cash and Cash Equivalents - Beginning of year	3,820,267
Cash and Cash Equivalents - End of year	\$ 3,361,836
<i>(including \$874,255 reported in restricted accounts in the sewer and water fund)</i>	
Cash Flows from Operating Activities	
Operating loss	\$ (753,992)
Adjustments to reconcile operating loss to net cash provided by operations:	
Depreciation and amortization	1,006,656
Changes in operating assets and liabilities:	
Accounts receivable	(13,019)
Prepays	(1,919)
Accounts payable	359
Accrued liabilities	(1,224)
Due to other governments	75,298
Net cash provided by operating activities	\$ 312,159

See Notes to Financial Statements.

Charter Township of Flint

Statement of Fiduciary Net Assets Year Ended December 31, 2007

	Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 66,310	\$ 1,509,127
Investments - Mutual funds	3,970,173	-
Receivables:		
Delinquent taxes	-	247,345
Accrued interest	6,364	-
	<hr/>	<hr/>
Total assets	4,042,847	1,756,472
Liabilities		
Accrued liabilities	-	910,335
Due to other governments	-	285,237
Escrow accounts and deposits	-	8,154
Undistributed taxes	-	552,746
	<hr/>	<hr/>
Total liabilities	-	1,756,472
Net Assets		
Held in trust for pension benefits	<u><u>\$ 4,042,847</u></u>	<u><u>\$ -</u></u>

Charter Township of Flint

Statement of Changes in Fiduciary Net Assets Firefighters' Pension Trust Fund Year Ended December 31, 2007

Additions

Contributions:	
Employer	\$ 390,418
Employee	79,336
Interest and dividends	234,309
Net increase in fair value of investments	21,263
Other	7,858
	<hr/>
Total additions	733,184

Deductions

Benefit payments	445,503
Administrative fees	7,632
	<hr/>
Total deductions	453,135

Net increase in assets held in trust for
pension benefits 280,049

Net Assets - Beginning of the year 3,762,798

Net Assets - End of the year \$ 4,042,847

Notes to Financial Statements

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note I - Summary of Significant Accounting Policies

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

A. Reporting entity

The Charter Township of Flint was incorporated July 17, 1978, under the provisions of Act 90, P.A. 1976, as amended (Charter Township). The Township provides the following services: public safety (police, fire, and building inspection), garbage, water, sanitary sewer, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the government and its component unit, entity for which the government is considered to be financially accountable. Blended component units, although they can be legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units:

Charter Township of Flint Firefighters' Trust Fund:

- * Governing board is made up of Township employees and elected officials
- * Pension board approves investment policies
- * Pension board provides services exclusively to Charter Township employees (current and retired)

Charter Township of Flint Building Authority:

- * Governing board is made up of Township employees and Township residents
- * Board provides services exclusively to the Charter Township for the purpose of overseeing future construction projects

Discretely presented component unit:

The component unit column in the government wide financial statements includes the financial data of the Township's component unit. This unit is reported in a separate column to emphasize that it is legally separate from the Township.

Charter Township of Flint Economic Development Corporation (EDC):

- * Township appoints governing board
- * Township approves budget of the EDC
- * Township created the EDC
- * Township provides employees and facilities for the EDC

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

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note I - Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

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

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

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

C. 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 fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 they are both measurable and available. Revenue is considered to be *available* if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, 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.

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note I - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

The government reports the following major governmental fund:

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

The government reports the following major proprietary fund:

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

Additionally, the government reports the following fund types:

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

Agency Funds account for assets held by the Township as an agent for individuals, private organizations and other governments.

Pension Trust and Agency funds are reported as fiduciary funds and are not included in the Government-wide Statement of Net Assets and Statement of Activities.

Private-sector standards of accounting and financial reporting 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 or contradict guidance of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

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

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

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note I - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

Property Tax Revenue

Property taxes are levied on each December 1, and are payable without penalty through February 28. However, the revenue generated by the tax levy cannot be appropriated until the budget year following the levy date. The asset created by the levy on December 1 is recorded in the appropriate fund as current taxes receivable. In addition, a deferred revenue offset account is recorded recognizing the funds as unavailable for current appropriation. Revenue generated by the levy of a 1 percent property tax administrative fee are recognized on a cash basis. Uncollected fees as of December 31, 2007, are recorded as a receivable with an offsetting deferred revenue account in the General Fund.

The Township's 2006 tax is levied and collectible on December 1, 2006 and is recognized as revenue in the year ended December 31, 2007, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2006 taxable valuation of the Township totaled \$1,134 billion. Taxes were levied as follows:

<u>Purpose</u>	<u>Millage rate</u>	<u>Revenue</u>
General operating	4.6423 mills	\$5,232,618
Water and sewer debt service	0.500 mills	560,885
Roads (10 year 2006 - 2015)	0.500 mills	567,511
Capital improvement fire (5 year 2006 - 2010)	0.250 mills	283,720
Total	<u>5.8923 mills</u>	<u>\$6,644,734</u>

D. Assets, Liabilities, and Net Assets or Equity

I. Bank Deposits and Investments

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

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note I - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Receivables and payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade, notes, contracts, and property tax receivables are shown net of an allowance for uncollectibles.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted cash and cash equivalents

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

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$500 (amount not rounded). 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.

GASB Statement 34 requires major networks and major subsystems of infrastructure assets acquired since December 30, 2001 be inventoried and capitalized by the fourth anniversary of the mandated date of adoption of the other provisions of GASB Statement No. 34. The Township has capitalized the current year's infrastructure, as required under GASB Statement No. 34, and has reported the infrastructure in the statement of net assets. The Township retroactively capitalized the major infrastructure assets acquired on or before December 31, 2002, during the year ended December 31, 2007.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	7 - 20
Vehicles	2 - 15
Equipment and furniture	3 - 15
Computer equipment	5 - 10
System infrastructure	10 - 20
Water and sewer systems	18 - 40

Note I - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

6. Accumulated unpaid sick pay

It is the Township's policy to pay firefighters $\frac{1}{2}$ of their unused sick time at retirement. All other Township employees are paid for unused sick days on an annual basis. There is no liability for unpaid accumulated vacation since the Township does not have a policy to pay any amounts when employees separate from service with the Township. The liability is accrued when incurred in the government-wide financial statements.

7. Long-term obligations

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

8. 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.

9. Use of estimates

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

Note 2 - Stewardship, Compliance, and Accountability

A. Budgetary Information

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them, for the General and Special Revenue Funds.
2. Public hearings are conducted to obtain taxpayer comments.

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 2 - Stewardship, Compliance, and Accountability (Continued)

A. Budgetary Information (Continued)

3. Prior to January 1, the budget is legally enacted on a departmental (activity) basis through passage of a resolution for all budgeted funds. A comparison of actual results of operation to the General Fund budget as prepared by the Board is included in the basic financial statements by examining the fund totals. The additional amounts shown on this statement are in greater detail than the budget that was adopted and are used to provide additional analysis for management purposes.
4. The Supervisor or designee is authorized to transfer budgeted amounts within departmental appropriation accounts, however, any revisions that alter the total expenditures of any department must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for all budgetary funds. Also, all budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Budget appropriations lapse at year end except for certain grants which are appropriated on a grant or entitlement length basis. Individual funds that have expenditures budgeted in this manner are:
 - Community Development Special Revenue Fund

As a result of its different budget perspective, this fund is excluded from the Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual.

7. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds except that capital lease proceeds and the related capital outlay are not budgeted. A reconciliation of the budgetary comparison schedule to the fund based statement of changes in fund balance is as follows:

	<u>Other Financing Sources</u>	<u>Total Expenditures</u>
General Fund:		
Balance per budgetary comparison schedules	\$ 30,867	\$11,523,637
Debt issuance	85,238	85,238
Balance per fund based statements	<u>\$116,105</u>	<u>\$11,608,875</u>

8. The original budget was amended during the year in compliance with the Township Charter and applicable state laws. The budget amounts reported in the financial statements present the original budget and the final budgeted expenditures as amended by the Township.

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 2 - Stewardship, Compliance, and Accountability (Continued)

B. Budget and Actual Comparisons - Grant/Project Length Budgets

The following is a comparison of budget (on a project (grant) length basis) and actual expenditures for the Community Development Fund for the year ended December 31, 2007.

	Revised Project (Grant) Length Budget	Project Funds Expended During 2007	Total Project Funds Expended Through 12-31-07	Unexpended Balance at 12-31-07
Special Revenue Fund Type:				
Community Development Fund:				
Public safety project year 2005	\$280,512	\$ 5,185	\$275,719	\$ 4,793
Public safety project year 2007	5,833	-	-	5,833
Recreation and cultural	37,527	1,402	37,527	-
Total Community Development	<u>\$323,872</u>	<u>\$ 6,587</u>	<u>\$313,246</u>	<u>\$ 10,626</u>

The following funds incurred expenditures in excess of appropriations:

	Final Budget	Actual Expenditures
General Fund - General administrative	\$ 1,914,838	\$ 1,923,105

Note 3 - Detailed Notes on All Funds

A. 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 mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision, 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 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 Township has designated five banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 3 - Detailed Notes on All Funds (Continued)

A. Deposits and Investments (Continued)

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

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the Township had \$3,415,479 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial credit risk of investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. At year end, \$5,232,757 of investments was uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

Credit risk:

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

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Mutual fund - Fixed income	\$1,584,349	5 stars	Morningstar
Mutual fund - Equities	2,385,825	3-4 stars	Morningstar
Repurchase agreements (sweeps)	3,833,256	Aaa	Standard and Poor
Repurchase agreements (sweeps)	1,399,501	not rated	N/A

Interest rate risk:

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

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Mutual fund - Fixed income	\$1,584,349	4-12 years

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 3 - Detailed Notes on All Funds (Continued)

A. Deposits and Investments (Continued)

Concentration of credit risk:

The Township limits the investment in commercial paper to not more than 50 percent of any fund at any time.

B. Deferred Revenue

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes	\$ -	\$7,052,095
Special assessment	-	1,188,768
Total	<u>\$ -</u>	<u>\$8,240,863</u>

C. Capital Assets

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

Primary Government

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications and Adjustments</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 1,676,485	\$ -	\$ (3,504)	\$ -	\$ 1,672,981
Total capital assets, not being depreciated	<u>1,676,485</u>	<u>-</u>	<u>(3,504)</u>	<u>-</u>	<u>1,672,981</u>
Capital assets, being depreciated:					
Buildings and building improvements	6,918,718	-	-	-	6,918,718
Machinery and equipment	3,761,003	475,657	(127,957)	-	4,108,703
Vehicles	2,169,779	107,183	(237,983)	-	2,038,979
Furniture	255,847	3,440	(1,842)	-	257,445
Infrastructure	21,752,902	239,518	-	-	21,992,420
Total capital assets being depreciated	<u>34,858,249</u>	<u>825,798</u>	<u>(367,782)</u>	<u>-</u>	<u>35,316,265</u>

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 3 - Detailed Notes on All Funds (Continued)

C. Capital Assets (Continued)

Primary Government (Continued)

	<u>Restated</u> <u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u> <u>and</u> <u>Adjustments</u>	<u>Ending</u> <u>Balance</u>
	<u>Restated</u> <u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u> <u>and</u> <u>Adjustments</u>	<u>Ending</u> <u>Balance</u>
Accumulated depreciation:					
Building and building improvements	\$ 1,787,803	\$ 205,664	\$ -	\$ -	\$ 1,993,467
Machinery and equipment	2,803,710	271,830	(111,925)	-	2,963,615
Vehicles	1,793,809	168,954	(237,983)	-	1,724,780
Furniture	137,609	19,605	(1,842)	-	155,372
Infrastructure	10,005,297	1,094,528	-	-	11,099,825
Total accumulated depreciation	<u>16,528,228</u>	<u>1,760,581</u>	<u>(351,750)</u>	<u>-</u>	<u>17,937,059</u>
Governmental activities capital assets - Net	<u>\$ 20,006,506</u>	<u>\$ (934,783)</u>	<u>\$ (19,536)</u>	<u>\$ -</u>	<u>\$ 19,052,187</u>
Business-type activities:					
Capital assets, being depreciated:					
System	\$ 39,322,982	\$ 622,776	\$ -	\$ -	\$ 39,945,758
Machinery and equipment	151,912	2,788	(840)	-	153,860
Total capital assets, being depreciated	<u>39,474,894</u>	<u>625,564</u>	<u>(840)</u>	<u>-</u>	<u>40,099,618</u>
Less accumulated depreciation for:					
System	33,490,091	995,786	-	-	34,485,877
Machinery and equipment	123,421	10,870	(233)	-	134,058
Total accumulated depreciation	<u>33,613,512</u>	<u>1,006,656</u>	<u>(233)</u>	<u>-</u>	<u>34,619,935</u>
Total capital assets, being depreciated - Net	<u>\$ 5,861,382</u>	<u>\$ (381,092)</u>	<u>\$ (607)</u>	<u>\$ -</u>	<u>\$ 5,479,683</u>
Business-type capital assets - Net	<u>\$ 5,861,382</u>	<u>\$ (381,092)</u>	<u>\$ (607)</u>	<u>\$ -</u>	<u>\$ 5,479,683</u>

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

Governmental activities:

Current:

General government	\$ 350,240
Public safety	332,768
Public works	1,058,375
Recreation and cultural	19,198

Total depreciation expense - governmental activities \$ 1,760,581

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 3 - Detailed Notes on All Funds (Continued)

C. Capital Assets (Continued)

Business-type activities:

Sewer and Water \$1,006,656

The Flint Township EDC did not have any capital asset activity.

D. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2007 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer and Water	\$ 19,810

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

E. Long-term Debt

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

Long-term debt activity for the year ended December 31, 2007 can be summarized as follows:

	<u>General Obligation Bonds</u>	<u>Other Notes</u>	<u>Accumulated Annual and Sick Pay</u>	<u>Net Pension Obligation</u>	<u>Total</u>
Governmental activities:					
Debt at January 1, 2007	\$1,655,000	\$4,943,474	\$328,644	\$ 33,401	\$6,960,519
Principal payments made	(35,000)	(408,406)	-	-	(443,406)
Debt issued	-	107,377	-	-	107,377
Net change –					
Sick pay	-	-	5,926	-	5,926
Net pension obligation	-	-	-	(33,401)	(33,401)
Total governmental activities long-term debt	<u>1,620,000</u>	<u>4,642,445</u>	<u>334,570</u>	<u>-</u>	<u>6,597,015</u>

Charter Township of Flint, Michigan

Note 3 - Detailed Notes on All Funds (Continued)

E. Long-term Debt (Continued)

The following is a summary of Business-Type long-term liability activity of the Township for the year ended December 31, 2007:

	General Obligation <u>Bonds</u>	Other <u>Notes</u>	Accumulated Annual and <u>Sick Pay</u>	Net Pension <u>Obligation</u>	<u>Total</u>
Business-type activities:					
Long-term debt payable at January 1, 2007	1,214,835	53,732	-	-	1,268,567
Principal payments made	(522,140)	(12,437)	-	-	(534,577)
Total business-type long-term debt at December 31, 2007	<u>692,695</u>	<u>41,295</u>	-	-	<u>733,990</u>
Total long-term debt - all activities December 31, 2007	<u>\$2,312,695</u>	<u>\$4,683,740</u>	<u>\$334,570</u>	-	<u>\$7,331,005</u>

A summary of long-term liability transactions for the year ended December 31, 2007, and the composition of long-term debt balance follows:

	Final Payment <u>Due</u>	Interest Rate or <u>Range</u>	Original Amount of <u>Issue</u>	Balance at December 31, <u>2006</u>	Issuances <u>During Year</u>
Governmental Activities:					
State police post	2025	N/A	\$7,059,156	\$4,695,828	\$ -
Copier capital lease	2007	N/A	17,294	3,226	-
Copier capital lease	2008	N/A	35,147	13,438	-
Road assessment payable	2015	N/A	Various	155,026	-
Building Authority Bonds - Series 2003	2031	4.3-5.0%	1,800,000	1,655,000	-
Police vehicle capital leases	2009	N/A	124,920	75,956	85,238
Accrued annual and sick pay - Fire		N/A		328,644	5,926
Tax appeal liability - McLaren		N/A		-	22,139
Net pension obligation		N/A		<u>33,401</u>	-
Total governmental activities				<u>\$6,960,519</u>	<u>\$113,303</u>

**Notes to Financial Statements
December 31, 2007**

<u>Retirements During Year</u>	<u>Balance at December 31, 2007</u>	<u>Due Within One Year</u>
\$(295,416)	\$4,400,412	\$295,416
(3,226)	-	-
(8,297)	5,141	5,141
(16,516)	138,510	17,295
(35,000)	1,620,000	35,000
(84,951)	76,243	47,871
-	334,570	-
-	22,139	22,139
(33,401)	-	-
<u>\$(476,807)</u>	<u>\$6,597,015</u>	<u>\$422,862</u>

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 3 - Detailed Notes on All Funds (Continued)

E. Long-term Debt (Continued)

Contracts:

The Township entered into a lease agreement with G & K Associates for the state police post building. No interest is being charged on the lease agreement. The lease payments are detailed below:

<u>Year Ended</u> <u>December 31</u>	<u>Principal</u> <u>Requirements</u>
2008	\$ 295,416
2009	295,416
2010	295,416
2011	295,416
2012	295,416
2013-2017	1,289,048
2018-2022	1,043,160
2023-2026	<u>591,124</u>
	<u>\$4,400,412</u>

Governmental activities - State police post

The Township entered into a sub-lease agreement with the State of Michigan for the state police post building. The amounts to be received by the Township from the State of Michigan are detailed below:

<u>Year Ended</u> <u>December 31</u>	<u>Principal</u> <u>Requirements</u>
2008	\$ 319,561
2009	319,561
2010	319,561
2011	319,561
2012	319,561
2013-2017	1,422,939
2018-2022	1,160,640
2023-2026	<u>696,384</u>
	<u>\$4,877,768</u>

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 3 - Detailed Notes on All Funds (Continued)

E. Long-term Debt (Continued)

	Final Payment <u>Due</u>	Interest Rate or Range	Original Amount of <u>Issue</u>	Balance at December 31, <u>2006</u>	Issuances (Retirements) <u>During Year</u>
Business activities:					
McCollum Drain Note	April 1, 2010	5.0-5.6%	\$ 129,350	\$ 53,732	\$ (12,437)
Flint Township Laterals - Series 1998 Contract	April 1, 2010	3.75-4.65	3,335,000	775,000	(300,000)
Water Supply System I - Refunding Series 1998 Contract	April 1, 2008	3.75-4.50	2,261,385	439,835	(222,140)
Total business-type activities				<u>\$1,268,567</u>	<u>\$(534,577)</u>

McCollum drain note:

In late 1993, the Township of Flint and the City of Flint received a court judgment to pay for the repair of the McCollum Storm Drain. This drain services the Sunridge Apartment complex. Cost of the repair was allocated among three governmental units with Flint Township's portion being 9.95 percent.

To pay for the repair of the drain, the Genesee County Drain office issued Limited Tax Obligation Bonds in the amount of \$1,500,000. Only the Township percentage of the debt, \$136,318, was originally recorded in the Township's accounting records. The principal balance owed at December 31, 2007 is \$41,295.

The court settlement also included a provision whereby the Sunridge complex is to reimburse Flint Township one-half of the Township's costs by way of annual assessments over a ten year period. The remaining amount due from the Sunridge complex at December 31, 2007 is, \$19,402, and has been recorded in the Sewer & Water Fund as accounts receivable.

Genesee County contracts:

The Township has entered into several contracts noted above with the County of Genesee for the construction of various sewer and water facilities. The one remaining project and Flint Township's percentage is as follows:

Water Supply System #1 Refunding Series 1998	88.8560%
--	----------

The contracts for all other facilities are 100 percent operated by Flint Township. Only the Township percentage of construction costs and debt have been recorded in the Township's accounting records.

**Notes to Financial Statements
December 31, 2007**

Balance at December 31, <u>2007</u>	Due Within One Year
\$ 41,295	\$ 13,433
475,000	295,000
<u>217,695</u>	<u>217,694</u>
<u><u>\$733,990</u></u>	<u><u>\$526,127</u></u>

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 3 - Detailed Notes on All Funds (Continued)

E. Long-term Debt (Continued)

County Contractual Obligations

The above contractual obligations to the County are the result of the County issuance of bonds on the Township's behalf. The Township has pledged to raise property taxes, to the extent permitted by law, if necessary to fund the obligation to repay the County. The remaining principal and interest to be paid on the bonds is \$765,594. The Township has accumulated enough reserve from previous property tax levies to cover the remaining debt service requirements.

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

Year End December 31,	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 422,862	\$ 88,375	\$526,127	\$ 21,725
2009	376,900	82,800	103,930	7,396
2010	349,383	78,616	103,933	2,483
2011	355,278	76,321	-	-
2012	356,215	73,784	-	-
2013-2017	1,577,523	329,467	-	-
2018-2022	1,363,160	265,600	-	-
2023-2027	1,016,124	177,500	-	-
2028-2032	445,000	57,250	-	-
Total	<u>\$6,262,445</u>	<u>\$1,229,713</u>	<u>\$733,990</u>	<u>\$ 31,604</u>

Advance and current refundings:

During 1998, the Township defeased its Flint Township Laterals, Laterals Series 2 and Water Supply System #1 contracts by the issuing of Refunding Bonds Series 1998. The proceeds were placed in an irrevocable trust to provide for all future debt service payments on the old contracts. Accordingly, the trust account assets and the liability for the defeased contracts are not included in the general purpose financial statements. At December 31, 2007, \$500,000 of the Lateral contract and \$222,140 of the Water Supply System #1 contract are considered defeased.

Note 4 - Defined Benefit Pension Plans

A. Firefighters' Pension Trust Defined Benefit Plan

Plan description:

The Township has a single employer defined benefit pension plan which covers substantially all full-time firefighters. The plan was established in accordance with the State of Michigan's Public Act 345 of 1937. The plan is administered by a five-member Board of Trustees comprised of two members of the Township's administration and three other Township employees. Investments of the plan are made through JP Morgan Chase Bank Trust Department. The plan provides that the employer/employees contribute amounts necessary to fund the actuarially determined benefits. At December 31, 2006 the date of the most recent actuarial report, membership consisted of 16 retirees and beneficiaries currently receiving benefits, 1 inactive vested member and 14 current active employees. The plan does not issue a separate financial report.

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 4 - Defined Benefit Pension Plans (Continued)

A. Firefighters' Pension Trust Defined Benefit Plan (Continued)

Contributions:

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Annual pension costs:

For year ended December 31, 2007, the Township's annual pension cost was \$294,014 and the actual contribution made was \$390,418. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the individual entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, (b) projected salary increases of 4.5 to 7.5 percent per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an closed basis. The remaining amortization period is 23 years.

Three-year trend information:

	<u>Fiscal year ended December 31:</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Annual pension cost	\$294,014	\$302,188	\$272,688
Percentage of APC contributed	132.8%	129.2%	135.8%
Net pension asset	\$201,259	\$104,855	\$16,670
	<u>Actuarial Valuation as of December 31:</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Actuarial value of assets	\$3,721,093	\$3,366,575	\$3,209,627
Actuarial Accrued Liability (entry age)	6,876,518	6,572,273	6,317,924
Unfunded AAL	3,155,425	3,205,698	3,108,297
Funded ratio	54.1%	51.2%	50.8%
Covered payroll	\$1,000,057	\$ 949,968	\$ 912,917
UAAL as a percentage of covered payroll	315.5%	337.5%	340.5%

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 4 - Defined Benefit Pension Plans (Continued)

B. MERS Defined Benefit Pension Plans

a. Police and Controller

Plan description:

The Township participates in the Municipal Employees Retirement System of Michigan, an agent multiple-employer defined benefit pension plan that covers patrol officers and the controller. The system provides retirement, disability and death benefits to plan members and their beneficiaries. At December 31, 2006, the date of the most recent actuarial report, membership consisted of 4 retirees and beneficiaries, 3 inactive vested members and 39 current active employees. The Municipal Employees Retirement System of Michigan 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, Michigan 48917.

Funding policy:

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining unit and requires a contribution from the employees of 7 percent and 11.05 percent for the controller/chief and police, respectively.

Annual pension costs:

For year ended December 31, 2007, the Township's annual pension cost was \$184,053 and the actual contribution made was \$244,335. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the entry age normal actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, (b) projected salary increases of 4.5 to 12.90 percent per year, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is 28 years.

Three-year trend information:

	<u>Fiscal year ended December 31:</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Annual pension cost	\$184,053	\$184,890	\$180,232
Percentage of APC contributed	133%	130%	101%
Net pension obligation (asset)	\$26,880	\$(33,401)	\$(88,941)
	<u>Actuarial Valuation as of December 31:</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Actuarial value of assets	\$10,996,269	\$ 9,820,032	\$8,956,274
Actuarial Accrued Liability (entry age)	14,016,675	12,512,119	11,610,522
Unfunded AAL	3,020,406	2,692,087	2,654,248
Funded ratio	78.5%	78.5%	77%
Covered payroll	\$2,629,337	\$ 2,438,983	\$2,643,528
UAAL as a percentage of covered payroll	114.9%	110.4%	100%

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 4 - Defined Benefit Pension Plans (Continued)

B. MERS Defined Benefit Pension Plans (Continued)

b. Full-Time Clerical/Non-Union

Plan description:

The Township participates in the Municipal Employees Retirement System of Michigan, an agent multiple-employer defined benefit pension plan that covers clerical/full-time and some non-union employees. The system provides retirement, disability and death benefits to plan members and their beneficiaries. At December 31, 2006, the date of the most recent actuarial report, membership consisted of 1 retiree, 2 inactive vested members and 21 current active employees. The Municipal Employees Retirement System of Michigan 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, Michigan 48917.

Funding policy:

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining unit and requires a contribution from the employees of 6.46 percent wages for clerical/full-time and some non-union employees.

Annual pension costs:

For year ended December 31, 2007, the Township's annual pension cost was \$42,298 and the actual contribution made was \$49,145. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the entry age normal actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, (b) projected salary increases of 4.5 to 12.9 percent per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is 28 years.

Three-year trend information:

	<u>Fiscal year ended December 31:</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Annual pension cost	\$ 42,298	\$ 44,696	\$ 37,116
Percentage of APC contributed	115%	116%	128%
Net pension asset (obligation)	\$ 13,512	\$ 6,665	\$ (669)
	<u>Actuarial Valuation as of December 31:</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Actuarial value of assets	\$1,677,612	\$1,483,114	\$1,313,307
Actuarial Accrued Liability (entry age)	1,918,748	1,601,253	1,473,291
Unfunded AAL	241,136	118,139	159,984
Funded ratio	87.4%	92.6%	89%
Covered payroll	\$ 760,759	\$ 655,990	\$ 632,715
UAAL as a percentage of covered payroll	32%	18%	25%

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 5 - Defined Contribution Pension Plan

All other employees not described in a previous plan changed to a defined contribution plan through the Michigan Municipal Employees Retirement System (MERS). The details of the two defined contribution plans offered by the Township are as follows:

	Elected Officials and Non-Union <u>Employees</u>	Police Communication <u>Operators</u>
Employee contribution percent	5%	0%
Employer contribution percent	10%	5%
Vesting	Immediate	20% per year over 5 years
Employee contributions for 12/31/07	\$39,988	\$ -
Employer contribution for 12/31/07	44,008	5,353

Note 6 - Post Retirement Benefits

The Township provides post retirement benefits (health, dental, and optical) to all Township retirees. Life insurance is also provided to non fire and police retirees. The total cost for these benefits for 2007 was \$247,121. The total number of eligible retirees amounted to 29 at December 31, 2007. The Township pays for 100 percent of these costs as incurred and provides no funding for them as they are earned. There are no provisions for employee contributions. The Township obtains healthcare coverage through private insurers.

Note 7 - Deferred Compensation

The Township offers its employees a Deferred Compensation Plan created in accordance with IRC Section 457. The plan, available to substantially all Township employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency.

The law was changed to allow trusts to be created for the plan assets, thereby, insulating the assets from the Township's general creditors. The Township's plan administrator created the trust and placed the assets of the plan within the trust. As a result, the plans assets are not shown on the financial statements to reflect that the Township has no fiduciary or administrative responsibility for this plan.

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 8 - Construction Code Revenues/Expenditures

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. The rules indicated that if the revenues exceeded the expenditures, the fees collected must be kept in a separate fund with all the revenues and expenditures accounted for in that fund. These rules allowed for monitoring these funds in a separate activity center within the General Fund if the expenditures would normally exceed the revenues. The Township chose the latter because historically, the expenditures have exceeded revenues. The activity related to construction code activity for the year ended December 31, 2007 is as follows:

Shortfall at January 1, 2007	\$(105,594)
Current year construction permit revenue	213,725
Expenditures:	
Professional services	<u>(270,194)</u>
Expenditures over revenue	(56,469)
Cumulative shortfall at December 31, 2007	<u><u>\$(162,063)</u></u>

Note 9 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, and workers' compensation, as well as medical benefits provided to employees. The Township has purchased commercial insurance for property, liability, wrongful acts, law enforcement, automobile, bond, crime, inland marine, and boiler claims and health care. The Township participates in the Michigan Township Participation Plan for claims relating to liability, no fault and excess comprehensive coverage and in the Michigan Municipal Worker's Compensation Fund for claims relating to workmen's compensation. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. During calendar year 2006, the deductible on police cars was lowered to \$2,500.

The Michigan Township Participation Plan operates as an insurance - purchasing pool for local units of government in Michigan. The Michigan Municipal Compensation Fund also operates as an insurance - purchasing pool for local units of government in Michigan. These plans purchase commercial insurance on behalf of their members at a lower cost than would be available on an individual basis.

Note 10 - Commitment

The Township has signed a long-term contract with a vendor to provide waste management services. The following amounts are to be paid to the vendor per the contract based on the 2008 home count of 9,746 with estimates increases of 20 homes per year the current annual fee for mobile homes collection of \$94,006, which is adjusted annually for inflation per the Consumer Price Index (CPI) and an annual land fill tax of \$2,339.

2008	\$1,184,027
2009	1,209,794
2010	1,239,146

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 11 - Upcoming Reporting Changes

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pension*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree healthcare, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending December 31, 2008. Management is currently assessing the impact of this new accounting standard on the Township's financial statement for future reporting periods.

Note 12 - Contingency

The Township has several tax appeals pending by taxpayers regarding prior tax payments and taxable values. No amounts have been recorded in the financial statements because the probability of the outcome and the possible loss cannot be estimated.

Note 13 - Industrial Revenue Bonds Outstanding (Conduit Debt)

Bonding project:

During 1988, the Township established the Economic Development Corporation of the Charter Township of Flint. The Corporation issued \$4,500,000 in limited obligation economic development revenue bonds during 1988. Since the bonds are payable solely from the net revenues derived from the project and the bonds are not a general obligation of the Corporation or the Township, the bonds have not been reflected in the financial statements of the Township. Details of the bonding project are as follows:

Project:	Baker College Campus
Amount of issue:	\$4,500,000
Date of issue:	November 9, 1988
Rate and terms:	Tax exempt floating rate

The Corporation issued \$4,500,000 in limited obligation economic development revenue bonds during 1990. Details of the bonding project are as follows:

Project:	Genesee County Real Estate, Inc.
Amount of issue:	\$4,500,000
Date of issue:	September 26, 1990
Rate and terms:	Tax exempt floating rate

The Corporation issued \$2,500,000 in limited obligation economic development revenue bonds during 1997. Details of the bonding project are as follows:

Project:	Baker College of Flint 1998 Project
Amount of issue:	\$2,500,000
Date of issue:	July 1, 1998
Rate and terms:	Tax-exempt floating rate

Charter Township of Flint, Michigan

Notes to Financial Statements December 31, 2007

Note 13 - Industrial Revenue Bonds Outstanding (Conduit Debt) (Continued)

Bonding project (continued)

The Corporation issued \$2,500,000 in limited obligation economic development revenue bonds during 2003. Details of the bonding project are as follows:

Project:	PME International, LLC and PME Properties, LLC
Amount of issue:	\$2,500,000
Date of issue:	July 30, 2003
Rate and terms:	Tax-exempt floating rate

Note 14 - Sale of Delinquent Property Taxes:

The Township annually sells its delinquent real property taxes and special assessments to the County, which then becomes responsible for collecting the taxes, and taking uncollected tax parcels through the tax reversion process.

The County purchases these taxes at 100 percent of face value, and in return the County is allowed to retain all interest and penalties it collects. The estimated present value of the future delinquent collections to the Township is less than the face value that has been received, because of the time value of money; however, the net present value to the Township is greater than this amount, because of the statutory provision that allows the County to retain all penalties and interest. During the current year, the Township received \$949,695 from this sale. At the end of the tax reversion process (approximately 3 years), the County charges the Township back for any uncollected taxes. Historically, this amount has not been significant.

Note 15 - Restatement of Net Assets

Restatement: Net assets at December 31, 2006, of the governmental wide statements were changed by the provisions of GASB 34, which requires governments to implement retroactive reporting of infrastructure capital assets. The balances at December 31, 2006 were restated to reflect the retroactive adjustments. The following analysis reports the changes:

	<u>As Previously</u> <u>Reported</u>	<u>Adjustments</u>	<u>Restated</u> <u>Amounts</u>
Net Assets	\$ 8,615,099	\$ 11,096,635	\$ 19,711,734

Required Supplementary Information

Charter Township of Flint, Michigan

Required Supplementary Information Schedule of Funding Progress December 31, 2007

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
Firefighters						
12/31/2001	\$3,146,419	\$5,570,222	\$2,423,803	56.5%	\$ 618,589	391.8%
12/31/2002	3,117,819	5,646,173	2,528,354	55.2	705,940	358.2
12/31/2003	3,123,648	5,704,006	2,580,358	54.8	691,434	373.2
12/31/2004	3,209,627	6,317,924	3,108,297	50.8	912,917	340.5
12/31/2005	3,366,575	6,572,273	3,205,698	51.2	949,968	337.5
12/31/2006	3,721,093	6,876,518	3,155,425	54.1	1,000,057	315.5

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
Firefighters			
12/31/2002	12/31/2001	\$202,155	162.4%
12/31/2003	12/31/2002	220,326	143.5
12/31/2004	12/31/2003	225,131	162.1
12/31/2005	12/31/2004	272,688	135.8
12/31/2006	12/31/2005	302,188	129.2
12/31/2007	12/31/2006	302,223	129.2

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2006, the latest actuarial valuation, follows:

Actuarial cost method	Entry age
Amortization method	Level percent
Amortization period	23 years
Asset valuation method	4-year smoothed market
Actual assumptions:	
Investment rate of return	8.0%
Projected salary increases*	4.5%-7.5%
*Includes Inflation at	4.5%
Cost of living adjustments	None

Charter Township of Flint

General Fund Budgetary Comparison Schedule and Changes in Fund Balance Year Ended December 31, 2007

	Budgeted		Actual	Variance With Amended Budget
	Original	Amended		
Revenue				
Property taxes	\$ 5,381,600	\$ 5,381,600	\$ 5,632,423	\$ 250,823
Special assessment	1,172,765	1,172,765	1,172,765	-
Licenses and permits	411,153	411,153	360,611	(50,542)
Federal grants	43,710	43,710	39,777	(3,933)
State grants	2,677,570	2,677,570	2,696,247	18,677
Charges for services	1,687,786	1,687,786	1,774,360	86,574
Fines and forfeits	83,000	83,000	147,628	64,628
Interest income	230,000	230,000	329,797	99,797
Sub-lease income - State police post	319,561	319,561	319,561	-
Other revenue	76,925	76,925	101,504	24,579
Total revenue	12,084,070	12,084,070	12,574,673	490,603
Expenditures				
General government:				
Township board	65,749	65,949	64,491	1,458
Supervisor's office	135,999	135,999	134,308	1,691
Election commission	142,108	142,108	87,858	54,250
Assessor's office	301,097	304,095	282,045	22,050
Clerk's department	207,522	207,522	182,160	25,362
Controller's office	212,308	212,308	199,171	13,137
Treasurer's department	212,860	215,858	215,034	824
Township hall and grounds	219,443	219,443	172,532	46,911
General administrative	1,843,013	1,914,838	1,923,105	(8,267)
Professional services	214,000	246,183	245,309	874
Civil service	6,750	6,750	2,188	4,562
Board of review	3,867	3,867	3,837	30
Liquor advisory commission	1,000	1,000	943	57
Planning commission	9,219	9,219	8,115	1,104
Zoning board of appeals	5,388	5,388	4,755	633
Public safety:				
Fire department	2,136,949	2,136,949	2,026,895	110,054
Police department	4,823,164	4,836,169	4,690,965	145,204
Building department	271,382	280,377	270,194	10,183
Trade inspections	179,402	179,402	156,149	23,253
Recreation and cultural	59,556	59,556	53,283	6,273
Insurance	407,180	408,426	402,874	5,552
Debt service:				
Principal	397,530	397,530	391,890	5,640
Interest	5,536	5,536	5,536	-
Total expenditures	11,861,022	11,994,472	11,523,637	470,835

(continued)

Charter Township of Flint

General Fund Budgetary Comparison Schedule and Changes in Fund Balance (Continued) Year Ended December 31, 2007

	Budgeted		Actual	Variance With Amended Budget
	Original	Amended		
Excess of revenue over expenditures	223,048	89,598	1,051,036	961,438
Other Financing Sources				
Sale of property and equipment	60,000	60,000	30,867	(29,133)
Net change in fund balances	283,048	149,598	1,081,903	932,305
Fund Balance - Beginning of year	1,296,422	1,296,422	1,296,422	-
Fund Balance - End of year	\$ 1,579,470	\$ 1,446,020	\$ 2,378,325	\$ 932,305

Combining Fund Statements and Fund Descriptions

Charter Township of Flint, Michigan

Nonmajor Governmental Funds Summary Descriptions December 31, 2007

Special Revenue Funds

The Community Development Fund accounts for revenue and expenditures incurred by the Township as a sub-grantee.

The Public Improvement Fund accounts for non-tax revenue set aside for capital projects. Expenditures in this fund are limited to capital projects or large capital purchases.

The Building Authority Fund accounts for revenue and expenditures for the purpose of overseeing construction projects.

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

The Fire Equipment Fund accounts for revenue and expenditures for the purpose of purchasing fire equipment.

The Police Fund accounts for revenue and expenditures for the purpose of funding of police officers.

Debt Service Funds

The Debt Service Fund was established to accumulate resources for the payment of the Building Authority Bonds - Series 2003.

Charter Township of Flint, Michigan

Fiduciary Funds Summary Descriptions December 31, 2007

Pension Trust Funds

The Firefighters Pension is used to account for the financial operations of a retirement plan for firemen.

Agency Funds

The General Agency Fund is used to account for delinquent property taxes levied by other taxing units and other assets held by the Township as an agent for individuals, private organizations, other governments, and other funds.

The Tax Agency Fund is used to account for cash receipts and disbursements of current property taxes levied by other taxing units and other funds.

Charter Township of Flint

	Special Revenue Funds			
	Community Development	Public Improvement	Building Authority	Municipal Street
Assets				
Cash and cash equivalents	\$ -	\$ 367	\$ 16,548	\$ 282,362
Property tax receivable	-	-	-	513,303
Deferred bond expense - net	-	-	34,933	-
Total assets	\$ -	\$ 367	\$ 51,481	\$ 795,665
Liabilities and Fund Balances				
Liabilities				
Due to other governments	\$ -	\$ -	\$ -	\$ 27,720
Deferred revenue	-	-	-	584,886
Total liabilities	-	-	-	612,606
Fund balances				
Unreserved	-	367	51,481	183,059
Total liabilities and fund balances	\$ -	\$ 367	\$ 51,481	\$ 795,665

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007**

Debt Service Fund			
Fire Equipment	Police Millage	Building Authority Series 2002	Total
\$ 322,225	\$ 71,595	\$ 7,122	\$ 700,219
256,593	512,256	-	1,282,152
-	-	-	34,933
\$ 578,818	\$ 583,851	\$ 7,122	\$ 2,017,304
\$ -	\$ -	\$ -	\$ 27,720
292,405	583,851	-	1,461,142
292,405	583,851	-	1,488,862
286,413	-	7,122	528,442
\$ 578,818	\$ 583,851	\$ 7,122	\$ 2,017,304

Charter Township of Flint

	Special Revenue Funds			
	Community Development	Public Improvement	Building Authority	Municipal Street
Revenue				
Property taxes	\$ -	\$ -	\$ -	\$ 569,299
Federal grants	6,587	-	-	-
Local grants	-	-	-	149,258
Interest income	-	-	82	3,283
Other income	-	-	-	-
Total revenue	6,587	-	82	721,840
Expenditures				
Public safety	5,185	-	-	-
Public works	-	-	-	538,781
Recreation and cultural	1,402	-	-	-
Amortization expense	-	-	1,421	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	6,587	-	1,421	538,781
Excess of revenue over (under) expenditures	-	-	(1,339)	183,059
Net change in fund balances	-	-	(1,339)	183,059
Fund Balances - Beginning of year	-	367	52,820	-
Fund Balances - End of year	\$ -	\$ 367	\$ 51,481	\$ 183,059

**Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2007**

Fire Equipment	Debt Service Fund Building Authority Series 2002	Totals
\$ 284,612	\$ -	\$ 853,911
-	-	6,587
-	-	149,258
1,801	108	5,274
-	112,950	112,950
<u>286,413</u>	<u>113,058</u>	<u>1,127,980</u>
-	-	5,185
-	-	538,781
-	-	1,402
-	-	1,421
-	35,000	35,000
-	78,225	78,225
<u>-</u>	<u>113,225</u>	<u>660,014</u>
286,413	(167)	467,966
286,413	(167)	467,966
-	7,289	60,476
<u>\$ 286,413</u>	<u>\$ 7,122</u>	<u>\$ 528,442</u>

Charter Township of Flint

Budgetary Comparison Schedule Year Ended December 31, 2007

	Building Authority			
	Budgeted		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Interest income	\$ -	\$ -	\$ 82	\$ 82
Total revenue	-	-	82	82
Expenditures				
Amortization expense	1,500	1,500	1,421	79
Total expenditures	1,500	1,500	1,421	79
Excess of revenue over (under) expenditures	(1,500)	(1,500)	(1,339)	161
Fund Balance - Beginning of year	52,820	52,820	52,820	-
Fund balance - End of year	\$ 51,320	\$ 51,320	\$ 51,481	\$ 161

Charter Township of Flint

Budgetary Comparison Schedule Year Ended December 31, 2007

	Municipal Roads			
	Budgeted		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Property taxes	\$ 567,000	\$ 567,000	\$ 569,299	\$ 2,299
Local grants	65,470	65,470	149,258	83,788
Interest income	7,500	7,500	3,283	(4,217)
Total revenue	639,970	639,970	721,840	81,870
Expenditures				
Public works	59,000	569,500	538,781	30,719
Total expenditures	59,000	569,500	538,781	30,719
Excess of revenue over expenditures	580,970	70,470	183,059	112,589
Fund Balance - Beginning of year	52,820	52,820	52,820	-
Fund balance - End of year	\$ 633,790	\$ 123,290	\$ 235,879	\$ 112,589

Charter Township of Flint

Statement of Assets and Liabilities Agency Funds December 31, 2007

	Agency Funds		
	General Agency	Tax Collection	Total
Assets			
Cash and cash equivalents	\$ 897,026	\$ 612,101	\$ 1,509,127
Delinquent taxes receivable	247,345	-	247,345
Total assets	\$ 1,144,371	\$ 612,101	\$ 1,756,472
Liabilities			
Accrued liabilities	\$ 910,335	\$ -	\$ 910,335
Escrow accounts and deposits	8,154	-	8,154
Due to other governments	189,091	96,146	285,237
Undistributed taxes	36,791	515,955	552,746
Total liabilities	\$ 1,144,371	\$ 612,101	\$ 1,756,472

May 7, 2008

To the Board Members
Charter Township of Flint
1490 South Dye Road
Flint, Michigan

Dear Board Members:

We recently completed our audit of the basic financial statements of Charter Township of Flint for the year ended December 31, 2007. As a result of our audit, we have the following comments and recommendations for your review and consideration.

Retiree Health Care Benefits

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The intent of the new rules is to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. These new rules will apply to the government wide financial statements, rather than the individual fund level. The Township currently pays for premiums on a pay-as-you-go basis. The Township will need to decide how much of the total obligation to fund which may have an impact on the manner in which the benefit is budgeted.

The new pronouncement will require a valuation of the obligation to provide retiree health care benefits, including an amortization of the past service cost over a period of up to 30 years. The valuation must include an annual recommended contribution (ARC). While the ARC does not need to be funded each year, any under funding must be reported as a liability on the government wide statement of net assets. This valuation will need to be performed by an actuary only if the total participants exceed 100. Participants are defined as employees in active service, terminated employees not yet receiving benefits, plus retirees and beneficiaries currently receiving benefits. Plans with fewer than 100 participants may either hire an actuary, or perform the calculation themselves (at least every three years).

This statement is effective for the fiscal year beginning January 1, 2009. Remember that planning to make the annual recommended contribution generally requires up to three to six months for an actuarial valuation plus six months lead time to work the numbers into the budget. Therefore, we recommend that you begin the actuarial valuation at least one year prior to the above dates. The GASB statement has provided substantial incentive to fund the obligation in accordance with the annual recommended contribution. In addition to the "interperiod equity" issue of paying for a service as you use it, the GASB has directed that lower rates of return be used for evaluating

the annual recommended contribution in situations where the recommended contribution is not being funded. This will significantly increase the calculation of the following year's contribution. So - funding the contribution will actually reduce your long run cost.

We would like to thank Beth Takacs and John Ervin, as well as all of the Township personnel for their assistance during the audit. We appreciate the opportunity to serve as your auditors. If there are any questions about your financial report or the above comments and recommendations, we would be happy to discuss them at your convenience.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in cursive script that reads "Peggy Haw Jury".

Peggy Haw Jury, CPA, CFE

May 7, 2008

To the Board Members
Charter Township of Flint
Flint, Michigan

We have audited the financial statements of the Charter Township of Flint for the year ended December 31, 2007, and have issued our report thereon dated May 7, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 26, 2007, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Charter Township of Flint. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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

We also are obligated to communicate certain matters related to our audit to those responsible for the governance of the Charter Township of Flint, including certain instances of error or fraud and significant deficiencies in internal control that we identify during our audit. In certain situations, Government Auditing Standards requires disclosure of illegal acts to applicable government agencies. If such illegal acts were detected during our audit, we would be required to make disclosures regarding these acts to applicable government agencies. No such disclosures were required.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on February 5, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Charter Township of Flint are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007; however during the year the Township implemented the provision to retroactively capitalize major infrastructure assets acquired on or before December 31, 2002 as required by GASB Statement No. 34.

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

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

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

Management's estimate of the net pension asset is based on the actuarial report. We evaluated the key factors and assumptions used to develop the net pension asset in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the net pension asset.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatement detected as a result of audit procedures was corrected by management:

The December invoice payable to Genesee County Waste and Water was accrued twice, once in accounts payable and again in the unbilled payable. The December administrative fee owed to the general fund by the sewer fund was recorded twice, once in accounts payable and again in the interfund payable account.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 7, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

In the normal course of our professional association with the organization we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the organization, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the organization's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility relates to the organization's financial statements and other information as identified in the auditor's report. We have no responsibility for any other information that may be included in documents containing those audited statements. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. We read the required supplementary information; and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

To the Board Members
Charter Township of Flint

4

May 7, 2008

This information is intended solely for the use of the Board and management of the Charter Township of Flint and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in cursive script that reads "Peggy Haw Jury".

Peggy Haw Jury, CPA, CFE

May 7, 2008

To the Board Members
Charter Township of Flint
Flint, Michigan

Dear Board Members:

In planning and performing our audit of the financial statements of the Charter Township of Flint as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

During the audit, the net assets as of the beginning of the year were not in agreement with the prior year's audited financial statements for the sewer and water fund and the general fund. The general fund variance was a result of expenses and receipts related to reserves being posted directly to the reserve instead of to the applicable revenue and expense and adjusting the reserve at year end. The sewer and water fund appeared to have a problem with the closing of the fund last year.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

To the Board Members
Charter Township of Flint

2

May 7, 2008

At year end payables were incorrectly accrued twice for invoices related to interfund reimbursements and an invoice due to Genesee County Waste and Water.

This communication is intended solely for the information and use of management, board members, and others within the Township, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Peggy Haw Jury". The signature is written in a cursive style with a large initial "P" and "J".

Peggy Haw Jury, CPA, CFE