

Charter Township of Clinton Macomb County, Michigan

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

Charter Township of Clinton

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Charter Township of Clinton

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Independent Auditor's Report

To the Board of Trustees
Charter Township of Clinton
Macomb County, Michigan

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

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

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

As described in Note 10, the Township has implemented a new financial reporting standard, as required by the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as of March 31, 2009.

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

To the Board of Trustees
Charter Township of Clinton
Macomb County, Michigan

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2009 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Plante & Moran, PLLC

September 25, 2009

Charter Township of Clinton

Management's Discussion and Analysis

Introduction

This discussion and analysis is included with the Charter Township of Clinton's (the "Township") financial report to provide an overview of the Township's financial activities for the fiscal year ended March 31, 2009. Please read it in conjunction with the financial statements.

Overview of this Annual Report

The basic financial statements section of this report consists of the government-wide financial statements, fund financial statements, and notes to financial statements. The notes section is to be read in conjunction with and is an integral part of each financial statement included within both series.

The first and shorter of this series provides information about the activities of the Charter Township of Clinton on a government-wide basis. There are two statements in this series, namely, a statement of net assets and a statement of activities. These government-wide statements are presented on pages 11-13. These two statements are presented on a full accrual basis which is designed to present a longer-term view of the Township's finances. Unlike the more traditional fund-based financial statements, all activities reflected in these statements reflect the Township's investment in capital assets net of depreciation as an asset, noncurrent liabilities as liabilities, and the current period's depreciation as an expenditure.

The second of these two series is presented on pages 14-25. This series consists of the more traditional fund-based financial statements. It is grouped by governmental funds, proprietary funds, fiduciary funds, and component units. These statements illustrate how the services provided by the Township were financed in the short term. Additionally, these fund-based financial statements report the Township's operations in more detail than the government-wide financial statements.

Government-wide Financial Statements

In a condensed format, the following table shows the comparison of net assets (in thousands) as of March 31, 2009 and 2008:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current Assets	\$ 59,996.6	\$ 56,249.4	\$ 12,258.1	\$ 20,659.7	\$ 72,254.7	\$ 76,909.1
Noncurrent Assets						
Restricted assets	-	578.3	1,548.6	1,538.4	1,548.6	2,116.7
Special assessments	-	-	1,113.3	1,446.6	1,113.3	1,446.6
Capital assets	<u>43,263.7</u>	<u>44,636.7</u>	<u>134,972.0</u>	<u>127,894.1</u>	<u>178,235.7</u>	<u>172,530.8</u>
Total assets	103,260.3	101,464.4	149,892.0	151,538.8	253,152.3	253,003.2

Charter Township of Clinton

Management's Discussion and Analysis (Continued)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Liabilities						
Current liabilities	\$ 6,402.4	\$ 7,746.5	\$ 5,051.7	\$ 5,618.7	\$ 11,454.1	\$ 13,365.2
Long-term liabilities	32,923.0	34,189.1	24,046.8	25,955.7	56,969.8	60,144.8
Total liabilities	<u>39,325.4</u>	<u>41,935.6</u>	<u>29,098.5</u>	<u>31,574.4</u>	<u>68,423.9</u>	<u>73,510.0</u>
Net Assets						
Invested in capital assets - Net of related debt	17,841.4	17,849.9	110,484.9	101,567.0	128,326.3	119,416.9
Restricted	35,339.6	32,528.4	1,905.3	2,006.4	37,244.9	34,534.8
Unrestricted	10,753.9	9,150.5	8,403.3	16,391.0	19,157.1	25,541.5
Total net assets	<u>\$ 63,934.9</u>	<u>\$ 59,528.8</u>	<u>\$ 120,793.5</u>	<u>\$ 119,964.4</u>	<u>\$ 184,728.4</u>	<u>\$ 179,493.2</u>

Total net assets related to the Township's governmental activities increased by approximately \$4.4 million. Approximately \$3.5 million of this increase resulted from revenues exceeding expenditures across most governmental funds due to the close monitoring of expenditures, unfilled full-time vacant positions due to retirements to keep staffing at a minimum, and the deferring of capital expenditures. During the fiscal year, the Township changed from a fully insured healthcare plan to a self-insured plan which provided a cost savings in the administrative charges. Another \$.4 million of the increase in net assets is the result of a reduction in the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. Net assets were decreased by \$.4 million due to an increase in accumulated sick and vacation pay.

For the year ended March 31, 2009, the Township has implemented Governmental Accounting Standards Board Statement No. 45 (GASB No. 45), *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new rules cause the government-wide statements to recognize the cost of providing retiree healthcare coverage, as well as any "other" postemployment benefits (other than pensions), over the working life of the employee, rather than at the time the healthcare premiums are paid. The implementation of this pronouncement resulted in an additional asset recorded at the government-wide level of \$899,000.

The remainder of the difference in net assets can be attributed toward normal increases necessary to keep fund balances at levels determined necessary for sound financial management.

Charter Township of Clinton

Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets (in thousands of dollars) during the years ended March 31, 2009 and 2008:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenue						
Program revenue:						
Charges for services	\$ 4,244.0	\$ 3,932.3	\$ 26,066.7	\$ 28,193.0	\$ 30,310.6	\$ 32,125.3
Operating grants and contributions	2,390.5	2,668.7	-	-	2,390.5	2,668.7
Capital grants and contributions	12.3	137.8	4,811.0	-	4,823.3	137.8
General revenue:						
Property taxes	39,384.1	38,960.6	-	-	39,384.1	38,960.6
State-shared revenue	7,723.8	7,882.2	-	-	7,723.8	7,882.2
Interest	518.8	1,373.8	307.7	1,094.9	826.6	2,468.7
Miscellaneous	1,689.5	1,612.2	15.6	37.8	1,705.0	1,650.0
Total revenue	55,963.0	56,567.6	31,200.9	29,325.7	87,164.0	85,893.3
Program Expenses						
General government	5,547.9	7,051.7	-	-	5,547.9	7,051.7
Public safety	36,607.6	35,438.1	-	-	36,607.6	35,438.1
Public works	6,004.4	5,556.3	-	-	6,004.4	5,556.3
Recreation and culture	2,096.4	2,075.5	-	-	2,096.4	2,075.5
41-B District Court	-	-	-	-	-	-
Interest on long-term debt	1,413.5	1,479.5	-	-	1,413.5	1,479.5
Water and sewer	-	-	24,878.1	18,996.6	24,878.1	18,996.6
Senior housing	-	-	1,476.2	1,446.0	1,476.2	1,446.0
Sanitation	-	-	3,892.3	3,633.7	3,892.3	3,633.7
Special assessments	-	-	12.3	-	12.3	-
Total program expenses	51,669.8	51,601.1	30,258.9	24,076.3	81,928.7	75,677.4
Change in Net Assets - Before transfers	4,293.3	4,966.5	942.0	5,249.4	5,235.3	10,215.9
Transfers	112.8	9.2	(112.8)	(9.2)	-	-
Change in Net Assets	4,406.1	4,975.7	829.2	5,240.2	5,235.3	10,215.9
Net Assets - Beginning of year	59,528.8	54,553.1	119,964.4	114,724.2	179,493.2	169,277.3
Net Assets - End of year	\$ 63,934.9	\$ 59,528.8	\$ 120,793.6	\$ 119,964.4	\$ 184,728.5	\$ 179,493.2

Property taxes are the primary source of revenue for the governmental activities, providing approximately 70 percent of the total. State-shared revenue provides another 14 percent, user charges provide 8 percent, and grants and contributions provide 4 percent, leaving only 4 percent being provided by all other sources.

State-shared revenue, our second largest source of general government revenue, continued at the reduced levels of recent years. The amount received from the State during the 2009 fiscal year was approximately \$2.5 million less than the Township received in the 2002 fiscal year. The Township countered these reductions by leaving vacant the positions resulting from retirements to keep the effect on non-personnel related expenditures at a minimum. The continued sluggishness of the State's economy continues to directly impact revenue-sharing payments. The Township realizes that there are no guarantees that further revenue-sharing cuts will not be made as the State continues to struggle with its own budget difficulties. As a result, the Township is taking a proactive approach and including continued reductions of state-shared revenues in its three-year projections.

Charter Township of Clinton

Management's Discussion and Analysis (Continued)

Governmental activities include those activities accounted for in the following funds:

General Fund	Fire Fund
Police Fund	Capital Improvement Revolving Fund
Community Development Block Fund	Drainage Fund
Drug Forfeiture Fund	Postemployment Benefit Fund
Building Authority	Street Lighting Fund
Police Facility Debt Service Fund	41-B District Court Capital Projects
41-B District Court Debt Service Fund	Neighborhood Stabilization Fund

Such activities include those of the Township's police and fire departments, public works, recreation, building, planning, assessing, and administrative departments.

Business-type activities are accounted for in the Township's Water and Sewer, Sanitation, Senior Housing, and Special Assessment Funds.

Fund-based Financial Statements

The fund-based financial statements provide detailed information about individual significant funds created by the Township to help segregate money for specific purposes as well as to show accountability for certain activities. While the government-wide financial statements attempt to give the reader a simple overview of the Township's finances, to achieve a more complete understanding it is necessary to consider matters such as restrictions placed on certain tax assessments or fund balances either by law or policy. Users of this financial report will best achieve this understanding from the fund-based statements.

Financial and Budgetary Highlights

General Fund - Overall General Fund revenues decreased by 4.5 percent from the prior year. The property tax revenue in the General Fund has increased by less than 1 percent. Revenue from state sources decreased by 2.6 percent due to a drop in state-shared revenues of 3.2 percent, the General Fund's largest revenue source. Fees and permit revenue was down 20.3 percent due to a reduction in the building and development activity in the Township. Cable franchise revenue has increased by 8 percent due to the addition of a third provider and an overall increase in subscribers. Interest income has decreased by 43 percent due to decreased market rates.

Total General Fund expenditures decreased by approximately 4 percent from the prior year. When preparing the 2009 budget and over the course of the year, the Township board and administration continued to look for areas to trim expenditures. The originally adopted 2009 budget contained the reduction of two full-time positions, and during the course of the fiscal year an additional five full-time positions were eliminated. Conservative revenue projections, temporarily vacant positions, and carefully controlled spending resulted in favorable budget variances at year end.

Charter Township of Clinton

Management's Discussion and Analysis (Continued)

Police Fund - Overall, Police Fund revenues increased approximately 2.5 percent over the prior year. In August 2006, the voters approved a 1.5 mill property tax levy for the operation and maintenance of the police department. This levy, along with the ongoing five special assessment mills, generated \$20.3 million this year in the Police Fund, an increase of less than 1 percent over the prior year. These property tax revenues provide 93 percent of the revenue in the Police Fund. Other revenues in the Police Fund have increased by 28 percent from the prior year, primarily from an increase in federal and state grants.

The voted 1.5 mill levy was approved for a 20-year period and was first levied on January 1, 2007. This mill is subject to both the Truth in Taxation and Headlee rollbacks. As a result of those rollbacks, the January 1, 2009 levy was reduced to 1.4551.

Overall Police Fund expenditures increased by 4 percent over the prior year. This increase is due to increased compensation and fringe benefit costs and the purchases related to the state and federal grant revenues received during the year. Conservative revenue projections, temporarily vacant positions, and carefully controlled spending resulted in favorable budget variances at year end.

Fire Fund - Overall, Fire Fund revenues decreased approximately 1.0 percent from the prior year. The Fire Fund is supported by a 4 mill special assessment operating levy and a voter approved 1 mill operating levy. This mill was approved for a 20-year period and was first levied on January 1, 2003. This mill is subject to both the Truth in Taxation and Headlee rollbacks. As a result of those rollbacks, the January 1, 2009 levy was reduced to .8647. These two levies generated \$15.3 million this year in the Fire Fund. These property tax revenues provide 98 percent of the revenue in the Fire Fund.

Overall, Fire Fund expenditures increased by approximately .5 percent more than the prior year. This increase is due to increased compensation and fringe benefit costs, and the purchases related to the federal grant revenues received during the year. The originally adopted 2009 budget contained the reduction of three full-time positions, and during the course of the fiscal year one additional position was transferred to other funds. Conservative revenue projections, temporarily vacant positions, and carefully controlled spending resulted in favorable budget variances at year end.

Court Building Debt Service Fund - Beginning July 1, 2006, the Township entered into an agreement with the City of Mount Clemens and Harrison Township for the management, operation, and establishment of a common fund for the 41-B District Court. Since July 1, 2006, Court operations are reflected in this common fund, which is not included in these financial statements. Each local community's common fund, building equity, and related bond debt shall be equal to the percentage of the number of case filings generated by that local community during the applicable period. Currently, Clinton Township's share is 59 percent. On August 1, 2006, \$13,500,000 of Township General Obligation Limited Tax Capital Improvement Bonds were issued for the construction of a new court building which is located in Clinton Township. The Court Building Debt Service fund accounts for this debt service. It is intended that the debt service obligation for these bonds will be paid by the Court from its revenues.

Charter Township of Clinton

Management's Discussion and Analysis (Continued)

Water and Sewer Fund - The Water and Sewer Fund's financial performance has been sound for decades. The Township purchases 99 percent of its water from the City of Detroit and sewage treatment services are also provided by the City of Detroit through an operating agreement with the County of Macomb. The Township has adopted the policy of annually reviewing its water and sewer rates and passing along cost increases, including increases received from Detroit, to its customers. Despite this policy, the Township maintains water and sewer rates that are very competitive with neighboring communities. The system has enjoyed steady growth, ongoing and aggressive maintenance, and sound coverage of its debt.

For the fiscal year ended March 31, 2009, water and sewer operating revenue decreased by 8.5 percent due to a decrease in the volume of water sold. The Township did not increase water or sewer rates during this fiscal year. Operating expenses increased by 2.1 percent. Despite the decrease in water consumption during the year, a contributing factor in the increase in operating expenses was an increase received from the City of Detroit water and sewerage department, 11.1 percent increase in the cost of water purchased, and a 5.6 increase in the cost of sewage treatment. Increases in the compensation and fringe benefit costs, along with normal inflationary cost adjustments, also contributed to the increase. Net nonoperating revenues have decreased by 68 percent primarily in interest income, which was offset by additional contributions of water lines from developers. As a result, the total net assets in the Water and Sewer Fund increased by \$870,000.

Senior Housing Fund - The Senior Housing Fund accounts for the operation of Heritage Estates, a 312-unit apartment complex. The Township has contracted with an outside management company to act as a leasing agent and oversee daily operations, including an activity center for use by tenants.

The apartment complex is designed primarily for independent, middle-income seniors. The complex includes 188 one-bedroom and 124 two-bedroom apartments with monthly rents currently set at \$450 and \$530, respectively.

Operations of this complex are not subsidized from any other Township sources.

Sanitation Fund - The Sanitation Fund accounts for the collection and disposal of trash, recyclables, and compost materials. Except for the billing of customers and the brush chipping, virtually all sanitation activity is completed by outside contractors. Although all residential commercial and industrial customers have the option of opting out of the municipal system, this option has generally not been taken by residential customers but has been increasingly used by business customers.

Currently, single-family sanitation customers pay \$10.50 per month. Residential customers pay approximately 75 percent of total rubbish charges collected. The rates Clinton Township charges have not been adjusted since February 1, 2001.

Charter Township of Clinton

Management's Discussion and Analysis (Continued)

The Sanitation Fund's net assets have decreased by \$290,165. This decrease was the result of the Township board's decision to charge the brush chipping function to the Sanitation Fund in the amount of \$280,000. The Township is in the process of analyzing this fund to determine if a rate increase will be necessary in the near future.

Although the Sanitation Fund had an operating loss during the fiscal year, the value of the Township's equity in the Grosse Pointe Clinton Authority, a joint venture between Clinton Township, Grosse Pointe City, Grosse Pointe Farms, Grosse Pointe Park, Grosse Pointe Shores, Grosse Pointe Woods, Harper Woods, and Mount Clemens, increased by \$12,822.

Capital Asset and Debt Administration

The Township's investment in capital assets devoted to its governmental activities had \$64.5 million historical cost invested in a wide range of capital assets, including land, buildings and improvements, furniture, equipment, and vehicles. Net capital assets net of accumulated depreciation amount to \$43.3 million.

The Township's investment in capital assets devoted to its business-type activities had \$194.4 million historical cost invested in a wide range of capital assets, including land, buildings and improvements, furniture, equipment, and vehicles. Also included in that total is the Township's investment in infrastructure such as water mains, sewer lines, and water meters. Additions during the year totaled \$8.8 million, resulting primarily from water main and sanitary sewer replacements and improvements.

As of March 31, 2009, the Township had approximately \$178.2 million in capital assets, net of accumulated depreciation.

The Township did not issue any additional bonds during the year. Included in the long-term debt for governmental activities are the 41-B District Court General Obligation Bonds, which were issued for the construction and furnishing of the new court building. Also included in the governmental activities are general obligation bonds for the construction of Township buildings. Included in the long-term debt for business-type activities are Water Supply and Sewage Disposal System Revenue Bonds for acquiring and constructing additions, extensions, and improvements to the Township's Water Supply and Sewage Disposal System, and Special Assessment Limited Tax Bonds for the purpose of defraying the cost of public improvements in certain Special Assessment Districts in the Township.

Economic Factors and Future Budgets

The Township is facing the same daunting challenges that are globally facing cities, villages, and townships throughout the state of Michigan. Both internal and external factors have converged to present us with a historical first in which we have seen the economy struggle, and the struggle is expected to continue.

Charter Township of Clinton

Management's Discussion and Analysis (Continued)

As indicated earlier, property taxes and state revenue-sharing comprise 84 percent of the Charter Township of Clinton's governmental activity revenue. For the past several years, governmental activities have struggled to keep a balanced budget since revenues, lead by property taxes and state-shared revenues, could not keep pace with increases in expenditures such as compensation, health care, retiree health care, pension, utilities, and gasoline. Looking to the future, there is even more concern.

We have seen the housing market continue its downward spiral with the mortgage crisis, and foreclosures in our community taking its toll on housing values which have resulted in the first reduction of our taxable value, affecting our 2009-2010 fiscal year. As with many other communities nationwide, home foreclosures are at an all-time high and sales of foreclosed properties are causing the values of non-foreclosed homes to drop. Taxable values are expected to decline further for the following three years as foreclosed properties, which were not included in the calculations previously, will be included in the calculations, causing further reductions in taxable values. Additionally, when the housing market does recover, under Proposal A, taxable value losses will recover at a slower pace due to the mandated inflationary cap on property assessments. It is clear that the trend in taxable values in this Township will parallel the county, state, and many other areas of the country.

State-shared revenue, which provides 52 percent of the General Fund's revenues, continues to decrease as the State of Michigan struggles to balance its budget. The Township received \$2.5 million less in the 2009 fiscal year than it received in the 2002 fiscal year. State-shared revenue reductions equate to \$14.4 million cumulatively since 2002. The Township anticipates further reductions in revenue-sharing payments due to the State's continued structural deficit problems.

As building and development in the Township have come to a virtual halt, so have the revenues generated by it. Fee and permit revenues are down by 20.3 percent from the previous year and that reduction is expected to continue into the next budget year. These losses, along with the stock market's drastic decline causing a reduction of pension fund earnings, have created the perfect financial storm for cities and townships nationwide.

The Township remains proactive and is strategically planning for the future, while continuing to prepare a three-year forecast containing all of the factors listed above. The Township board has begun strategic planning sessions to address the problems facing the Township in the near future. Expenditure reductions designed to control personnel costs through attrition and labor negotiations, as well as revenue enhancements are being pursued, with the goal of maintaining an efficient labor force. The ultimate goal is to establish a budget that continues to fund vital services that provide a high quality of life and the high level of services our residents deserve and have come to expect.

Charter Township of Clinton

Statement of Net Assets March 31, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 2)	\$ 45,856,528	\$ 7,501,439	\$ 53,357,967	\$ 643,599
Receivables:				
Customers	38,500	3,483,968	3,522,468	-
Taxes - Net of reserve for uncollectible taxes	3,277,607	-	3,277,607	-
Interest	6,006	-	6,006	-
Special assessments - Current	-	135,305	135,305	-
Other	910,642	-	910,642	-
Due from other governmental units	7,043,011	1,279,519	8,322,530	27,710
Internal balances (Note 4)	1,081,937	(1,081,937)	-	-
Investment in joint venture (Note 13)	-	722,372	722,372	-
Inventories	-	200,532	200,532	-
Prepaid costs and other	827,581	16,913	844,494	-
Net other postemployment benefit asset (Note 10)	899,760	-	899,760	-
Restricted assets (Note 6)	55,006	1,548,602	1,603,608	-
Special assessments - Net of current portion	-	1,113,289	1,113,289	-
Capital assets:				
Not depreciated (Note 3)	3,411,611	11,075,934	14,487,545	-
Depreciated - Net (Note 3)	39,852,104	123,896,110	163,748,214	16,467
Total assets	103,260,293	149,892,046	253,152,339	687,776
Liabilities				
Vouchers payable	787,266	2,255,320	3,042,586	-
Accrued and other liabilities	2,513,314	423,181	2,936,495	-
Refundable bonds and deposits	-	357,907	357,907	-
Noncurrent liabilities (Note 5):				
Due within one year	3,101,842	2,015,319	5,117,161	-
Due in more than one year	32,922,999	24,046,797	56,969,796	-
Total liabilities	39,325,421	29,098,524	68,423,945	-
Net Assets				
Invested in capital assets - Net of related debt	17,841,417	110,484,928	128,326,345	-
Restricted:				
Fire department services	14,250,319	-	14,250,319	-
Police department services	19,680,406	-	19,680,406	-
Street light services	477,062	-	477,062	-
Drug forfeiture activities	732,041	-	732,041	-
Debt service	199,761	356,739	556,500	-
Bond covenants (Note 6)	-	1,548,602	1,548,602	-
Unrestricted	10,753,866	8,403,253	19,157,119	687,776
Total net assets	<u>\$ 63,934,872</u>	<u>\$ 120,793,522</u>	<u>\$ 184,728,394</u>	<u>\$ 687,776</u>

Charter Township of Clinton

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,547,891	\$ 1,147,487	\$ 1,433,034	\$ -
Public safety	36,607,474	1,286,710	957,480	12,305
Public works	6,004,417	1,251,221	-	-
Recreation and senior activities	2,096,416	558,616	-	-
Interest on long-term debt	1,413,503	-	-	-
Total governmental activities	51,669,701	4,244,034	2,390,514	12,305
Business-type activities:				
Water and sewer	24,878,061	20,649,628	-	4,811,029
Senior housing	1,476,224	1,834,107	-	-
Sanitation	3,892,261	3,582,957	-	-
Special assessments	12,445	-	-	-
Total business-type activities	30,258,991	26,066,692	-	4,811,029
Total primary government	<u>\$ 81,928,692</u>	<u>\$ 30,310,726</u>	<u>\$ 2,390,514</u>	<u>\$ 4,823,334</u>
Component units:				
Economic Development Corporation	\$ 8,665	\$ -	\$ -	\$ -
Downtown Development Authority	169,824	-	-	-
Total component units	<u>\$ 178,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Property taxes
State-shared revenues
Interest and investment earnings
Miscellaneous
Transfers

Total general revenues

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

Statement of Activities
Year Ended March 31, 2009

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,967,370)	\$ -	\$ (2,967,370)	\$ -
(34,350,979)	-	(34,350,979)	-
(4,753,196)	-	(4,753,196)	-
(1,537,800)	-	(1,537,800)	-
(1,413,503)	-	(1,413,503)	-
(45,022,848)	-	(45,022,848)	-
-	582,596	582,596	-
-	357,883	357,883	-
-	(309,304)	(309,304)	-
-	(12,445)	(12,445)	-
-	618,730	618,730	-
(45,022,848)	618,730	(44,404,118)	-
-	-	-	(8,665)
-	-	-	(169,824)
-	-	-	(178,489)
39,384,058	-	39,384,058	181,629
7,723,820	-	7,723,820	-
518,796	307,666	826,462	17,969
1,689,477	15,551	1,705,028	-
112,814	(112,814)	-	-
49,428,965	210,403	49,639,368	199,598
4,406,117	829,133	5,235,250	21,109
59,528,755	119,964,389	179,493,144	666,667
\$ 63,934,872	\$ 120,793,522	\$ 184,728,394	\$ 687,776

Charter Township of Clinton

Governmental Funds Balance Sheet March 31, 2009

	Major Special Revenue Funds			Major Debt Service Fund	Other	
	General Fund	Fire Fund	Police Fund	Court Building Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments (Note 2)	\$ 8,477,491	\$ 13,481,060	\$ 18,059,031	\$ 300	\$ 5,838,646	\$ 45,856,528
Receivables:						
Taxes	419,785	1,191,928	1,581,539	-	84,355	3,277,607
Customers	-	-	-	-	38,500	38,500
Interest	6,006	-	-	-	-	6,006
Other	216,488	18,754	632,219	-	43,181	910,642
Restricted assets (Note 6)	-	-	-	-	55,006	55,006
Due from other funds (Note 4)	1,173,616	-	-	4,321	112,814	1,290,751
Due from other governmental units	1,612,293	-	-	5,350,500	80,218	7,043,011
Prepaid costs and other	153,309	29,399	25,363	-	400,418	608,489
Total assets	\$ 12,058,988	\$ 14,721,141	\$ 20,298,152	\$ 5,355,121	\$ 6,653,138	\$ 59,086,540
Liabilities and Fund Balances						
Liabilities						
Vouchers payable	\$ 283,339	\$ 157,906	\$ 236,901	\$ -	\$ 109,120	\$ 787,266
Accrued and other liabilities	830,069	312,916	331,742	-	1,500	1,476,227
Due to other funds (Note 4)	-	-	-	-	208,814	208,814
Deferred revenue (Note 12)	593,051	-	49,103	5,350,500	-	5,992,654
Total liabilities	1,706,459	470,822	617,746	5,350,500	319,434	8,464,961
Fund Balances						
Reserved for prepaid costs	153,309	29,399	25,363	-	400,418	608,489
Unreserved:						
Designated, reported in:						
General Fund (Note 9)	3,697,680	-	-	-	-	3,697,680
Special Revenue Funds (Note 9)	-	14,220,920	19,655,043	-	1,585,530	35,461,493
Debt Service Funds (Note 9)	-	-	-	4,621	-	4,621
Undesignated, reported in:						
General Fund	6,501,540	-	-	-	-	6,501,540
Special Revenue Funds	-	-	-	-	4,212,031	4,212,031
Debt Service Funds	-	-	-	-	135,725	135,725
Total fund balances	10,352,529	14,250,319	19,680,406	4,621	6,333,704	50,621,579
Total liabilities and fund balances	\$ 12,058,988	\$ 14,721,141	\$ 20,298,152	\$ 5,355,121	\$ 6,653,138	\$ 59,086,540

Charter Township of Clinton

Governmental Funds Reconciliation of Fund Balances to the Statement of Net Assets Year Ended March 31, 2009

Fund Balances - Total Governmental Funds	\$ 50,621,579
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	41,464,211
Infrastructure assets used in governmental activities are not financial resources and are not reported in the funds	1,799,504
Certain receivables were earned during the current fiscal year but are not available to pay for current year expenditures	5,992,654
Accrued workers' compensation liability is not reported in the governmental funds	(985,695)
Net other postemployment benefit asset is not reported in the governmental funds	899,760
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:	
Notes and bonds payable	(31,294,798)
Compensated absences	(4,730,043)
Debt issuance costs treated as an expenditure in a prior period in the governmental funds have been capitalized and are being amortized over the life of the related debt in the governmental activities	219,092
Accrued interest payable is not included as a liability in the governmental funds	<u>(51,392)</u>
Net Assets of Governmental Activities	<u><u>\$ 63,934,872</u></u>

Charter Township of Clinton

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended March 31, 2009

	Major Special Revenue Funds			Major Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	General Fund	Fire Fund	Police Fund	Court Building Debt Service		
Revenue						
Property taxes	\$ 2,487,116	\$ 15,310,041	\$ 20,303,966	\$ -	\$ 1,438,165	\$ 39,539,288
Licenses and permits	966,508	-	64,295	-	-	1,030,803
Special assessments	-	-	-	-	111,838	111,838
Federal sources	17,337	82,919	621,569	-	614,210	1,336,035
State sources	7,845,883	-	265,297	-	-	8,111,180
Interest	292,180	136,771	178,941	-	78,542	686,434
Other revenue	3,136,407	36,706	562,354	595,200	870,724	5,201,391
Total revenue	14,745,431	15,566,437	21,996,422	595,200	3,113,479	56,016,969
Expenditures						
Current:						
General government	5,229,603	-	-	-	1,075,086	6,304,689
Public safety	1,647,343	14,377,542	19,724,957	-	240,540	35,990,382
Public works	4,099,583	-	-	-	911,719	5,011,302
Recreation and senior activities	1,962,752	-	-	-	-	1,962,752
Debt service:						
Principal	-	275,000	-	200,000	979,540	1,454,540
Interest	-	297,925	-	576,200	544,904	1,419,029
Total expenditures	12,939,281	14,950,467	19,724,957	776,200	3,751,789	52,142,694
Excess of Revenue Over (Under) Expenditures	1,806,150	615,970	2,271,465	(181,000)	(638,310)	3,874,275
Other Financing Sources (Uses)						
Transfers in (Note 4)	-	-	61,541	185,321	798,680	1,045,542
Transfers out (Note 4)	(579,979)	(105,887)	-	-	(246,862)	(932,728)
Total other financing sources (uses)	(579,979)	(105,887)	61,541	185,321	551,818	112,814
Net Change in Fund Balances	1,226,171	510,083	2,333,006	4,321	(86,492)	3,987,089
Fund Balances - Beginning of year	9,126,358	13,740,236	17,347,400	300	6,420,196	46,634,490
Fund Balances - End of year	\$ 10,352,529	\$ 14,250,319	\$ 19,680,406	\$ 4,621	\$ 6,333,704	\$ 50,621,579

Charter Township of Clinton

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended March 31, 2009

Net Change in Fund Balances - Total Governmental Funds	\$ 3,987,089
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	\$ (2,709,368)
Capital outlay	<u>1,336,401</u> (1,372,967)
Revenue that was previously unavailable and accordingly deferred in the governmental funds was recognized in the current year; this revenue was reported when earned in the statement of activities	(528,776)
Interest expense is recorded in the statement of activities when incurred; it is not reported in the governmental funds until paid	5,526
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,454,541
The pre-payment of other postemployment benefit obligations is an expenditure in the governmental funds, but not in the statement of activities (where it is an asset)	899,760
Increase in accumulated workers' compensation is recorded when earned in the statement of activities	359,406
Debt issuance costs are expensed when incurred in the governmental funds; they are capitalized and amortized over the life of the loan in the statement of activities	(9,959)
Increase in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	<u>(388,503)</u>
Change in Net Assets of Governmental Activities	<u>\$ 4,406,117</u>

Charter Township of Clinton

Proprietary Funds Statement of Net Assets March 31, 2009

	Major Funds				Total Enterprise Funds
	Water and Sewer Fund	Senior Housing Fund	Sanitation Fund	Special Assessment Fund	
Assets					
Current assets:					
Cash and cash equivalents (Note 2)	\$ 6,110,427	\$ 627,424	\$ 164,163	\$ 599,425	\$ 7,501,439
Receivables:					
Customers	2,805,050	7,624	671,294	-	3,483,968
Special assessments	-	-	-	135,305	135,305
Investment in joint venture (Note 13)	-	-	722,372	-	722,372
Due from other funds (Note 4)	-	-	167,131	1,000	168,131
Due from other governmental units	1,080,229	-	-	199,290	1,279,519
Inventories	200,532	-	-	-	200,532
Prepaid costs	16,913	-	-	-	16,913
Total current assets	10,213,151	635,048	1,724,960	935,020	13,508,179
Noncurrent assets:					
Restricted assets (Notes 2 and 6)	1,548,602	-	-	-	1,548,602
Special assessments - Net of current portion	-	-	-	1,113,289	1,113,289
Capital assets - Net (Note 3)	123,737,488	11,074,128	160,428	-	134,972,044
Total noncurrent assets	125,286,090	11,074,128	160,428	1,113,289	137,633,935
Total assets	135,499,241	11,709,176	1,885,388	2,048,309	151,142,114
Liabilities					
Current liabilities:					
Vouchers payable	1,895,440	-	356,124	3,756	2,255,320
Accrued and other liabilities	247,927	175,254	-	-	423,181
Due to other funds (Note 4)	1,137,254	-	-	112,814	1,250,068
Current portion of long-term debt (Note 5)	1,025,480	674,839	-	315,000	2,015,319
Total current liabilities	4,306,101	850,093	356,124	431,570	5,943,888
Noncurrent liabilities:					
Refundable bonds and deposits	213,407	144,500	-	-	357,907
Long-term debt - Net of current portion (Note 5)	15,266,430	7,520,367	-	1,260,000	24,046,797
Total noncurrent liabilities	15,479,837	7,664,867	-	1,260,000	24,404,704
Total liabilities	19,785,938	8,514,960	356,124	1,691,570	30,348,592
Net Assets					
Investment in capital assets - Net of related debt	107,445,578	2,878,922	160,428	-	110,484,928
Restricted for:					
Bond covenants (Note 6)	1,548,602	-	-	-	1,548,602
Debt service	-	-	-	356,739	356,739
Unrestricted	6,719,123	315,294	1,368,836	-	8,403,253
Total net assets	\$ 115,713,303	\$ 3,194,216	\$ 1,529,264	\$ 356,739	\$ 120,793,522

Charter Township of Clinton

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

	Major Funds			Special Assessment Fund	Total Enterprise Funds
	Water and Sewer Fund	Senior Housing Fund	Sanitation Fund		
Operating Revenue					
Charges for sales and services	\$ 20,251,606	\$ -	\$ 3,579,847	\$ -	\$ 23,831,453
Rent	-	1,793,398	-	-	1,793,398
Other	398,022	40,709	3,110	-	441,841
Total operating revenue	20,649,628	1,834,107	3,582,957	-	26,066,692
Operating Expenses					
Cost of water and sewage disposal	13,469,285	-	-	-	13,469,285
Operation and maintenance	1,119,288	693,944	3,873,982	12,445	5,699,659
General and administrative	1,863,764	-	-	-	1,863,764
Salaries and fringe benefits	4,822,470	-	-	-	4,822,470
Depreciation	3,517,573	342,379	18,279	-	3,878,231
Total operating expenses	24,792,380	1,036,323	3,892,261	12,445	29,733,409
Operating (Loss) Income	(4,142,752)	797,784	(309,304)	(12,445)	(3,666,717)
Nonoperating Revenue (Expenses)					
Debt, capital charges, and tap fees	622,656	-	-	-	622,656
Investment income	210,041	2,417	6,317	88,891	307,666
Income from joint ventures	-	-	12,822	-	12,822
Proceeds from sale of asset	2,680	-	-	-	2,680
Interest expense	(632,490)	(439,877)	-	(75,847)	(1,148,214)
Total nonoperating revenue (expenses)	202,887	(437,460)	19,139	13,044	(202,390)
(Loss) Income - Before contributions and transfers	(3,939,865)	360,324	(290,165)	599	(3,869,107)
Contributions from Developers	4,811,029	-	-	-	4,811,029
Transfers In from Other Funds (Note 4)	-	-	-	1,000	1,000
Transfers Out to Other Funds (Note 4)	(1,000)	-	-	(112,814)	(113,814)
Increase (Decrease) in Net Assets	870,164	360,324	(290,165)	(111,215)	829,108
Net Assets - Beginning of year	114,843,139	2,833,892	1,819,429	467,954	119,964,414
Net Assets - End of year	\$ 115,713,303	\$ 3,194,216	\$ 1,529,264	\$ 356,739	\$ 120,793,522

Charter Township of Clinton

Proprietary Funds Statement of Cash Flows Year Ended March 31, 2009

	Major Funds				Total Enterprise Funds
	Water and Sewer Fund	Senior Housing Fund	Sanitation Fund	Special Assessment Fund	
Cash Flows from Operating Activities					
Receipts from customers	\$ 20,547,560	\$ 1,793,398	\$ 3,590,925	\$ 314,375	\$ 26,246,258
Payments to suppliers	(11,778,892)	(691,777)	(3,688,536)	(214,407)	(16,373,612)
Payments to employees and benefit providers	(9,614,174)	-	-	-	(9,614,174)
Net cash (used in) provided by operating activities	(845,506)	1,101,621	(97,611)	99,968	258,472
Cash Flows from Noncapital Financing Activities					
Funds advanced to other governmental units	(842,402)	-	-	-	(842,402)
Transfer out	(1,000)	-	-	-	(1,000)
Net cash used in noncapital financing activities	(843,402)	-	-	-	(843,402)
Cash Flows from Capital and Related Financing Activities					
Collection of debt, capital charges, and tap fees	622,656	-	-	-	622,656
Proceeds from sale of assets	2,680	-	-	-	2,680
Principal, interest, and other costs paid on long-term debt	(1,527,506)	(1,125,311)	-	(505,847)	(3,158,664)
Purchase of capital assets	(6,145,175)	-	-	-	(6,145,175)
Net cash used in capital and related financing activities	(7,047,345)	(1,125,311)	-	(505,847)	(8,678,503)
Cash Flows from Investing Activities					
Interest received on investments	210,041	2,417	6,317	88,891	307,666
Purchase of investment securities	(6,000,000)	-	-	-	(6,000,000)
Proceeds from sale and maturities of investment securities	7,856,000	-	-	-	7,856,000
Net cash provided by investing activities	2,066,041	2,417	6,317	88,891	2,163,666
Net Decrease in Cash and Cash Equivalents	(6,670,212)	(21,273)	(91,294)	(316,988)	(7,099,767)
Cash and Cash Equivalents - Beginning of year	14,329,241	648,697	255,457	916,413	16,149,808
Cash and Cash Equivalents - End of year	<u>\$ 7,659,029</u>	<u>\$ 627,424</u>	<u>\$ 164,163</u>	<u>\$ 599,425</u>	<u>\$ 9,050,041</u>
Balance Sheet Classification of Cash and Cash Equivalents					
Cash and investments per balance sheet	\$ 6,110,427	\$ 627,424	\$ 164,163	\$ 599,425	\$ 7,501,439
Restricted cash and cash investments	1,548,602	-	-	-	1,548,602
Total cash and cash equivalents	<u>\$ 7,659,029</u>	<u>\$ 627,424</u>	<u>\$ 164,163</u>	<u>\$ 599,425</u>	<u>\$ 9,050,041</u>
Cash Flows from Operating Activities					
Operating (loss) income	\$ (4,142,752)	\$ 797,784	\$ (309,304)	\$ (12,445)	\$ (3,666,717)
Adjustments to reconcile operating (loss) income to net cash from operating activities:					
Depreciation	3,517,573	342,379	18,279	-	3,878,231
Changes in assets and liabilities:					
Accounts receivable	295,954	(7,624)	11,078	314,375	613,783
Prepaid and other assets	50,105	-	-	-	50,105
Due from other governmental units	-	-	-	(199,289)	(199,289)
Inventory	(67,059)	-	-	-	(67,059)
Accounts payable	(460,211)	(17,376)	95,638	(1,507)	(383,456)
Due to (from) other funds	29,297	-	86,698	(1,166)	114,829
Accrued and other liabilities	(68,413)	(13,542)	-	-	(81,955)
Net cash (used in) provided by operating activities	<u>\$ (845,506)</u>	<u>\$ 1,101,621</u>	<u>\$ (97,611)</u>	<u>\$ 99,968</u>	<u>\$ 258,472</u>
Significant Noncash Investing and Financing Transactions -					
Contribution of capital assets from developers and other funds	<u>\$ 4,811,029</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,811,029</u>

Charter Township of Clinton

Fiduciary Funds Statement of Net Assets March 31, 2009

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 196,114	\$ 1,950,316
Bank investment pools	522,759	
Money market funds	1,504,309	-
U.S. Treasury notes	736,938	-
U.S. government agency securities	5,420,948	-
Mutual funds	28,949,230	-
Common stock	24,112,669	-
Corporate bonds	12,337,066	-
Hedge funds	5,734,939	-
Real estate investment trusts	2,551,297	-
Limited partnerships	11,404,094	-
Total assets	93,470,363	\$ 1,950,316
Liabilities		
Benefits payable and other liabilities	1,508,035	\$ -
Due to other governmental units	-	1,228,061
Refundable bonds and deposits	-	722,255
Collateral for securities lending	3,040,348	-
Total liabilities	4,548,383	\$ 1,950,316
Net Assets - Held in trust for pension systems and other employee benefits		
	\$ 88,921,980	

Charter Township of Clinton

Fiduciary Funds Statement of Changes in Net Assets Year Ended March 31, 2009

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions:	
Employee	\$ 1,371,592
Township	<u>5,233,972</u>
Total contributions	6,605,564
Investment income (loss):	
Interest and dividends	2,922,333
Net depreciation in fair value of investments	(29,585,762)
Less investment expenses	<u>(510,145)</u>
Net investment loss	(27,173,574)
Securities lending income:	
Interest and fees	86,623
Less borrower rebates and fees	<u>(60,193)</u>
Net securities lending income	<u>26,430</u>
Total additions - Net	(20,541,580)
Deductions	
Benefit payments	3,723,161
Administrative expenses	<u>50,733</u>
Total deductions	<u>3,773,894</u>
Net Decrease	(24,315,474)
Net Assets Held in Trust for Pension Benefits	
Beginning of year	<u>113,237,455</u>
End of year	<u><u>\$ 88,921,980</u></u>

Charter Township of Clinton

Component Units Statement of Net Assets March 31, 2009

	Economic Development Corporation	Downtown Development Authority	Total
Assets			
Cash and investments (Note 2)	\$ 209,014	\$ 434,585	\$ 643,599
Due from property tax fund	-	27,710	27,710
Capital assets being depreciated - Net (Note 3)	-	16,467	16,467
Total assets	209,014	478,762	687,776
Net Assets - Unrestricted	\$ 209,014	\$ 478,762	\$ 687,776

Charter Township of Clinton

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Economic Development Corporation - Public works	\$ 8,665	\$ -	\$ -	\$ -
Downtown Development Authority - Public works	169,824	-	-	-
Total component units	\$ 178,489	\$ -	\$ -	\$ -

General revenues:

Taxes
Interest

Total general revenues

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

**Component Units
Statement of Activities
Year Ended March 31, 2009**

Net (Expense) Revenue and Changes in		
Net Assets		
Economic Development Corporation	Downtown Development Authority	Total
\$ (8,665)	\$ -	\$ (8,665)
-	(169,824)	(169,824)
(8,665)	(169,824)	(178,489)
-	181,629	181,629
9,414	8,555	17,969
9,414	190,184	199,598
749	20,360	21,109
208,265	458,402	666,667
\$ 209,014	\$ 478,762	\$ 687,776

Charter Township of Clinton

**Notes to Financial Statements
March 31, 2009**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Clinton (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 Township:

Reporting Entity

The Charter Township of Clinton was organized on April 3, 1989 under the provisions of Act 359 of P.A. 1947, as amended (Charter Township Act). The Township is governed by an elected seven-member board of trustees composed of the supervisor, clerk, treasurer, and four other trustees. The Township provides the following services as authorized by its charter: public safety (police and fire), public works, sanitation, culture, recreation, public improvements, planning and zoning, and general administrative services.

The accompanying basic financial statements have been prepared in accordance with criteria established by Governmental Accounting Standards Board Statement Number 14, *The Financial Reporting Entity*, for determining the various governmental organizations to be included in the reporting entity. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the Township's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township, although the Township has the ability to impose its will over the entities.

Blended Component Unit

Building Authority - The Charter Township of Clinton Building Authority (the "Building Authority") is governed by a seven-member board that is appointed by the Township board of trustees. Although legally separate from the Township, the Building Authority is reported as if it were part of the primary government because its primary purpose is to provide certain facilities necessary for the operation of the Township's government and to finance and construct the Township's public buildings. The Building Authority is reported as a nonmajor Debt Service Fund.

Charter Township of Clinton

**Notes to Financial Statements
March 31, 2009**

Note 1 - Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units

Economic Development Corporation - The primary purpose of the Economic Development Corporation (EDC) is to encourage and assist commercial enterprises to locate and expand facilities within the Township. The governing members of the EDC board are appointed by the Township board of trustees and can be removed or replaced by the Township board. Complete financial statements of the EDC are available at the Township clerk's office.

Downtown Development Authority - The Downtown Development Authority (DDA) was established on August 8, 2002 under the provision of Act 197 of the Public Acts of Michigan of 1975, as amended. The DDA was created to halt property value deterioration and increase property tax valuation where possible, to eliminate the causes of that deterioration and to promote economic growth in the business district of the Township. The DDA collects captured property taxes in accordance with state law and submits a budget of expenditures within the DDA district. The DDA's governing body is appointed by the Township board of trustees.

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.

Note I - Summary of Significant Accounting Policies (Continued)

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 the major individual Enterprise Funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Fire Special Revenue Fund accounts for all of the activities of the Township's fire department, except for construction activity and equipment purchased in the Fire Facility Capital Projects Fund.
- The Police Special Revenue Fund accounts for all of the activities of the Township's police department, except for construction activity and equipment purchased in the Police Facility Capital Projects Fund.
- The 41-B Court Building Debt Service Fund accounts for all of the activities associated with monitoring and paying debt incurred in the construction of the new 41-B District Court Building.

The Township reports the following major proprietary funds:

- The Water and Sewer Fund accounts for the activities of the water distribution system and sewage collection system.
- The Senior Housing Fund accounts for the activities of the Township's senior housing apartment complex.
- The Sanitation Fund accounts for the activities associated with the Township's rubbish collection program.

Additionally, the Township reports the following fund types:

- The Pension and Other Employee Benefit Trust Funds account for the activities of employee benefit plans that accumulate resources for pension and other postemployment benefit payments to qualified employees.
- The Agency Funds account for assets held by the Township in a trustee capacity or as an agent for individuals, organizations, and other governments.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the full 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 it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: property taxes, state-shared revenue, and interest associated with the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township. Conversely, federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

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

Property Tax Revenue

Property taxes are liened and billed on December 1. The winter taxes billed on December 1 are payable without penalty through February 28. Effective March 1, taxes are delinquent and payable to the Macomb County treasurer. The winter tax bill is primarily used to finance Township operations for the following fiscal year.

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note I - Summary of Significant Accounting Policies (Continued)

The 2008 taxable valuation (real and personal property) of the Township totaled \$3,281,759,005, on which ad valorem taxes levied consisted of .7289 mills for the Township's operating purposes, .8647 mills for fire operating purposes, 1.4551 mills for police operating purposes, and .33 mills for the retirement of police building debt. The ad valorem taxes generated \$2,392,074 for general operations, \$2,837,737 for fire operations, \$4,775,288 for police operations, and \$1,082,980 for police building debt retirement. The 2008 real property taxable valuation of the Township totaled \$3,083,411,505, on which special assessments levied consisted of 5 mills for police operations and 4 mills for fire operations. The special assessment levies generated \$15,417,058 for police operations and \$12,333,646 for fire operations. The industrial facilities tax roll generated \$22,877 for general operations, \$101,566 for police operations, \$138,702 for fire operations, and \$10,357 for police building debt retirement. These amounts are recorded in their respective funds as tax revenue.

Assets, Liabilities, and Net Assets or Equity

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

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Inventories and Prepaid Costs - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

Restricted Assets - The revenue bonds of the Enterprise Fund require amounts to be set aside for a bond reserve. The amount has been classified as a restricted asset. Unspent bond proceeds of the Court Building Facility Capital Projects Fund are required to be set aside for construction. These amounts have also been classified as restricted assets.

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Assets are depreciated starting on the first day of the first fiscal year following the date of acquisition.

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

Structures, mains, and laterals	25-50 years
Infrastructure	50 years
Meters	10-20 years
Land improvements	15 years
Buildings and improvements	25-50 years
Office furniture and equipment	5 years
Operating equipment	10 years
Vehicles	3-10 years

Compensated Absences - The Township allows employees to accumulate earned but unused sick and vacation pay benefits. The government-wide and proprietary statements accrue all vacation and personal pay as it is earned, and sick pay as it is used or vested (whichever is earlier). A liability for these amounts is reported in governmental funds as it comes due for payment (when the time is taken off or employees terminate).

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. 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.

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

Cumulative expenditures over revenue - April 1, 2008		\$ (3,052,000)
Fiscal 2009 building department activity:		
Permit revenue	\$ 967,000	
Expenditures	<u>(1,651,000)</u>	
Excess of expenditures over revenue		<u>(684,000)</u>
Cumulative expenditures over revenue - March 31, 2009		<u><u>\$ (3,736,000)</u></u>

New Accounting Standard - In the current year, the Township implemented the Governmental Accounting Standards Board's Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions*. The 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 new pronouncement causes the government-wide financial statements to recognize the cost of providing retiree healthcare expenses over the working life of the employee, rather than at the time the healthcare expenses are paid. As a result of implementing this statement, governmental activities reported a reduction in expenses of \$899,760 of what would have been reported in prior years. The new standard had minimal impact on the expenditures reported in the business-type activities, proprietary funds, or governmental funds.

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Township has designated 14 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 Fire and Police Pension Fund is 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, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The Township does not have a separate investment policy for its pension fund; determination regarding the Pension System's compliance with Michigan Public Act 314 is currently being determined.

As permitted by state statutes, and under the provisions of a Securities Lending Authorization Agreement, the Fire and Police Pension System Trust Fund lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Fire and Police Pension System's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities. During the year ended March 31, 2009, only United States currency was received as collateral.

The Police and Fire Pension System did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or the custodial bank.

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 2 - Deposits and Investments (Continued)

The Police and Fire Pension System and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of such investment pool as of March 31, 2009 was 35 days. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On March 31, 2009, the Police and Fire Pension System had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the Police and Fire Pension System as of March 31, 2009 were \$3,040,348 and \$2,994,910, respectively.

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

Custodial Credit Risk - Township-wide Bank Deposits and Investments -

Custodial credit risk is the risk that in the event of a third-party custodian's failure, the Township's deposits may not be returned to it. The Township's investment policy requires that the Township minimize custodial credit risk by using only financial institutions meeting a pre-qualification evaluation and holding securities in the Township's name. The evaluation of institutions includes screening by size, asset quality, liquidity of funds, profitability, and capital using several third-party sources. At year end, the Township had \$54 million of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Pension and Retiree Health Care Funds -

The Township's pension trust fund does not have an investment policy for custodial credit risk. At year end, the Township's pension trust fund had \$470 thousand of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township's pension trust fund 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's pension trust fund evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 2 - Deposits and Investments (Continued)

At year end, the following investment securities were uninsured and unregistered, and held by a counterparty or by its trust department or agent but not in the Township's name:

Investment Type	Fair Value of Township Investments and Pension Trust Funds	How Held
Corporate bonds	\$ 12,337,066	Counterparty
Real estate investment trusts	2,551,297	Counterparty
Limited partnerships	11,404,094	Counterparty
Equity securities	24,112,669	Counterparty
Foreign mutual funds	5,633,815	Counterparty
Mutual funds	23,315,415	Counterparty
United States Treasury bonds	736,938	Counterparty
United States government agencies	5,420,948	Counterparty
Total uninsured and unregistered	<u>\$ 85,512,242</u>	

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 requires the Township to minimize the risk that the market value of the securities in the portfolio will fall due to changes in general interest rates by structuring the portfolio to meet the cash requirements of ongoing operations, thereby mitigating the need to liquidate securities at a loss prior to maturity. At year end, the Township had the following investments and maturities:

Investment Type	Fair Value of Township-wide Deposits and Investments	Fair Value of Pension Trust Funds	Less Than 6 Years	6-15 Years	Greater Than 15 Years
U.S. government or agency securities	\$ -	\$ 6,157,886	\$ 704,395	\$ 1,193,944	\$ 4,259,547
Corporate bonds	-	12,337,066	4,727,204	3,623,835	3,986,027

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 2 - Deposits and Investments (Continued)

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy further minimizes credit risk by limiting investments to the safest types of securities and by diversifying the portfolio so potential losses on individual securities are minimized. As of year end, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Bank investment pool	\$ 8,828,733	Not rated	Not rated
Bank investment pool	9,959,924	AA	Standard and Poor's
Bank investment pool	31,205,091	AAA	Moody's
Corporate bonds	12,337,066	AAA - CCC-	Standard and Poor's
U.S. Treasury	736,938	AAA	Standard and Poor's
U.S. government agency total	5,420,948	AAA - NR	Standard and Poor's

Concentration of Credit Risk - The Township's investment policy minimizes the risk in placing a large portion of the portfolio with a single security issuer by limiting the exposure to 20 percent of the total portfolio.

Foreign Currency Risk - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The following securities are subject to foreign currency risk:

Security	Fair Value	Foreign Currency
Foreign mutual fund holdings	\$ 1,509,937	European Union euro
Foreign mutual fund holdings	987,392	Australian dollar
Foreign mutual fund holdings	975,270	British pound
Foreign mutual fund holdings	538,472	Canadian dollar
Foreign mutual fund holdings	443,974	Malaysian ringgit
Foreign mutual fund holdings	350,385	New Zealand dollar
Foreign mutual fund holdings	314,904	Polish zloty
Foreign mutual fund holdings	242,895	Swedish krona
Foreign mutual fund holdings	188,816	South African rand
Foreign mutual fund holdings	81,771	Norwegian kroner

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 3 - Capital Assets

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

Governmental Activities	Balance April 1, 2008	Additions	Disposals and Adjustments	Balance March 31, 2009
Capital assets not being depreciated - Land	\$ 3,411,611	\$ -	\$ -	\$ 3,411,611
Capital assets being depreciated:				
Land improvements	1,647,463	116,968	-	1,764,431
Buildings and building improvements	40,417,131	188,629	-	40,605,760
Office furniture and equipment	6,545,981	40,235	168,816	6,417,400
Vehicles	8,277,403	218,604	226,442	8,269,565
Operating equipment	4,882,095	764,921	77,306	5,569,710
Infrastructure assets constructed by special assessment fund	<u>1,896,682</u>	<u>7,044</u>	<u>-</u>	<u>1,903,726</u>
Subtotal	63,666,755	1,336,401	472,564	64,530,592
Accumulated depreciation:				
Land improvements	1,198,920	101,356	-	1,300,276
Buildings and building improvements	7,633,621	1,054,963	-	8,688,584
Office furniture and equipment	5,734,392	275,697	168,816	5,841,273
Vehicles	5,221,908	811,045	226,442	5,806,511
Operating equipment	2,586,555	428,373	77,306	2,937,622
Infrastructure assets constructed by special assessment fund	<u>66,288</u>	<u>37,934</u>	<u>-</u>	<u>104,222</u>
Subtotal	<u>22,441,684</u>	<u>2,709,368</u>	<u>472,564</u>	<u>24,678,488</u>
Net capital assets being depreciated	<u>41,225,071</u>	<u>(1,372,967)</u>	<u>-</u>	<u>39,852,104</u>
Net capital assets	<u>\$ 44,636,682</u>	<u>\$ (1,372,967)</u>	<u>\$ -</u>	<u>\$ 43,263,715</u>

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 3 - Capital Assets (Continued)

Business-type Activities	Balance April 1, 2008	Additions	Disposals and Adjustments	Balance March 31, 2009
Capital assets not being depreciated:				
Land	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Construction in progress	<u>7,904,271</u>	<u>6,061,817</u>	<u>3,890,154</u>	<u>10,075,934</u>
Net capital assets not being depreciated	8,904,271	6,061,817	3,890,154	11,075,934
Capital assets being depreciated:				
Land improvements	320,165	-	-	320,165
Buildings and improvements	14,671,523	-	-	14,671,523
Equipment	1,898,378	29,024	-	1,927,402
Vehicles	2,065,650	97,261	103,325	2,059,586
Furniture and fixtures	626,856	24,133	(70,192)	721,181
Meters	4,625,383	-	67,059	4,558,324
Structures, mains, and laterals	<u>161,420,339</u>	<u>8,701,179</u>	<u>-</u>	<u>170,121,518</u>
Subtotal	185,628,294	8,851,597	100,192	194,379,699
Accumulated depreciation:				
Land improvements	83,131	21,344	-	104,475
Buildings and improvements	4,492,050	321,035	-	4,813,085
Equipment	1,723,938	75,800	-	1,799,738
Vehicles	1,515,750	133,456	33,136	1,616,070
Furniture and fixtures	592,945	47,488	-	640,433
Meters	2,884,027	211,031	-	3,095,058
Structures, mains, and laterals	<u>55,346,653</u>	<u>3,068,077</u>	<u>-</u>	<u>58,414,730</u>
Subtotal	<u>66,638,494</u>	<u>3,878,231</u>	<u>33,136</u>	<u>70,483,589</u>
Net capital assets being depreciated	<u>118,989,800</u>	<u>4,973,366</u>	<u>67,056</u>	<u>123,896,110</u>
Net capital assets	<u>\$ 127,894,071</u>	<u>\$ 11,035,183</u>	<u>\$ 3,957,210</u>	<u>\$ 134,972,044</u>
Component Unit Activities				
Capital assets being depreciated -				
Land improvements	\$ 18,297	\$ -	\$ -	\$ 18,297
Accumulated depreciation -				
Land improvements	<u>-</u>	<u>1,830</u>	<u>-</u>	<u>1,830</u>
Net capital assets being depreciated	<u>\$ 18,297</u>	<u>\$ (1,830)</u>	<u>\$ -</u>	<u>\$ 16,467</u>

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 3 - Capital Assets (Continued)

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

Governmental activities:		
General government		\$ 319,847
Public safety		1,696,872
Public works		119,724
Recreation and senior activities		265,746
Infrastructure assets constructed by special assessment fund		<u>307,179</u>
Total governmental activities		<u>\$ 2,709,368</u>
Business-type activities:		
Water and sewer		\$ 3,517,573
Sanitation		18,279
Senior housing		<u>342,379</u>
Total business-type activities		<u>\$ 3,878,231</u>

Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances in the fund financial statements is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 969,123
	Other nonmajor funds	<u>204,493</u>
	Total General Fund	1,173,616
Court Building Debt Service Fund	Other nonmajor funds	4,321
Other nonmajor funds	Special Assessment Fund	112,814
Sanitation Fund	Water and Sewer Fund	167,131
Special Assessment Fund	Water and Sewer Fund	<u>1,000</u>
	Total	<u>\$ 1,458,882</u>

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 4 - Interfund Receivables, Payables, and Transfers (Continued)

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

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

	Transfers In - Police Fund	Transfers In - Court Debt Service Fund	Transfers In - Special Assessment Fund	Transfers In - Other Nonmajor Funds
Transfers out:				
General Fund	\$ -	\$ -	\$ -	\$ 579,979 (1)
Fire Fund	-	-	-	105,887 (1)
Special Assessment Fund	-	-	-	112,814 (3)
Water and Sewer Fund	-	-	1,000	-
Other nonmajor funds	<u>61,541 (2)</u>	<u>185,321 (1)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 61,541</u>	<u>\$ 185,321</u>	<u>\$ 1,000</u>	<u>\$ 798,680</u>

(1) \$310,557 transferred for debt service payments, \$269,422 excess of amounts transferred for payment of current post employment benefits over actual post employment benefit costs incurred

(2) Transfer of discretionary funds for operational usage

(3) Transfer of discretionary funds for capital improvement projects

Note 5 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the Township.

Installment purchase agreements are also general obligations of the government.

Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 5 - Long-term Debt (Continued)

The special assessment bonds represent the financing of public improvements that benefit specific districts; these districts are specially assessed, at least in part, for the cost of the improvements. Under Michigan law, the Township is secondarily liable for payment of these bonds.

In connection with the Water and Sewer Revenue Bonds, the Township is subject to bond ordinance requirements, including maintaining a relationship of net revenue to debt service requirements.

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Governmental Activities						
General obligation bonds:						
Building Authority Refunding Bonds - Series 1994:*						
Amount of issue - \$7,270,000	4.50%-	\$232,220-				
Maturing through 2010	4.90%	\$278,955	\$ 820,805	\$ (273,115)	\$ 547,690	\$ 268,735
Building Authority Refunding Bonds - Series 1998:*						
Amount of issue - \$10,390,000	4.30% -	\$5,355-				
Maturing through 2017	5.50%	\$315,945	1,878,534	(6,426)	1,872,108	6,426
Police Building Bonds - Series 1998:						
Amount of issue - \$8,000,000	4.00%-	\$325,000-				
Maturing through 2018	6.00%	\$725,000	5,250,000	(400,000)	4,850,000	400,000
Police Building Bonds - Series 1999:						
Amount of issue - \$5,900,000	4.00%-	\$150,000-				
Maturing through 2018	6.00%	\$600,000	4,250,000	(300,000)	3,950,000	300,000
Fire Building Bonds - Series 2002:						
Amount of issue - \$8,500,000	2.50%-	\$175,000-				
Maturing through 2022	4.60%	\$750,000	7,300,000	(275,000)	7,025,000	300,000
41-B District Court Bonds - Series 2006:						
Amount of issue - \$13,500,000	4.00%-	\$50,000-				
Maturing through 2031	4.50%	\$1,000,000	13,250,000	(200,000)	13,050,000	250,000
Total bond obligations			32,749,339	(1,454,541)	31,294,798	1,525,161
Other long-term obligations - Compensated absences			4,341,540	388,503	4,730,043	1,576,681
Total governmental activities			37,090,879	(1,066,038)	36,024,841	3,101,842

* Bonds with maturing dates from November 1, 2003 through November 1, 2017 were defeased during the years ended March 31, 1994 and March 31, 1999. The Series 1994 bonds are co-funded by the General Fund, Fire Fund, and the Senior Housing Fund. The Series 1998 bonds are co-funded by the General Fund and the Senior Housing Fund. See tables for breakout.

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 5 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Business-type Activities						
General obligation bonds:						
Building Authority Refunding Bonds - Series 1994*:						
Amount of issue - \$7,270,000	4.50%-	\$562,780-				
Maturing through 2010	4.90%	\$676,045	\$ 1,989,200	\$ (661,879)	\$ 1,327,321	\$ 651,265
Building Authority Refunding Bonds - Series 1998*:						
Amount of issue - \$10,390,000	4.30% -	\$19,645-				
Maturing through 2017	5.50%	\$1,159,055	6,891,465	(23,580)	6,867,885	23,574
1998 Special Assessment Bonds - Limited Tax Bonds (Project Nos. 930, 931, 932, 933, 938, and 939):						
Amount of issue - \$945,000		\$50,000-				
Maturing through 2008	6.00%	\$100,000	50,000	(50,000)	-	-
1999 Special Assessment Bonds - Limited Tax Bonds (Project Nos. 892, 923, 937, 940, 941, 948, and 952):						
Amount of issue - \$680,000	3.80%-	\$55,000-				
Maturing through 2008	4.25%	\$60,000	60,000	(60,000)	-	-
2001 Special Assessment Bonds - Limited Tax Bonds (Project Nos. 985, 988, and 990):						
Amount of issue - \$995,000	3.80%-	\$105,000-				
Maturing through 2011	4.60%	\$110,000	320,000	(105,000)	215,000	105,000
2004 Special Assessment Bonds - Limited Tax Bonds (Project Nos. P1000, P1006, P1018, P1029, and S1013):						
Amount of issue - \$1,115,000	3.15%-	\$80,000-				
Maturing through 2014	3.80%	\$135,000	770,000	(110,000)	660,000	110,000
2006 Special Assessment Bonds - Limited Tax Bonds (Project Nos. S-1052, W-1053, and P-1056):						
Amount of issue - \$955,000		\$100,000-				
Maturing through 2015	6.00%	\$105,000	805,000	(105,000)	700,000	100,000
Revenue bonds:						
Revenue Refunding Bonds - Series 1998:						
Amount of issue - \$4,110,000	4.35%-	\$145,000-				
Maturing through 2013	5.00%	\$435,000	1,425,000	(425,000)	1,000,000	145,000
Revenue Bonds - Series 2001:						
Amount of issue - \$8,000,000	4.00%-	\$200,000-				
Maturing through 2022	7.00%	\$650,000	6,750,000	(300,000)	6,450,000	300,000
Revenue Refunding Bonds - Series 2004:						
Amount of issue - \$2,570,000	2.00%-	\$5,000-				
Maturing through 2016	3.40%	\$405,000	2,520,000	(20,000)	2,500,000	315,000
Revenue Bonds - CWRP Project 5191-01:						
Amount of issue - \$1,405,000		\$55,000-				
Maturing through 2024	2.125%	\$85,000	1,170,000	(60,000)	1,110,000	65,000
Revenue Bonds - SQWIF Project 3001-01:						
Amount of issue - \$270,000		\$10,000-				
Maturing through 2024	1.625%	\$15,000	162,471	(8,000)	154,471	8,000
Revenue Bonds - Series 2006:						
Amount of issue - \$5,000,000	3.75%-	\$100,000-				
Maturing through 2026	4.30%	\$400,000	4,900,000	(100,000)	4,800,000	100,000
Total bond obligations			27,813,136	(2,028,459)	25,784,677	1,922,839
Other long-term obligations - Compensated absences			259,455	17,984	277,439	92,480
Total business-type activities			28,072,591	(2,010,475)	26,062,116	2,015,319
Total primary government			\$ 65,163,470	\$ (3,076,513)	\$ 62,086,957	\$ 5,117,161

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 5 - Long-term Debt (Continued)

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

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 1,525,161	\$ 1,352,992	\$ 2,878,153	\$ 1,922,839	\$ 1,080,972	\$ 3,003,811
2011	1,660,381	1,287,210	2,947,591	2,107,619	993,272	3,100,891
2012	1,665,975	1,218,285	2,884,260	2,204,025	904,289	3,108,314
2013	1,849,543	1,148,947	2,998,490	2,310,457	813,323	3,123,780
2014	1,971,330	1,070,794	3,042,124	2,038,670	721,264	2,759,934
2015-2019	10,847,408	3,950,720	14,798,128	9,457,592	2,194,509	11,652,101
2020-2024	5,375,000	2,064,750	7,439,750	4,535,000	674,375	5,209,375
2025-2029	4,400,000	1,064,100	5,464,100	1,208,475	77,370	1,285,845
2030-2032	2,000,000	135,000	2,135,000	-	-	-
Total	<u>\$ 31,294,798</u>	<u>\$ 13,292,798</u>	<u>\$ 44,587,596</u>	<u>\$ 25,784,677</u>	<u>\$ 7,459,374</u>	<u>\$ 33,244,051</u>

Defeased Debt

In prior years, the Township defeased certain Building Authority and Water and Sewer Revenue Bonds by placing surplus cash in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the basic financial statements. At March 31, 2009, \$10,350,000 of Building Authority Bonds and \$1,500,000 of Water and Sewer Revenue Bonds outstanding are considered defeased.

No Commitment Debt

Excluded from the government-wide statement of net assets are revenue bonds issued by the Economic Development Corporation to acquire and lease property to third parties. The revenue bonds issued are payable solely from the net revenue derived from the respective leases and are not a general obligation of the Township. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in the Township's financial statements. Information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or another knowledgeable source.

Note 5 - Long-term Debt (Continued)

Revenue Bonds

The Township has pledged certain revenue of the Water and Sewer Fund, net of operating expenses, to repay the revenue bonds disclosed above. Proceeds from the bonds provided financing for the repair of water and sewer lines. The bonds are payable solely from the net revenues of the water and sewer system. The remaining principal and interest to be paid on the bonds total \$20,994,630. During the current year, net revenues of the water and sewer system totaled \$870,164, compared to annual debt requirements of \$1,605,471.

Note 6 - Restricted Assets

The Water and Sewer Fund accounts for the operation and maintenance of the water and sewer treatment activities of the Township, including the funding of reserves as required by the revenue bond ordinances. The bond reserve account balance at March 31, 2009 is funded by certificates of deposits and money market funds in the amount of \$1,548,602.

The Court Building Capital Projects Fund accounts for the construction of the 41-B District Court Facility Building. Total assets restricted for use in this construction project at March 31, 2009 are \$55,006.

Note 7 - Risk Management

The Township is exposed to losses from various risks. Those risks include those related to property loss, torts, errors and omissions, employee injuries (workers' compensation), and medical benefits provided to employees, retirees, and their dependents. The Township has purchased commercial insurance for property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past five fiscal years.

The Township is uninsured for workers' compensation claims and medical benefits. The Township formerly purchased commercial insurance for medical benefits, but during the year ended March 31, 2009, the Township began self-funding medical benefits. These benefits are self-funded up to a retention amount, at which time the Township's reinsurance coverage begins.

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 7 - Risk Management (Continued)

The Township estimates the liability for workers' compensation claims and medical benefits that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These liabilities are recorded in accrued and other liabilities on the statement of net assets.

Changes in the estimated liability for the past two fiscal years were as follows:

	Workers' Compensation		Medical Benefits	
	2009	2008	2009	2008
Estimated liability - Beginning of year	\$ 1,345,101	\$ 1,185,043	\$ -	\$ -
Estimated claims incurred, including changes in estimates	(16,193)	581,016	5,637,179	-
Claim payments	(343,213)	(420,958)	(5,035,680)	-
Estimated liability - End of year	<u>\$ 985,695</u>	<u>\$ 1,345,101</u>	<u>\$ 601,499</u>	<u>\$ -</u>

Note 8 - Commitments and Contingencies

Construction Commitments - The Charter Township of Clinton has active construction projects at year end. As of March 31, 2009, the Township's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Union Lake/Albert/Manchester/Sherbeck Sanitary Sewer	\$ 1,332,000	\$ 257,000

Environmental Contingency - The Township may be required to undertake measures to upgrade sanitary sewers in order to be in compliance with the Clean Water Act. According to the Michigan Department of Environmental Quality, actions required by the Township are dependent upon the results of a Waste Water Master Plan currently being completed by the City of Detroit Water and Sewerage Department. Since the recommendations of that study are not yet known, the Township cannot estimate these costs.

Lawsuits - The Township is a defendant in various legal actions that have arisen in the normal course of business. In the opinion of management, eventual resolution of these claims will not have a material effect on the Township's financial position or results of operations.

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 9 - Designated Fund Balances

Designated fund balance in the governmental funds at March 31, 2009 is as follows:

	General Fund	Fire Fund	Police Fund	Court Building Debt Service Fund	Other Nonmajor Governmental Funds
Subsequent year's budget	\$ -	\$ -	\$ -	\$ -	\$ 1,585,530
Debt service	-	-	-	4,621	-
Working capital	3,447,680	14,220,920	19,655,043	-	-
Workers' compensation	250,000	-	-	-	-
Total	\$ 3,697,680	\$ 14,220,920	\$ 19,655,043	\$ 4,621	\$ 1,585,530

Note 10 - Postemployment Benefits

The Township provides retiree healthcare benefits to all full-time employees upon retirement in accordance with labor contracts. Membership in the plan included 143 retiree members and 399 active members as of June 30, 2006, the date of the most recent actuarial valuation.

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

The collective bargaining agreements do not require contributions from employees. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). However, as shown below, the Township has made contributions to advance-fund these benefits, as determined by the Township board through annual budget resolutions. The costs of administering the plan are borne by the Township's General Fund.

For the year ended March 31, 2009, the Township has estimated the cost of providing retiree health care benefits through an actuarial valuation as of July 1, 2006. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 10 - Postemployment Benefits (Continued)

This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution	\$ 3,765,919
Amounts contributed:	
Payments of current premiums	(2,265,679)
Advance funding	<u>(2,400,000)</u>
Increase in net OPEB obligation/(asset)	(899,760)
OPEB obligation/(asset) - Beginning of year	<u>-</u>
OPEB obligation/(asset) - End of year	<u>\$ (899,760)</u>

Three-year trend information is not available for annual OPEB costs, the percentage contributed to the plan, or the net OPEB obligation; therefore, only information relating to the current fiscal year has been presented.

	Fiscal Year Ended <u>March 31, 2009</u>
Annual OPEB costs	\$ 3,765,919
Percentage contributed	124%
Net OPEB asset	899,760

The funding progress of the plan as of the most recent valuation date is as follows:

Valuation as of June 30, 2006:	
Actuarial value of assets	\$ 10,040,141
Actuarial accrued liability (AAL)	53,646,367
Unfunded AAL (UAAL)	43,606,226
Funded ratio	18.72%
Annual covered payroll	22,754,633
Ratio of UAAL to covered payroll	191.64%

Note 10 - Postemployment Benefits (Continued)

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

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

In the June 30, 2006, actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent in the seventh year and beyond. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a four-year period. The UAAL is being amortized as a level percentage of projected covered payroll on an open basis. The remaining amortization period at June 30, 2006 was 30 years.

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 11 - Pension Plans

Fire and Police Pension System Fund

System Description and Contribution Information

Membership of the system consisted of the following at March 31, 2008, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>96</u>
Current employees:	
Fully vested	133
Nonvested	<u>62</u>
Total current employees	<u>195</u>
Number of participating employers	<u>1</u>

The pension system is the administrator of a single-employer public employees' retirement system that covers all police and fire employees of the Township. The system is composed of a defined contribution plan to account for the employees' contributions and a defined benefit plan to account for the Township's contribution and retirees' reserve. For accounting purposes, these plans are combined. The system provides retirement benefits, as well as death and disability benefits. The Fire and Police Pension System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 40700 Romeo Plank Road, Clinton Township, MI 48038.

The pension system member and employer contributions are recognized in the period in which the contributions are 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 terms of the plan. Please refer to Note 1 for further significant accounting policies.

Note 11 - Pension Plans (Continued)

Depending upon their collective bargaining unit, plan members are required to contribute between 6.14 percent and 7.0 percent of their annual covered salary. The Township is required to contribute at an actuarially determined rate. The obligation to contribute to and maintain the system for these employees was established by Act No. 345 of the Public Acts of 1937, as amended, and modified by the collective bargaining agreements. Administrative costs of the system are financed through investment earnings.

Annual Pension Cost

For the year ended March 31, 2009, the Township's annual pension cost of \$2,833,972 for the plan was equal to the pension system's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at March 31, 2007. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.5 percent per year, compounded annually, (b) projected salary increases of 5.0 percent to 9.0 percent per year compounded annually, and (c) no postretirement benefit increases. Assumption (b) includes inflation at 4.5 percent. For actuarial purposes, asset values are determined using techniques that smooth the effects of short-term market volatility over a four-year period. Level of percentage of payroll employer contribution rates is determined using the entry age normal actuarial funding method. The pension system's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at March 31, 2007 was 20 years.

Reserves

State law requires employee contributions to be segregated and interest to be added annually. In addition, amounts must be set aside as determined by the actuary to fund benefits to retirees currently approved to receive benefits.

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 11 - Pension Plans (Continued)

The reserves of the Fire and Police Pension System Fund are as follows:

	Reserved for Employee Contributions	Reserved for Employer Contributions	Reserved for Membership Annuities	Total
Balances - April 1, 2008	\$ 9,865,785	\$ 56,443,435	\$ 33,873,803	\$ 100,183,023
Additions				
Contributions:				
Members	1,188,375	183,217	-	1,371,592
General Fund	-	2,833,972	-	2,833,972
Net investment loss	-	(23,874,090)	-	(23,874,090)
Securities lending income	-	26,429	-	26,429
Total balances and additions	11,054,160	35,612,963	33,873,803	80,540,926
Transfers				
Interest	207,319	(2,383,915)	2,176,596	-
Reserve adjustment	-	(1,221,556)	1,221,556	-
Total balances and additions after transfers	11,261,479	32,007,492	37,271,955	80,540,926
Deductions				
Pension benefits	-	-	(3,579,250)	(3,579,250)
Refunds and other administrative expenses	(143,911)	(50,733)	-	(194,644)
Balances - March 31, 2009	\$ 11,117,568	\$ 31,956,759	\$ 33,692,705	\$ 76,767,032

Three-year Trend Information

Year Ended March 31	Annual Pension Cost	Percentage Contributed
2007	\$ 2,902,650	100
2008	3,105,900	100
2009	2,833,972	100

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 11 - Pension Plans (Continued)

The funding progress of the plan as of the most recent valuation date is as follows:

	Actuarial Valuation as of March 31		
	2008	2007	2006
Actuarial value of assets	\$ 96,959,753	\$ 88,658,616	\$ 78,717,338
Actuarial accrued liability (AAL)	\$ 95,924,951	\$ 86,075,845	\$ 82,677,222
Unfunded AAL (UAAL)	\$ (1,034,802)	\$ (2,528,771)	\$ 3,959,884
Funded ratio	101%	103%	95%
Covered payroll	\$ 15,810,152	\$ 14,570,507	\$ 14,457,911
UAAL as a percentage of covered payroll	(7%)	(18%)	27%

Michigan Municipal Employees' Retirement System

System Description and Contribution Information

The Township participates in the Michigan Municipal Employees' Retirement System, an agent multiple-employer defined benefit pension plan that covers substantially all employees of the Township, except police and fire. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, MI 48917.

The obligation to contribute to and maintain the system for these employees was established by negotiation with the eight municipal employee collective bargaining units and requires employee contributions ranging from 4.50 percent to 7.09 percent of gross wages.

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 11 - Pension Plans (Continued)

Annual Pension Cost

For the year ended March 31, 2009, the Township's annual pension cost of \$1,171,414 for the system was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the entry age normal funding method. Significant actuarial assumptions used include (a) an 8.0 percent investment rate of return, (b) projected salary increases of 4.5 percent per year, attributable to inflation, and (c) additional projected salary increases of 0.0 percent to 8.4 percent per year, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period for positive unfunded liabilities and 10-year period for negative unfunded liabilities.

	Fiscal Year Ended March 31		
	2009	2008	2007
Annual pension cost (APC)	\$ 1,171,414	\$ 1,073,762	\$ 1,064,644
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -
	Actuarial Valuation as of March 31		
	2006	2005	2004
Actuarial value of assets	\$ 38,315,197	\$ 38,584,365	\$ 36,624,158
Actuarial accrued liability (AAL)	\$ 45,568,246	\$ 46,481,275	\$ 45,003,631
Unfunded AAL (UAAL)	\$ 7,253,049	\$ 7,896,910	\$ 8,379,473
Funded ratio	84%	83%	81%
Covered payroll	\$ 10,330,334	\$ 10,967,930	\$ 11,970,676
UAAL as a percentage of covered payroll	70%	72%	70%

Charter Township of Clinton

Notes to Financial Statements March 31, 2009

Note 12 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered 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:

	Fund Financial Statements			Government- wide Financial Statements
	Unavailable	Unearned	Total	Unearned
State-shared revenue	\$ 593,051	\$ -	\$ 593,051	\$ -
Long-term due from other governments	5,350,500	-	5,350,500	-
Other grant revenue	49,103	-	49,103	-
Total restricted assets	<u>\$ 5,992,654</u>	<u>\$ -</u>	<u>\$ 5,992,654</u>	<u>\$ -</u>

Note 13 - Joint Ventures

The Township is a member of the Grosse Pointes-Clinton Refuse Disposal Authority (the "Authority") joint venture. The Authority's governing board is composed of two appointees from the Township and one appointee from each of the other seven member communities. In April 1999, the Authority's governing board ceased incineration operations at the Authority. The Township's equity portion of the Authority is reported in the Sanitation Fund. The Township is unaware of any circumstances, including environmental remediation, that would cause an additional benefit or burden to the participating governments in the near future. The financial statements for the Authority can be obtained from the Authority's administrative office located at 27941 Harper Avenue, Suite 106, St. Clair Shores, MI 48081.

The Township, in conjunction with Macomb Township, has created the Clinton-Macomb District Library (the "Library"). The Library's board is composed of three members appointed by the Township board of trustees and three members appointed by Macomb Township. The Library is funded through property taxes, specifically through a separate property tax millage that is not recorded as revenue by Clinton Township. The Library currently does not receive a subsidy from the Township. The Township is unaware of any circumstance that would cause an additional benefit or burden to the participating governments in the near future. The financial statements for the Library can be obtained from the Library's administrative office at 40900 Romeo Plank Road, Clinton Township, MI 48038.

Required Supplemental Information

Charter Township of Clinton

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

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,424,000	\$ 2,472,262	\$ 2,487,116	\$ 14,854
Licenses and permits	1,231,775	1,083,100	966,508	(116,592)
Federal sources	13,000	13,000	17,337	4,337
State sources	7,849,500	7,973,332	7,845,883	(127,449)
Interest	200,000	200,000	292,180	92,180
Other revenue	3,894,495	3,928,698	4,070,625	141,927
Total revenue	15,612,770	15,670,392	15,679,649	9,257
Expenditures - Current				
General government	6,993,212	6,579,556	6,163,821	415,735
Public safety	1,696,454	1,656,892	1,647,343	9,549
Public works	4,455,000	4,276,121	4,099,583	176,538
Recreation and senior activities	2,094,562	2,008,406	1,962,752	45,654
Total expenditures	15,239,228	14,520,975	13,873,499	647,476
Excess of Revenue Over Expenditures	373,542	1,149,417	1,806,150	656,733
Other Financing Uses - Transfers out	(310,407)	(310,407)	(579,979)	(269,572)
Net Change in Fund Balance	63,135	839,010	1,226,171	387,161
Fund Balance - Beginning of year	9,126,358	9,126,358	9,126,358	-
Fund Balance - End of year	<u>\$ 9,189,493</u>	<u>\$ 9,965,368</u>	<u>\$ 10,352,529</u>	<u>\$ 387,161</u>

Charter Township of Clinton

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds Year Ended March 31, 2009

<u>Fire Fund</u>	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 15,278,500	\$ 15,241,860	\$ 15,310,041	\$ 68,181
Interest	170,000	100,000	136,771	36,771
Other revenue	20,000	65,189	119,625	54,436
Total revenue	15,468,500	15,407,049	15,566,437	159,388
Expenditures				
Current - Public safety	14,560,126	14,475,365	14,377,542	97,823
Debt service:				
Principal	275,000	275,000	275,000	-
Interest	297,688	297,688	297,925	(237)
Total expenditures	15,132,814	15,048,053	14,950,467	97,586
Excess of Revenue Over Expenditures	335,686	358,996	615,970	256,974
Other Financing Uses - Transfers out	(105,987)	(105,987)	(105,887)	100
Net Change in Fund Balance	229,699	253,009	510,083	257,074
Fund Balance - Beginning of year	13,740,236	13,740,236	13,740,236	-
Fund Balance - End of year	<u>\$ 13,969,935</u>	<u>\$ 13,993,245</u>	<u>\$ 14,250,319</u>	<u>\$ 257,074</u>

Charter Township of Clinton

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds (Continued) Year Ended March 31, 2009

Police Fund	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 20,251,000	\$ 20,212,950	\$ 20,303,966	\$ 91,016
Licenses and permits	65,000	65,000	64,295	(705)
Federal sources	10,000	565,385	621,569	56,184
State sources	231,000	247,000	265,297	18,297
Other revenue	<u>682,700</u>	<u>641,628</u>	<u>741,295</u>	<u>99,667</u>
Total revenue	21,239,700	21,731,963	21,996,422	264,459
Expenditures - Public safety	<u>19,562,969</u>	<u>19,833,646</u>	<u>19,724,958</u>	<u>108,688</u>
Excess of Revenue Over Expenditures	1,676,731	1,898,317	2,271,464	373,147
Other Financing Sources - Transfers in	<u>-</u>	<u>61,542</u>	<u>61,542</u>	<u>-</u>
Net Change in Fund Balance	1,676,731	1,959,859	2,333,006	373,147
Fund Balance - Beginning of year	<u>17,347,400</u>	<u>17,347,400</u>	<u>17,347,400</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 19,024,131</u>	<u>\$ 19,307,259</u>	<u>\$ 19,680,406</u>	<u>\$ 373,147</u>

Charter Township of Clinton

Required Supplemental Information Pension System Schedule of Funding Progress and Employer Contributions March 31, 2009

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability *(AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
03/31/02	\$ 67,781,390	\$ 60,903,731	\$ (6,877,659)	111.3	\$ 11,833,874	(58.1)
03/31/03	68,539,019	65,622,382	(2,916,637)	104.4	13,267,042	(22.0)
03/31/04	68,920,716	69,937,354	1,016,638	98.5	13,664,660	7.4
03/31/05	72,158,679	75,553,927	3,395,248	95.5	13,754,331	24.7
03/31/06	78,717,338	82,677,222	3,959,884	95.2	14,457,911	27.4
03/31/07	88,658,616	86,075,845	(2,528,771)	103.0	14,570,507	(17.4)

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
03/31/04	03/31/02	\$ 1,853,582	100.0
03/31/05	03/31/03	2,345,264	100.0
03/31/06	03/31/04	2,757,359	100.0
03/31/07	03/31/05	2,902,650	100.0
03/31/08	03/31/06	3,105,900	100.0
03/31/09	03/31/07	2,833,972	100.0

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

Valuation date	March 31, 2007
Actuarial cost method	Individual entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	20 years
Asset valuation method	4-year smoothed market value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases**	5.0% - 9.0%
** Includes inflation at	4.5%
Cost of living adjustments	None

Charter Township of Clinton

Required Supplemental Information Other Postemployment Benefit System Schedule of Funding Progress and Employer Contributions March 31, 2009

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability *(AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
06/30/06	\$ 10,040,141	\$ 53,646,367	\$ 43,606,226	18.7	\$ 22,754,633	191.64

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
03/31/09	06/30/06	\$ 3,765,919	124

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

Valuation date	June 30, 2006
Actuarial cost method	Individual entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected medical care inflation	8.0% decreasing 0.5% per year, reaching assumed level of 5% in year seven

Charter Township of Clinton

Note to Required Supplemental Information March 31, 2009

Note - Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds except for the fact that other revenue per the General Fund budgetary comparison schedule includes \$934,218 of reimbursements from other funds. On the governmental funds statement of revenue, expenditures, and changes in fund balance, those reimbursements are netted against general government expenditures. All annual appropriations lapse at fiscal year end. The budget cycle runs from April 1 to March 31. The annual budget is submitted to the Township board 120 days prior to the beginning of the next fiscal year and approved by the board prior to commencement of the new fiscal year.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level.

Encumbrances are not included as expenditures. Budget appropriations are considered to be spent once the goods are delivered or the services rendered. The amount of encumbrances outstanding at March 31, 2009 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

The major fund budgets are included in the required supplemental information section of the financial statements. The other Special Revenue Fund budgets can be obtained at the Township offices.

Other Supplemental Information

Charter Township of Clinton

Nonmajor Special Revenue Funds

	Capital Improvement		Community Development		Postemployment Benefit	Drug Forfeiture		Neighborhood Stabilization
	Revolving	Drainage	Block Grant			Street Lighting		
Assets								
Cash and investments	\$ 2,058,109	\$ 1,108,136	\$ -	\$ 1,548,821	\$ 733,450	\$ 168,769	\$ -	
Receivables:								
Taxes	3,499	-	-	-	-	-	-	-
Customers	-	-	-	-	-	38,500	-	-
Other	43,181	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-
Due from other funds	112,814	-	-	-	-	-	-	-
Due from other governmental units	39,815	-	19,435	-	-	-	-	20,968
Prepaid costs	-	-	-	7,864	-	297,570	-	-
Total assets	\$ 2,257,418	\$ 1,108,136	\$ 19,435	\$ 1,556,685	\$ 733,450	\$ 504,839	\$ 20,968	
Liabilities and Fund Balances								
Liabilities								
Vouchers payable	\$ 12,813	\$ 8,647	\$ 2,374	\$ 5,387	\$ 1,409	\$ 27,777	\$ -	
Accrued and other liabilities	-	1,500	-	-	-	-	-	
Due to other funds	-	-	17,061	-	-	-	20,968	
Total liabilities	12,813	10,147	19,435	5,387	1,409	27,777	20,968	
Fund Balances								
Reserved for prepaid costs	-	-	-	7,864	-	297,570	-	
Unreserved:								
Undesignated	2,139,605	875,739	-	534,334	539,961	122,392	-	
Designated	105,000	222,250	-	1,009,100	192,080	57,100	-	
Total fund balances	2,244,605	1,097,989	-	1,551,298	732,041	477,062	-	
Total liabilities and fund balances	\$ 2,257,418	\$ 1,108,136	\$ 19,435	\$ 1,556,685	\$ 733,450	\$ 504,839	\$ 20,968	

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2009**

Nonmajor Special Revenue Funds		Nonmajor Debt Service Funds			Nonmajor Capital Projects Funds	
Total Special Revenue Funds	Building Authority	Police Facility	Total Debt Service Funds	Court Building	Total Nonmajor Governmental Funds	
\$ 5,617,285	\$ 39,319	\$ 182,042	\$ 221,361	\$ -	\$ 5,838,646	
3,499	-	80,856	80,856	-	84,355	
38,500	-	-	-	-	38,500	
43,181	-	-	-	-	43,181	
-	-	-	-	55,006	55,006	
112,814	-	-	-	-	112,814	
80,218	-	-	-	-	80,218	
305,434	-	94,984	94,984	-	400,418	
\$ 6,200,931	\$ 39,319	\$ 357,882	\$ 397,201	\$ 55,006	\$ 6,653,138	
\$ 58,407	\$ -	\$ 28	\$ 28	\$ 50,685	\$ 109,120	
1,500	-	-	-	-	1,500	
38,029	3,750	162,714	166,464	4,321	208,814	
97,936	3,750	162,742	166,492	55,006	319,434	
305,434	-	94,984	94,984	-	400,418	
4,212,031	35,569	100,156	135,725	-	4,347,756	
1,585,530	-	-	-	-	1,585,530	
6,102,995	35,569	195,140	230,709	-	6,333,704	
\$ 6,200,931	\$ 39,319	\$ 357,882	\$ 397,201	\$ 55,006	\$ 6,653,138	

Charter Township of Clinton

	Nonmajor Special Revenue Funds						
	Capital Improvement		Community Development	Postemployment	Drug	Neighborhood	
	Revolving	Drainage	Block Grant	Benefit	Forfeiture	Street Lighting	Stabilization
Revenue							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 344,216	\$ -
Special assessments	111,838	-	-	-	-	-	-
Federal sources	-	-	593,242	-	-	-	20,968
Interest	38,391	18,247	-	-	6,210	4,696	-
Other revenue	-	101,649	-	148,493	620,582	-	-
Total revenue	150,229	119,896	593,242	148,493	626,792	348,912	20,968
Expenditures							
Current:							
General government	165,117	-	593,242	93,992	-	-	20,968
Public safety	-	-	-	50,892	189,023	-	-
Public works	-	533,963	-	3,609	-	374,147	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	165,117	533,963	593,242	148,493	189,023	374,147	20,968
Excess of Revenue Over (Under) Expenditures	(14,888)	(414,067)	-	-	437,769	(25,235)	-
Other Financing Sources (Uses)							
Transfers in	112,814	-	-	269,422	-	-	-
Transfers out	-	-	-	-	(61,541)	-	-
Total other financing sources (uses)	112,814	-	-	269,422	(61,541)	-	-
Net Change in Fund Balances	97,926	(414,067)	-	269,422	376,228	(25,235)	-
Fund Balances - Beginning of year	2,146,679	1,512,056	-	1,281,876	355,813	502,297	-
Fund Balances - End of year	\$ 2,244,605	\$ 1,097,989	\$ -	\$ 1,551,298	\$ 732,041	\$ 477,062	\$ -

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

Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds			Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Total Special Revenue Funds	Building Authority	Police Facility	Total Debt Service Funds	Court Building	Funds
\$ 344,216	\$ -	\$ 1,093,949	\$ 1,093,949	\$ -	\$ 1,438,165
111,838	-	-	-	-	111,838
614,210	-	-	-	-	614,210
67,544	1,387	1,304	2,691	8,307	78,542
<u>870,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>870,724</u>
2,008,532	1,387	1,095,253	1,096,640	8,307	3,113,479
873,319	4,894	-	4,894	196,873	1,075,086
239,915	-	625	625	-	240,540
911,719	-	-	-	-	911,719
-	279,540	700,000	979,540	-	979,540
<u>-</u>	<u>136,904</u>	<u>408,000</u>	<u>544,904</u>	<u>-</u>	<u>544,904</u>
<u>2,024,953</u>	<u>421,338</u>	<u>1,108,625</u>	<u>1,529,963</u>	<u>196,873</u>	<u>3,751,789</u>
(16,421)	(419,951)	(13,372)	(433,323)	(188,566)	(638,310)
382,236	416,444	-	416,444	-	798,680
<u>(61,541)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(185,321)</u>	<u>(246,862)</u>
<u>320,695</u>	<u>416,444</u>	<u>-</u>	<u>416,444</u>	<u>(185,321)</u>	<u>551,818</u>
304,274	(3,507)	(13,372)	(16,879)	(373,887)	(86,492)
<u>5,798,721</u>	<u>39,076</u>	<u>208,512</u>	<u>247,588</u>	<u>373,887</u>	<u>6,420,196</u>
<u>\$ 6,102,995</u>	<u>\$ 35,569</u>	<u>\$ 195,140</u>	<u>\$ 230,709</u>	<u>\$ -</u>	<u>\$ 6,333,704</u>

Charter Township of Clinton

	Pension and Other Employee Benefit Trust Funds		
	Fire and Police Pension System	Public Employee Healthcare	Total
Assets - Cash and investments	<u>\$ 81,315,415</u>	<u>\$ 12,154,948</u>	<u>\$ 93,470,363</u>
Liabilities			
Benefits payable and other liabilities	\$ 1,508,035	\$ -	\$ 1,508,035
Due to other governmental units	-	-	-
Refundable bonds and deposits	-	-	-
Collateral for securities lending	<u>3,040,348</u>	<u>-</u>	<u>3,040,348</u>
Total liabilities	4,548,383	-	4,548,383
Net Assets - Held in trust for pension and other employee benefits	<u>76,767,032</u>	<u>12,154,948</u>	<u>88,921,980</u>
Total liabilities and net assets	<u>\$ 81,315,415</u>	<u>\$ 12,154,948</u>	<u>\$ 93,470,363</u>

**Other Supplemental Information
Combining Statement of Net Assets
Fiduciary Funds
March 31, 2009**

Agency Funds

Tax Collection	Cash Bond	Trust and Agency	Total
<u>\$ 1,228,061</u>	<u>\$ 269,960</u>	<u>\$ 452,295</u>	<u>\$ 1,950,316</u>
\$ -	\$ -	\$ -	\$ -
1,228,061	-	-	1,228,061
-	269,960	452,295	722,255
-	-	-	-
<u>\$ 1,228,061</u>	<u>\$ 269,960</u>	<u>\$ 452,295</u>	<u>\$ 1,950,316</u>

Charter Township of Clinton

Other Supplemental Information Combining Statement of Changes in Net Assets Fiduciary Funds Year Ended March 31, 2009

	Fire and Police Pension System Trust	Public Employee Healthcare Fund	Total
Additions			
Contributions:			
Employee	\$ 1,371,592	\$ -	\$ 1,371,592
Township	<u>2,833,972</u>	<u>2,400,000</u>	<u>5,233,972</u>
Total contributions	4,205,564	2,400,000	6,605,564
Investment income (loss):			
Interest and dividends	2,523,453	398,880	2,922,333
Net depreciation in fair value of investments	(25,887,398)	(3,698,364)	(29,585,762)
Less investment expenses	<u>(510,145)</u>	<u>-</u>	<u>(510,145)</u>
Net investment loss	(23,874,090)	(3,299,484)	(27,173,574)
Securities lending income:			
Interest and fees	86,622	-	86,622
Less borrower rebates and fees	<u>(60,193)</u>	<u>-</u>	<u>(60,193)</u>
Net securities lending income	26,429	-	26,429
Total additions - Net	(19,642,097)	(899,484)	(20,541,581)
Deductions			
Benefit payments	3,723,161	-	3,723,161
Administrative expenses	<u>50,733</u>	<u>-</u>	<u>50,733</u>
Total deductions	<u>3,773,894</u>	<u>-</u>	<u>3,773,894</u>
Net Decrease	(23,415,991)	(899,484)	(24,315,475)
Net Assets Held in Trust for Pension Benefits			
Beginning of year	<u>100,183,023</u>	<u>13,054,432</u>	<u>113,237,455</u>
End of year	<u>\$ 76,767,032</u>	<u>\$ 12,154,948</u>	<u>\$ 88,921,980</u>