

**Charter Township of Van Buren
Wayne County, Michigan**

**Financial Report
with Supplemental Information
December 31, 2010**

Charter Township of Van Buren

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Independent Auditor's Report

To the Township Board
Charter Township of Van Buren

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 Van Buren (the "Township") as of and for the year ended December 31, 2010, 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 Van Buren's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the Township's 2009 financial statements and, in our report dated May 12, 2010, we expressed unqualified opinions on the respective 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.

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 Van Buren as of December 31, 2010 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

To the Township Board
Charter Township of Van Buren

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Van Buren'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 May 12, 2011 on our consideration of the Charter Township of Van Buren's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. 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 an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The financial statements include partial prior year comparative information. Such information does not include all of the information required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Township's financial statements for the year ended December 31, 2009, from which such partial information was derived.

Plante & Moran, PLLC

May 12, 2011

Charter Township of Van Buren

Management's Discussion and Analysis

Overview of the Financial Statements

The Charter Township of Van Buren's (the "Township") 2010 annual report is presented in conformity with the requirements of GASB 34. This annual report consists of four parts - management's discussion and analysis, the basic financial statements, required supplemental information, and other supplemental information, which presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

Government-wide Statements

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

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

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

- **Governmental Activities** - Most of the Township's basic services are included here, such as the police, fire public works, community services, and general administration. Property taxes, state-shared revenue, landfill royalties, and charges for services provide most of the funding.
- **Business-type Activities** - The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer system is treated as a business-type activity.
- **Component Units** - The Township includes two other entities in its report: the Downtown Development Authority and the Local Development Financing Authority. Although legally separate, these "component units" are important because the Township is financially accountable for them.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and bond covenants. The Township board establishes other funds to control and manage money for particular purposes.

The Township has three types of funds:

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

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

Financial Overview

The Township has combined total net assets of \$113.0 million. This is an increase over 2009 of \$817,000. Business-type activities comprise \$91.8 million and governmental activities make up \$21.2 million of the total net assets. In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current assets	\$ 15,367	\$ 17,074	\$ 52,075	\$ 57,142	\$ 67,442	\$ 74,216
Noncurrent assets	<u>21,103</u>	<u>21,713</u>	<u>66,541</u>	<u>63,460</u>	<u>87,644</u>	<u>85,173</u>
Total assets	36,470	38,787	118,616	120,602	155,086	159,389
Liabilities						
Current liabilities	6,547	7,136	4,159	11,723	10,706	18,859
Long-term liabilities	<u>8,704</u>	<u>7,664</u>	<u>22,622</u>	<u>20,629</u>	<u>31,326</u>	<u>28,293</u>
Total liabilities	<u>15,251</u>	<u>14,800</u>	<u>26,781</u>	<u>32,352</u>	<u>42,032</u>	<u>47,152</u>
Net Assets						
Invested in capital assets -						
Net of related debt	16,596	16,777	43,109	41,949	59,705	58,726
Restricted	898	1,038	39,258	33,771	40,156	34,809
Unrestricted	<u>3,725</u>	<u>6,172</u>	<u>9,468</u>	<u>12,530</u>	<u>13,193</u>	<u>18,702</u>
Total net assets	<u>\$ 21,219</u>	<u>\$ 23,987</u>	<u>\$ 91,835</u>	<u>\$ 88,250</u>	<u>\$ 113,054</u>	<u>\$ 112,237</u>

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, decreased by \$2.4 million for the governmental activities from 2009. The Township is able to report positive balances in all three categories of net assets, both for the governmental activities and business-type activities.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets for 2010 (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenue						
Program revenue:						
Charges for services	\$ 2,026	\$ 1,628	\$ 5,863	\$ 5,515	\$ 7,889	\$ 7,143
Operating grants and contributions	575	729	-	-	575	729
Capital grants and contributions	40	97	-	4,430	40	4,527
General revenue:						
Property taxes	5,536	5,500	6,241	6,170	11,777	11,670
State-shared revenue	1,666	1,691	-	-	1,666	1,691
Cable franchise fees	299	293	-	-	299	293
Unrestricted investment earnings	161	209	573	741	734	950
Landfill royalties	<u>2,972</u>	<u>2,511</u>	<u>-</u>	<u>-</u>	<u>2,972</u>	<u>2,511</u>
Total revenue	13,275	12,658	12,677	16,856	25,952	29,514
Program Expenses						
General government	2,480	2,641	-	-	2,480	2,641
Public safety	10,359	10,726	-	-	10,359	10,726
Public works	221	179	-	-	221	179
Community and economic development	567	589	-	-	567	589
Recreation and culture	2,416	2,165	-	-	2,416	2,165
Water and sewer	<u>-</u>	<u>-</u>	<u>9,092</u>	<u>8,665</u>	<u>9,092</u>	<u>8,665</u>
Total program expenses	<u>16,043</u>	<u>16,300</u>	<u>9,092</u>	<u>8,665</u>	<u>25,135</u>	<u>24,965</u>
Change in Net Assets	<u>\$ (2,768)</u>	<u>\$ (3,642)</u>	<u>\$ 3,585</u>	<u>\$ 8,191</u>	<u>\$ 817</u>	<u>\$ 4,549</u>

Revenue for governmental activities totaled \$13.3 million. A total of \$5.5 million was in the form of property tax collections. Charges for services such as court fines, building permits, and recreation fees accounted for \$2.0 million in revenue. State-shared revenue continues to be of concern. While it provided \$1.7 million in revenue in 2010, we are uncertain what will happen in 2011 given the State's continued financial difficulties. Landfill royalties brought in \$3.0 million in 2010.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

Business-type Activities

The Charter Township of Van Buren has one business-type activity, the water and sewer operation. Revenue for business-type activities was \$12.7 million. Water is provided to the Charter Township of Van Buren's residents via the Detroit Water and Sewer Department. Sewage treatment is provided by contracts with South Huron Valley Utility Authority, Rouge Valley System, the Downriver Sewage System, and the Ypsilanti Community Utility Authority.

Financial Analysis of the Township Funds and Budgets

The General Fund used approximately \$208,000 of its fund balance as of December 31, 2010, bringing the fund balance total to \$2.8 million.

On August 7, 2007, the voters in Van Buren Township supported an increase in the public safety millage from 3 to 4 mills. At that time, it produced an additional \$1.3 million to help fund increasing public safety expenditures. The millage will expire on December 31, 2011 and it is expected that this millage request will again be presented to the voting public to preserve current services. The Township reduced its general government expenditures by \$124,000 and the recreation and culture expenditures by \$145,000.

The Township board has been able to maintain a fund balance in the General Fund, both designated and undesignated, of about \$2.8 million. Among the uses for designated funds are future land and municipal facility needs, French Landing Dam reserve, and senior bequest reserve.

All financial operations of the Township are monitored on a routine basis with monthly financial reports being provided to the board of trustees and department directors. Appropriate accounting measures are in place to ensure proper checks and balances among and between accounting functions and in accordance with recommendations from professional accountants and the Governmental Accounting Standards Board.

The General Fund budget is amended throughout the year as deemed necessary. This is done primarily to prevent expenditures from being over budget.

Capital Asset and Debt Administration

At the end of 2010, the Township had approximately \$88 million invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines, net of related accumulated depreciation.

Debt related to the water and sewer system totaling \$23.9 million is recorded as a liability in the business-type activities in the statement of net assets (deficit). Debt related to capital improvements of \$4.5 million is recorded as a liability in the governmental-type activities on the same statement.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The budget horizon is challenging with projected declines in property tax revenue and fees. The Township is trying to do more with less. Adjustments have been made in staffing, work assignments, and purchases with the goal of maintaining the highest level of service possible.

The Township's 2010 equalized valuation totaled \$1,152,623,400, which represents an approximate 16.11 percent decline in value from 2009. The 2010 taxable value totaled \$997,818,840 for the same time period and represented an approximately 12.17 percent decline in taxable value. Of the 2010 taxable valuations by use, 57.25 percent is residential, 19.86 percent is industrial, 19.74 percent is commercial, .40 percent is agricultural, and 2.75 percent is utility.

Because voters supported a one mill increase in the public safety millage in 2007, the Township continues to operate both fire stations 24 hours a day, seven days a week, while still maintaining a paid call fire department. This has resulted in a reduction in response times. This can be critical when dealing with life and death situations. The police and fire departments have been able to sustain a level of service that is designed to maintain the safety of our residents which includes only a change in the staffing as a result of the retirement of two police officers and utilization of the special investigations unit. A program is in place and has reduced overtime costs and still provides the service Van Buren Township residents are accustomed to.

In 2009, a low-interest loan was secured through the State of Michigan Drinking Water Revolving Fund and an additional \$4,430,000 in stimulus funds were assured through the American Recovery and Reinvestment Act. Construction of a 2,000,000-gallon water tower and nearly five miles of water mains is near completion and expected to be on line in the summer of 2011. This will improve the water system by providing an abundant supply of water and more stable water rates.

Our Parks and Recreation Department provides a quality blend of programming for our diverse community. The Wayne County Park Grant was spent and one of the projects, Riggs Heritage Park, was honored with an award because of the innovative design utilizing the latest concepts for environmentally friendly development. The department continues to work diligently to secure alternative funding sources for programs to maintain our award-winning parks and recreation programs. Most recently, we again were the recipient of a Wayne County Park Grant to replace the gymnasium floor in the fall of 2011. Additionally, they have taken advantage of grants from the Wal-Mart Foundation, Van Buren Civic Fund, Community Development Block Grant Funds, and the Department of Natural Resources.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

We provide a wide variety of services for our senior population through the September Days Senior Center. This would not be possible without the many reliable and effective volunteers. For a nominal fee, we are able to provide a full-service multi-purpose agency assisting persons over the age of 50 with their life needs. Our senior citizens have a very active lifestyle and through the Senior Center they have a greater ability to provide programs and trips at a fee that does not preclude participation.

Even though the economy is facing tough times, the Township continues to maintain a Standard and Poor's A rating. This rating is considered "investment grade" and is more favorable in the market place for bonding and interest rates. We are seeing some conservative growth in our commercial district and changes in our industrial district particularly with respect to General Electric moving into the western side of the Grace Lake Corporate Center (formerly known as Visteon Village) as business experiences technology alterations particularly in advanced manufacturing and software technology. At the end of 2010, General Electric purchased a building that will provide a strong manufacturing base to support the next generation of aviation products.

The Township continues to rely upon landfill tipping fees to provide needed revenue to continue routine, municipal services. In 2011, the \$13,146,670 General Fund budget was financed with just an over \$2.8 million transfer of Landfill Funds which was increased by approximately \$93,000 over 2010 to provide for a capital expenditure in the fire department. As a result of the 1990 Host Community Agreement with Waste Management, Inc., the Township will continue to receive tipping fees, free garbage collection, disposal and curbside recycling, and compost pick-up to Township residents. We continue to receive additional grants from Waste Management, Inc. in the amount of \$350,000 specifically earmarked for public safety, recreation, and environmental services, which is included in the above transfer.

The 2010 property tax revenue resulted from the 2009 millage rate of 4.9144 mills (.9144 for general operating and 4.0 for public safety). This public safety millage rate will expire on December 31, 2011 and will be placed on the ballot for voter approval of a continuation of the existing 4.0 that is currently levied.

Contact Us

This report is intended to aid our residents and other interested parties in understanding the Township's financial condition and to show the Township's accountability for money it receives. Should you have further questions, we welcome you to contact the clerk's office.

Charter Township of Van Buren

Statement of Net Assets (Deficit) December 31, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 10,550,762	\$ 10,540,358	\$ 21,091,120	\$ 15,468,647
Receivables:				
Property taxes	3,155,545	-	3,155,545	-
Customers	-	1,744,688	1,744,688	6,335
Other receivables	296,568	29,811	326,379	-
Due from other governmental units	408,981	-	408,981	-
Special assessments	717,143	1,102	718,245	-
Due from component units	8,032	9,080	17,112	-
Internal balances	5,331	(5,331)	-	-
Prepaid expenses	152,466	28,092	180,558	-
Restricted assets (Note 7)	-	39,698,473	39,698,473	2,771,826
Capital assets:				
Assets not subject to depreciation (Note 4)	4,309,157	12,573,253	16,882,410	-
Assets subject to depreciation (Note 4)	16,794,122	53,963,819	70,757,941	623,980
Amortizable noncurrent asset	-	-	-	148,909
Long-term assessment receivable	-	4,316	4,316	-
Deposits	71,604	29,247	100,851	-
Total assets	36,469,711	118,616,908	155,086,619	19,019,697
Liabilities				
Accounts payable	293,705	1,209,948	1,503,653	60,459
Due to other governmental units	-	205,493	205,493	16,899
Due to primary government	-	-	-	17,112
Refundable deposits, bonds, etc.	321,793	644,251	966,044	-
Accrued liabilities and other	539,840	382,889	922,729	4,562,574
Deferred revenue (Note 14)	4,947,733	307	4,948,040	1,082,588
Noncurrent liabilities:				
Due within one year - Current portion of long-term debt (Note 6)	443,577	1,716,642	2,160,219	773,030
Due in more than one year:				
Compensated absences (Note 6)	84,060	22,442	106,502	-
Net other postemployment benefits (Note 11)	4,556,140	448,128	5,004,268	-
Long-term debt - Net of current portion (Note 6)	4,064,309	22,151,385	26,215,694	29,280,293
Total liabilities	15,251,157	26,781,485	42,032,642	35,792,955
Net Assets (Deficit)				
Invested in capital assets - Net of related debt	16,595,393	43,109,490	59,704,883	623,980
Restricted for:				
Water and sewer line construction and debt (Note 7)	-	39,258,028	39,258,028	-
Debt service	-	-	-	2,771,826
Museum capital projects	11,348	-	11,348	-
Law enforcement	233,933	-	233,933	-
911 service	508,120	-	508,120	-
Special assessments	144,937	-	144,937	-
Unrestricted	3,724,823	9,467,905	13,192,728	(20,169,064)
Total net assets (deficit)	\$ 21,218,554	\$ 91,835,423	\$ 113,053,977	\$ (16,773,258)

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

Charter Township of Van Buren

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,479,631	\$ 455,544	\$ -	\$ -
Public safety	10,358,653	1,174,895	178,101	-
Public works	221,277	1,515	143,264	39,954
Community and economic development	567,311	73,374	163,953	-
Recreation and culture	2,415,752	320,318	89,992	-
Total governmental activities	16,042,624	2,025,646	575,310	39,954
Business-type activities - Water and Sewer	9,091,989	5,862,997	-	-
Total primary government	<u>\$ 25,134,613</u>	<u>\$ 7,888,643</u>	<u>\$ 575,310</u>	<u>\$ 39,954</u>
Component units:				
Downtown Development Authority	\$ 715,480	\$ -	\$ -	\$ -
Local Development Finance Authority	1,545,634	-	-	-
Total component units:	<u>\$ 2,261,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Landfill royalties				
Total general revenue				
Extraordinary Items				
Change in Net Assets (Deficit)				
Net Assets (Deficit) - Beginning of year				
Net Assets (Deficit) - End of year				

Statement of Activities
Year Ended December 31, 2010

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,024,087)	\$ -	\$ (2,024,087)	\$ -
(9,005,657)	-	(9,005,657)	-
(36,544)	-	(36,544)	-
(329,984)	-	(329,984)	-
(2,005,442)	-	(2,005,442)	-
(13,401,714)	-	(13,401,714)	-
-	(3,228,992)	(3,228,992)	-
(13,401,714)	(3,228,992)	(16,630,706)	-
-	-	-	(715,480)
-	-	-	(1,545,634)
-	-	-	(2,261,114)
5,535,832	6,240,842	11,776,674	3,013,040
1,665,869	-	1,665,869	-
160,654	573,327	733,981	121,748
298,832	-	298,832	-
2,972,197	-	2,972,197	-
10,633,384	6,814,169	17,447,553	3,134,788
-	-	-	5,706,463
(2,768,330)	3,585,177	816,847	6,580,137
23,986,884	88,250,246	112,237,130	(23,353,395)
\$ 21,218,554	\$ 91,835,423	\$ 113,053,977	\$ (16,773,258)

Charter Township of Van Buren

Governmental Funds Balance Sheet December 31, 2010

	General Fund	Landfill Fund	Nonmajor Funds	Total
Assets				
Cash and cash equivalents (Note 3)	\$ 5,063,301	\$ 4,214,699	\$ 1,272,762	\$ 10,550,762
Receivables:				
Property taxes receivable	3,155,545	-	-	3,155,545
Special assessments receivable	-	686,723	30,420	717,143
Other receivables	58,519	224,633	13,416	296,568
Due from other governmental units	299,099	-	109,882	408,981
Due from component units	8,032	-	-	8,032
Due from other funds (Note 5)	115,876	-	6,984	122,860
Prepaid expenses	151,644	-	822	152,466
	<u>\$ 8,852,016</u>	<u>\$ 5,126,055</u>	<u>\$ 1,434,286</u>	<u>\$ 15,412,357</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 288,189	\$ -	\$ 5,516	\$ 293,705
Due to other funds	4,498	-	113,031	117,529
Refundable deposits, bonds, etc.	321,793	-	-	321,793
Accrued liabilities and other	485,952	-	2,174	488,126
Deferred revenue	4,947,733	686,723	75,986	5,710,442
	<u>6,048,165</u>	<u>686,723</u>	<u>196,707</u>	<u>6,931,595</u>
Fund Balances				
Reserved for:				
Prepaid expenses	151,644	-	822	152,466
Special assessments	-	-	114,517	114,517
Law enforcement	-	-	233,933	233,933
911 service	-	-	508,120	508,120
Museum capital projects	-	-	10,526	10,526
Unreserved, reported in:				
General Fund:				
Designated (Note 13)	1,445,607	-	-	1,445,607
Undesignated	1,206,600	-	-	1,206,600
Special Revenue Funds:				
Designated (Note 13)	-	-	415,227	415,227
Undesignated	-	4,439,332	(45,566)	4,393,766
	<u>2,803,851</u>	<u>4,439,332</u>	<u>1,237,579</u>	<u>8,480,762</u>
Total liabilities and fund balances	<u>\$ 8,852,016</u>	<u>\$ 5,126,055</u>	<u>\$ 1,434,286</u>	<u>\$ 15,412,357</u>

Charter Township of Van Buren

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets (Deficit) December 31, 2010

Fund Balance Reported in Governmental Funds	\$ 8,480,762
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	21,103,279
Special assessment and grant receivables are expected to be collected after 60 days of year end and are not available to pay for current year expenditures	762,709
Long-term notes payable are not due and payable in the current period and are not reported in the funds	(4,507,886)
Interest amounts on long-term liabilities are not payable until due in the funds	(51,714)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(84,060)
Net other postemployment benefit obligations are not reported as fund liabilities	(4,556,140)
Funds on deposit are not reported as assets in the funds	<u>71,604</u>
Net Assets of Governmental Activities	<u>\$ 21,218,554</u>

Charter Township of Van Buren

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2010

	General Fund	Landfill Fund	Nonmajor Funds	Total
Revenue				
Property taxes	\$ 5,072,550	\$ -	\$ -	\$ 5,072,550
Licenses and permits	341,404	-	-	341,404
Federal grants	7,874	-	187,208	195,082
State-shared revenue and grants	1,665,869	-	-	1,665,869
Charges for services	787,504	-	-	787,504
Fines and forfeitures	780,914	-	-	780,914
Investment income	82,477	72,901	5,276	160,654
Other revenue:				
Special assessments	143,264	137,159	16,418	296,841
Contributions and donations	-	-	89,992	89,992
Cable franchise fees	298,832	-	-	298,832
Landfill royalties	-	2,947,673	-	2,947,673
Other miscellaneous income	586,801	-	178,023	764,824
Total revenue	<u>9,767,489</u>	<u>3,157,733</u>	<u>476,917</u>	<u>13,402,139</u>
Expenditures - Current				
General government	1,990,877	-	-	1,990,877
Public safety	8,544,452	-	610,508	9,154,960
Public works	218,683	2,594	-	221,277
Community and economic development	141,422	-	175,376	316,798
Recreation and culture	1,420,917	-	87,921	1,508,838
Insurance and other	616,011	-	-	616,011
Total expenditures	<u>12,932,362</u>	<u>2,594</u>	<u>873,805</u>	<u>13,808,761</u>
Excess of Revenue (Under) Over Expenditures	(3,164,873)	3,155,139	(396,888)	(406,622)
Other Financing Sources (Uses)				
Transfers in	2,958,936	6,418	451,537	3,416,891
Transfers out	<u>(1,891)</u>	<u>(3,248,582)</u>	<u>(166,418)</u>	<u>(3,416,891)</u>
Net Change in Fund Balances	(207,828)	(87,025)	(111,769)	(406,622)
Fund Balances - Beginning of year	<u>3,011,679</u>	<u>4,526,357</u>	<u>1,349,348</u>	<u>8,887,384</u>
Fund Balances - End of year	<u>\$ 2,803,851</u>	<u>\$ 4,439,332</u>	<u>\$ 1,237,579</u>	<u>\$ 8,480,762</u>

Charter Township of Van Buren

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2010

Net Change in Fund Balances - Total Governmental Funds \$ (406,622)

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

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

Capital outlay	502,082
Depreciation expense	(1,108,829)

Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end	(125,384)
--	-----------

Proceeds from asset sales are recorded in the governmental funds; on the statement of activities, a gain is recorded	(2,461)
--	---------

Investments in joint venture are no longer applicable as a result of the Fred C. Fischer Library becoming the Belleville Area District Library during the year	(507,992)
--	-----------

Net other postemployment benefit obligations are expenses in the statement of activities, but not in the governmental funds	(1,483,884)
---	-------------

Governmental funds report principal payments of the debt as expenditures; these principal payments are a reduction to the liability in the statement of net assets (deficit)	428,035
--	---------

Interest is recorded as it accrues in the statement of activities	6,344
---	-------

The change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(662)
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Deposits are not recorded as expenditures in the statement of activities	<u>(68,957)</u>
--	-----------------

Change in Net Assets of Governmental Activities \$ (2,768,330)

Charter Township of Van Buren

Proprietary Funds Statement of Net Assets December 31, 2010 (with comparative information for 2009)

	2010	2009
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 10,540,358	\$ 13,024,497
Receivables:		
Property taxes	-	3,671,323
Special assessments	1,102	1,149
Customers	1,744,688	2,026,566
Other receivables	29,811	26,663
Due from other governmental units	-	2,463,008
Due from component units	9,080	-
Due from other funds	600	-
Prepaid expenses	28,092	32,120
Total current assets	12,353,731	21,245,326
Noncurrent assets:		
Restricted assets (Note 7)	39,698,473	35,835,436
Capital assets:		
Assets not subject to depreciation (Note 4)	12,573,253	8,112,951
Assets subject to depreciation (Note 4)	53,963,819	55,342,335
Long-term assessments receivable	4,316	5,111
Other noncurrent assets	29,247	61,116
Total noncurrent assets	106,269,108	99,356,949
Total assets	118,622,839	120,602,275
Liabilities		
Current liabilities:		
Accounts payable	1,209,948	2,244,656
Due to other governmental units	205,493	205,493
Due to other funds	5,931	-
Refundable deposits, bonds, etc.	644,251	860,616
Accrued liabilities and other	382,889	459,113
Deferred revenue (Note 14)	307	6,279,032
Current portion of long-term debt (Note 6)	1,716,642	1,674,569
Total current liabilities	4,165,461	11,723,479
Noncurrent liabilities:		
Compensated absences	22,442	20,992
Net other postemployment benefits	448,128	320,526
Long-term debt - Net of current portion (Note 6)	22,151,385	20,287,032
Total noncurrent liabilities	22,621,955	20,628,550
Total liabilities	26,787,416	32,352,029
Net Assets		
Invested in capital assets - Net of related debt	43,109,490	41,949,044
Restricted (Note 7)	39,258,028	33,770,669
Unrestricted	9,467,905	12,530,533
Total net assets	\$ 91,835,423	\$ 88,250,246

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

Charter Township of Van Buren

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2010 (with comparative information for 2009)

	2010	2009
Operating Revenue		
Water sales	\$ 2,614,373	\$ 2,510,503
Sewage disposal charges	1,985,487	1,854,937
Water and sewer service charge	900,301	853,341
Customer penalties	130,938	156,992
Other revenues	231,898	139,086
Total operating revenue	5,862,997	5,514,859
Operating Expenses		
Water purchases	2,590,180	2,531,023
Sewage disposal charges	1,681,324	1,404,297
Other operating and maintenance costs	134,909	104,507
Administration fee	499,225	498,000
Salaries and wages	681,075	661,135
Payroll taxes and fringe benefits	529,223	553,199
Insurance	209,218	111,924
Maintenance	44,724	56,056
Professional services	214,405	241,361
Supplies and materials	59,873	44,249
Engineering fees	52,266	17,959
Vehicle expense	29,450	24,327
Depreciation and amortization	1,863,065	1,967,651
Total operating expenses	8,588,937	8,215,688
Operating Loss	(2,725,940)	(2,700,829)
Nonoperating Revenue (Expense)		
Property tax revenue	6,240,842	6,169,934
Investment income	573,327	740,695
Interest expense	(503,052)	(449,077)
Income - Before contributions	3,585,177	3,760,723
Capital Contributions - Capital grants	-	4,430,000
Change in Net Assets	3,585,177	8,190,723
Net Assets - Beginning of year	88,250,246	80,059,523
Net Assets - End of year	\$ 91,835,423	\$ 88,250,246

Charter Township of Van Buren

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2010 (with comparative information for 2009)

	2010	2009
Cash Flows from Operating Activities		
Receipts from customers	\$ 5,900,149	\$ 5,209,273
Payments to suppliers	(6,787,874)	(3,608,898)
Payments to employees	(1,078,005)	(1,054,362)
Other receipts	231,898	139,086
	(1,733,832)	685,099
Net cash (used in) provided by operating activities		
Cash Flows from Capital and Related Financing Activities		
Issuance of bonds	3,581,573	-
Proceeds from capital grant revenues	2,463,008	4,430,000
Proceeds from special assessment collections	842	1,070
Proceeds from property tax levy	3,633,440	6,442,319
Purchase of capital assets	(4,944,851)	(7,182,403)
Principal and interest paid on capital debt	(2,020,034)	(1,250,451)
Increase in monies held at Wayne County for debt retirement	(173,964)	(155,576)
	2,540,014	2,284,959
Net cash provided by capital and related financing activities		
Cash Flows from Investing Activities - Interest received on investments	582,820	704,220
Net Increase in Cash and Cash Equivalents	1,389,002	3,674,278
Cash and Cash Equivalents - Beginning of year	47,250,525	43,576,247
Cash and Cash Equivalents - End of year	\$ 48,639,527	\$ 47,250,525
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and investments	\$ 10,540,358	\$ 13,024,497
Restricted investments	38,099,169	34,226,028
	\$ 48,639,527	\$ 47,250,525
Total cash and cash equivalents		
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (2,725,940)	\$ (2,700,829)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	1,863,065	1,967,651
Changes in assets and liabilities:		
Receivables	278,730	(35,645)
Due from other governmental units	-	(130,855)
Due from other funds	(600)	-
Due from component units	(9,080)	-
Prepaid and other assets	4,028	(5,720)
Deposits	31,869	(61,116)
Accounts payable	(1,034,708)	1,490,764
Other postemployment benefits	127,602	156,838
Accrued and other liabilities	(268,798)	4,011
	\$ (1,733,832)	\$ 685,099
Net cash (used in) provided by operating activities		

Noncash Investing, Capital, and Financing Activities - The Township has assets held at Wayne County for the purpose of financing water and sewer lines. During the year ended December 31, 2010, additional debt of \$8,742 was incurred for capital assets and \$184,068 was expended for principal and interest payments.

Charter Township of Van Buren

Fiduciary Funds - Agency Funds Statement of Assets and Liabilities December 31, 2010

Assets - Cash and cash equivalents	<u>\$ 2,140,477</u>
Liabilities - Due to other governmental units	<u>\$ 2,140,477</u>

Charter Township of Van Buren

Component Units Statement of Net Assets (Deficit) December 31, 2010

	DDA	LDFA	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 9,163,644	\$ 6,305,003	\$ 15,468,647
Receivables	-	6,335	6,335
Restricted assets (Note 7)	1,035,340	1,736,486	2,771,826
Capital assets - Assets subject to depreciation (Note 4)	623,980	-	623,980
Unamortized net bond issuance costs	-	148,909	148,909
Total assets	<u>10,822,964</u>	<u>8,196,733</u>	<u>19,019,697</u>
Liabilities			
Accounts payable	40,099	20,360	60,459
Due to other governmental units	16,899	-	16,899
Due to primary government	17,112	-	17,112
Accrued liabilities and other	116,060	4,446,514	4,562,574
Deferred revenue	833,356	249,232	1,082,588
Long-term debt (Note 6)	5,955,825	24,097,498	30,053,323
Total liabilities	<u>6,979,351</u>	<u>28,813,604</u>	<u>35,792,955</u>
Net Assets (Deficit)			
Invested in capital assets - Net of related debt	623,980	-	623,980
Restricted - Debt service and construction	1,035,340	1,736,486	2,771,826
Unrestricted	2,184,293	(22,353,357)	(20,169,064)
Total net assets (deficit)	<u>\$ 3,843,613</u>	<u>\$(20,616,871)</u>	<u>\$(16,773,258)</u>

Charter Township of Van Buren

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority:				
Public safety	\$ 62,472	\$ -	\$ -	\$ -
Community and economic development	343,541	-	-	-
Interest on long-term debt	309,467	-	-	-
Total Downtown Development Authority	715,480	-	-	-
Local Development Financing Authority:				
Community and economic development	94,532	-	-	-
Interest on long-term debt	1,451,102	-	-	-
Total Local Development Finance Authority	1,545,634	-	-	-
Total component unit activities	<u>\$ 2,261,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
Unrestricted investment income				
Total general revenue				
Extraordinary Items				
Change in Net Assets				
Net Assets (Deficit) - Beginning of year				
Net Assets (Deficit) - End of year				

**Component Units
Statement of Activities
Year Ended December 31, 2010**

Net (Expense) Revenue and Changes in Net Assets

<u>DDA</u>	<u>LDFA</u>	<u>Total</u>
\$ (62,472)	\$ -	\$ (62,472)
(343,541)	-	(343,541)
<u>(309,467)</u>	<u>-</u>	<u>(309,467)</u>
(715,480)	-	(715,480)
-	(94,532)	(94,532)
<u>-</u>	<u>(1,451,102)</u>	<u>(1,451,102)</u>
<u>-</u>	<u>(1,545,634)</u>	<u>(1,545,634)</u>
(715,480)	(1,545,634)	(2,261,114)
1,943,966	1,069,074	3,013,040
77,767	43,981	121,748
<u>2,021,733</u>	<u>1,113,055</u>	<u>3,134,788</u>
<u>-</u>	<u>5,706,463</u>	<u>5,706,463</u>
1,306,253	5,273,884	6,580,137
<u>2,537,360</u>	<u>(25,890,755)</u>	<u>(23,353,395)</u>
<u>\$ 3,843,613</u>	<u>\$ (20,616,871)</u>	<u>\$ (16,773,258)</u>

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 1 - Nature of Business and Significant Accounting Policies

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

Reporting Entity

The Charter Township of Van Buren is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

Discretely Presented Component Units

The Downtown Development Authority (the "DDA") was created to correct and prevent deterioration in a specific district, encourage historical preservation, and to promote economic growth within the specific district. The DDA's governing body, which consists of 11 individuals, is selected by the board of trustees. In addition, the DDA's budget is subject to approval by the board of trustees. Complete financial reports can be obtained from the Charter Township of Van Buren at 46425 Tyler Road, Van Buren Township, Michigan 48111.

The Local Development Financing Authority (the "LDFA") was created to encourage local development to prevent conditions of unemployment and promote economic growth. This purpose is accomplished by the LDFA by collecting captured property taxes under a tax increment financing plan in accordance with state law and budgeting expenditures for improvements in the LDFA's district boundaries. The LDFA's governing body, which consists of 11 individuals, is selected by the board of trustees. Complete financial reports can be obtained from the Charter Township of Van Buren at 46425 Tyler Road, Van Buren Township, Michigan 48111.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets (deficit) 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 revenue, 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.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (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 revenue are reported instead as general revenue.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year following 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 revenue to be available if it is collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability. All other revenue items are considered to be available only when cash is received by the Township.

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

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The Township reports the following major governmental funds:

General Fund - 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.

Landfill Fund - The Landfill Fund accounts for royalty payments received related to the landfill, in addition to the special assessment receivable related to the Belle Harbor/Lake Crest construction.

The Township reports the following major proprietary fund:

Water and Sewer Fund - The Water and Sewer Fund is used to account for the results of operations that provide water and sewer services to residents, financed primarily by a user charge for the provision of those services and a local property tax levy.

Additionally, the Township reports the following fiduciary activity:

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

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

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

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

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

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund 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. Property taxes and debt service to be used for capital costs are recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

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

The Township's 2009 ad valorem tax is levied and collectible on December 1, 2009 and is recognized as revenue in the year ended December 31, 2010, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2009 taxable valuation of the Township totaled \$1,136,125,083 (a portion of which is abated and a portion of which is captured by the LDFA and DDA), on which ad valorem taxes levied consisted of .9144 mills for operating purposes, 4.0000 mills for public safety, and 5.5558 mills for water and sewer. This resulted in \$940,000 for operating, \$4,127,000 for public safety, and \$6,221,000 for water and sewer. These amounts are recognized in the respective General and Water and Sewer Funds financial statements as tax revenue.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. To the extent that cash from various funds has been pooled in an investment vehicle, related investment income is allocated to each fund based on relative participation in the pool, except that Agency Funds' investment earnings are allocated to the General Fund.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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.

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

Restricted Assets - Restricted assets of the Water and Sewer Fund represent unspent bond proceeds, amounts on deposit at the county, and property tax collections to be used for the capital costs or debt service of the Township's water and sewer lines. The Downtown Development Authority Bonds and the Local Development Financing Authority Bonds require amounts to be set aside for debt service principal and interest and bond reserves.

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

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

Utility system	50 years
Land improvements	15 years
Building and improvements	50 years
Equipment and furniture	5 to 10 years
Vehicles	5 years
French Landing dam	50 years

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

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note I - Nature of Business and Significant Accounting Policies (Continued)

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

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

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

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

Comparative Data - Comparative total data for the prior year has been presented only for total Proprietary Funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements - The Governmental Accounting Standards Board recently issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. GASB No. 54 eliminates the current use of the terms "reserved" and "designated" in the reporting of fund balance and replaces those terms with five new categories for segregating fund balance. The standard is effective for periods beginning after June 15, 2010 (which would be the Township's fiscal year ending December 31, 2011).

Note 2 - Stewardship, Compliance, and Accountability

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

Shortfall at January 1, 2010		\$ (1,901,472)
Current year building permit revenue		277,023
Related expenses:		
Direct costs	\$ 486,036	
Estimated indirect costs	92,447	578,483
		<u> </u>
Current year shortfall		<u>(301,460)</u>
Cumulative shortfall at December 31, 2010		<u>\$ (2,202,932)</u>

Fund Deficits - The accumulated deficit in the Community Development Block Grant Fund of \$45,566 will be eliminated upon receipt of a reimbursement from the county.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all the state statutory authorities as listed above. The component units' investment policies mirror that of the Township.

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

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$25,485,802 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.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy states that limitations on instruments, diversification, and maturity scheduling shall depend upon whether the funds being invested are considered short-term or long-term funds. With the exception of debt service, capital improvement, and special assessment funds, all funds shall be considered short-term and shall be invested in instruments whose maturities do not exceed two years at the time of purchase. Additionally, commercial paper can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
U.S. governmental securities	\$ 24,465,000	46.90 months
Negotiable certificates of deposit	5,050,000	19.27 months

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

Investment	Fair Value	Rating	Rating Organization
Bank investment pool	\$ 11,717,586	A1/PI/FI	S&P
Bank investment pool	4,383,749	AAAm	S&P
Negotiable certificates of deposit	5,050,000	n/a	n/a
Governmental securities	24,465,000	AAA	S&P

Concentration of Credit Risk - The Township places no limit on the amount the Township may invest in any one issuer. More than 5 percent of the Township's investments are in the following:

Security	Value	Concentration %
Government agency - Federal National Mortgage Association	\$ 2,000,000	6.78%

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 3 - Deposits and Investments (Continued)

Component Units - The component units had \$9,817,133 of bank deposits that were uninsured and uncollateralized. The component units had bank deposits subject to custodial credit risk (uninsured and uncollateralized) of \$14,090,474. Their investments included bank investment pools of \$1,035,341 and \$1,000,818 with credit ratings of A1/P1/F1 and AAAM, respectively, as rated by S&P. The ratings on their negotiable CDs in the amount of \$2,138,000 were not available. The Township also has \$4,500,000 invested in government agencies which were rated AAA by S&P. In addition, the component units had \$2,138,000 in negotiable CDs with a maturity of 42.75 months as well as \$4,500,000 in government agencies with a maturity of 42.68 months.

Note 4 - Capital Assets

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

	Balance January 1, 2010	Reclassifications	Additions	Disposals	Balance December 31, 2010
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 4,309,157	\$ -	\$ -	\$ -	\$ 4,309,157
Construction in progress	38,514	(38,514)	-	-	-
Subtotal	4,347,671	(38,514)	-	-	4,309,157
Capital assets being depreciated:					
Buildings and improvements	14,633,333	-	31,131	-	14,664,464
Vehicles	4,088,998	-	159,505	(161,630)	4,086,873
Equipment and furniture	3,101,577	-	208,062	(41,361)	3,268,278
Land improvements	2,322,698	-	15,421	-	2,338,119
French Landing dam	2,809,800	38,514	87,963	-	2,936,277
Subtotal	26,956,406	38,514	502,082	(202,991)	27,294,011
Accumulated depreciation:					
Buildings and improvements	2,418,819	-	348,166	-	2,766,985
Vehicles	2,298,846	-	302,483	(161,630)	2,439,699
Equipment and furniture	2,518,293	-	255,371	(38,900)	2,734,764
Land improvements	433,586	-	148,733	-	582,319
French Landing dam	1,922,046	-	54,076	-	1,976,122
Subtotal	9,591,590	-	1,108,829	(200,530)	10,499,889
Net capital assets being depreciated	17,364,816	38,514	(606,747)	(2,461)	16,794,122
Net capital assets	\$ 21,712,487	\$ -	\$ (606,747)	\$ (2,461)	\$ 21,103,279

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 4 - Capital Assets (Continued)

	Balance January 1, 2010	Additions	Disposals	Balance December 31, 2010
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 51,512	\$ -	\$ -	\$ 51,512
Construction in progress	8,061,439	4,460,302	-	12,521,741
Subtotal	8,112,951	4,460,302	-	12,573,253
Capital assets being depreciated:				
Utility system	83,515,637	66,394	-	83,582,031
Building	309,000	-	-	309,000
Machinery and equipment	497,870	-	-	497,870
Vehicles	583,726	393,167	(137,344)	839,549
Office equipment	136,045	24,988	-	161,033
Subtotal	85,042,278	484,549	(137,344)	85,389,483
Accumulated depreciation:				
Utility system	28,722,802	1,769,155	-	30,491,957
Building	84,923	6,299	-	91,222
Machinery and equipment	390,278	16,458	-	406,736
Vehicles	415,793	52,647	(137,344)	331,096
Office equipment	86,147	18,506	-	104,653
Subtotal	29,699,943	1,863,065	(137,344)	31,425,664
Net capital assets being depreciated	55,342,335	(1,378,516)	-	53,963,819
Net capital assets	\$ 63,455,286	\$ 3,081,786	\$ -	\$ 66,537,072
Component Units	Balance January 1, 2010	Additions	Disposals	Balance December 31, 2010
Capital assets being depreciated - Land improvements	\$ 1,290,835	\$ -	\$ -	\$ 1,290,835
Accumulated depreciation - Land improvements	593,733	73,122	-	666,855
Net capital assets being depreciated	\$ 697,102	\$ (73,122)	\$ -	\$ 623,980

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 4 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 110,351
Public safety	634,633
Community and economic development	32,958
Recreation and culture	<u>330,887</u>
Total governmental activities	<u>\$ 1,108,829</u>
Business-type activities - Water and Sewer Fund	<u>\$ 1,863,065</u>
Component unit activities - Downtown Development Authority	<u>\$ 73,122</u>

Construction Commitments - The Township has active construction projects at year end. At year end, the Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Belleville/Ecorse Road intersection construction	\$ 15,537	\$ 21,463
Linda Vista construction	203,001	8,412
Drinking Water Revolving Fund construction	<u>10,633,436</u>	<u>885,215</u>
Total	<u>\$ 10,851,974</u>	<u>\$ 915,090</u>

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds		
General Fund	Water and Sewer Fund	\$ 2,845
	Nonmajor governmental funds	<u>113,031</u>
	Total General Fund	115,876
Water and Sewer Fund	General Fund	600
Nonmajor governmental funds	General Fund	3,898
	Water and Sewer Fund	<u>3,086</u>
	Total nonmajor governmental funds	<u>6,984</u>
	Total	<u>\$ 123,460</u>

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

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

Receivable Fund	Payable Fund	Amount
Due to/from Primary Government and Component Units		
General Fund	Downtown Development Authority	\$ 8,032
Water and Sewer Fund	Downtown Development Authority	9,080
	Total	<u>\$ 17,112</u>

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

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

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Nonmajor governmental funds	\$ 1,891
Landfill Fund	General Fund	2,798,936
	Nonmajor governmental funds	449,646
	Total Landfill Fund	3,248,582
Nonmajor governmental funds	General Fund	160,000
	Landfill Fund	6,418
	Total nonmajor governmental funds	166,418
	Total	<u>\$ 3,416,891</u>

The transfers from the Landfill Fund to the General Fund represent royalties received from Waste Management, Inc., of which \$2,448,936 represents the use of unrestricted resources to finance general government operations, in accordance with budgetary authorizations. The remaining funds received by the Landfill Fund from Waste Management, Inc. and transferred to the General Fund are for the following purposes: \$200,000 for public health safety and welfare; \$100,000 for parks and recreation beautification and improvements; and \$50,000 for environmental protections.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

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

The transfers from the Landfill Fund to the nonmajor governmental funds represent funds used for construction of capital assets within the Township. The transfer from nonmajor governmental funds to the General Fund represents funds for reimbursement of wages and fringe benefits. Additionally, the transfer from nonmajor governmental funds to the Landfill Fund represents reimbursement for a special assessment loan as payments are collected from residents.

Note 6 - 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. County contractual agreements and state revolving funds are obligations of the Water and Sewer Fund. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

The employee compensated absences represent the estimated liability to be paid to employees under the Township's vacation policy. Under the Township's policy, employees earn vacation time based on the time of service with the Township.

Long-term debt activity can be summarized as follows:

Description	Amount
Governmental Activities	
General obligations - Capital improvement bonds, series 2006 (general obligation limited tax), amount of issue - \$5,165,000, bearing interest from 3.75% to 4.375%, maturing in 2022	\$ 4,165,000
Installment purchase obligation - Two Spencer fire trucks, original issue of \$663,594, bearing interest of 3.4%, maturing in 2012	342,886
Total governmental activities debt	<u>\$ 4,507,886</u>
Business-type Activities - Contractual obligations with Wayne County and other long-term debt:	
Downriver Sewage Disposal Bonds, Series A, amount of issue - \$73,539, bearing interest from 4.8% to 5.125%, maturing through 2013	\$ 24,627
Downriver Sewage Disposal System Bonds, Partial Completion Bonds, amount of issue - \$283,580, bearing interest from 4.75% to 5.125%, maturing through 2018	150,907
State Revolving Fund - Downriver Sewage Disposal System Bonds, amount of issue - \$2,364,903, bearing interest of 2%, maturing through 2021	977,439
South Huron Valley Wastewater Control System SRF Expansion Bonds, amount of issue - \$26,307,133, bearing interest of 2.25%, maturing through 2020	4,263,238
South Huron Valley Wastewater Control System Bonds - SRF, amount of issue - \$1,803,964, bearing interest of 2%, maturing through 2011	117,821
State Revolving Loan Fund, 2006, amount of issue - \$12,025,000, bearing interest of 1.625%, maturing through 2026	10,124,339

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 6 - Long-term Debt (Continued)

Descr	Amount
Water Meter Loan, 2007, amount of issue - \$2,676,097, bearing interest from 3.90% to 5.09%, maturing through 2017	\$ 1,967,269
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$231,955, bearing interest of 1.625%, maturing through 2029	180,636
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$255,646, bearing interest of 1.625%, maturing through 2030	199,780
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$96,994, bearing interest of 1.625%, maturing through 2030	73,055
Downriver Sewage Disposal System, 2008 Revenue Bond, amount of issue - \$94,741, bearing interest of 1.625%, maturing through 2029	75,250
State Revolving Loan Fund, 2005, amount of issue - \$77,254, bearing interest of 1.625%, maturing through 2026	67,550
State Revolving Loan Fund, 2007, amount of issue - \$104,577, bearing interest from 4.0% to 5.4%, maturing through 2028	70,525
State Revolving Loan Fund, 2007, amount of issue - \$114,251, bearing interest from 3.5% to 5.0%, maturing through 2027	103,459
Drinking Water Revolving Loan Fund, 2009, amount of issue - \$6,645,000 bearing interest of 2.5%, maturing through 2029	<u>5,472,132</u>
Total business-type activities debt	<u>\$ 23,868,027</u>
 Component Units Activities - Refunding Bonds	
2005 Refunding Bonds, amount of original issue - \$4,440,000, bearing interest from 3.75% to 5%, maturing in 2015	\$ 2,350,000
Deferred amount on refunding	(44,175)
2006 LDFA Tax Increment Refunding Bonds, Series 2006, amount of original issue - \$19,200,000, bearing interest from 4% to 5%, maturing in 2031	18,000,000
Deferred amount on refunding	<u>(492,158)</u>
Subtotal	19,813,667
Tax Increment Bonds - Series 2003, amount of issue - \$6,589,656, bearing interest from 5.27% to 5.38%, maturing through 2032	6,589,656
Revenue Bonds - 2005 Revenue Bond, amount of issue - \$4,405,000, bearing interest from 4.30% to 5%, maturing through 2025	<u>3,650,000</u>
Total component unit activity debt	<u>\$ 30,053,323</u>

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 6 - Long-term Debt (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligations	\$ 4,430,000	\$ -	\$ 265,000	\$ 4,165,000	\$ 275,000
Installment purchase obligations	505,921	-	163,035	342,886	168,577
Total bonds payable	4,935,921	-	428,035	4,507,886	443,577
OPEB liability	3,072,256	1,483,884	-	4,556,140	-
Compensated absences	83,398	662	-	84,060	-
Total governmental activities	<u>\$ 8,091,575</u>	<u>\$ 1,484,546</u>	<u>\$ 428,035</u>	<u>\$ 9,148,086</u>	<u>\$ 443,577</u>
Business-type Activities					
Contractual obligations with Wayne County and other debt	\$ 19,757,208	\$ 3,581,573	\$ 1,438,022	\$ 21,900,759	\$ 1,469,443
Other debt	2,204,393	-	237,125	1,967,268	247,199
Total bonds payable	21,961,601	3,581,573	1,675,147	23,868,027	1,716,642
OPEB liability	320,526	127,602	-	448,128	-
Compensated absences	20,992	1,450	-	22,442	-
Total business-type activities	<u>\$ 22,303,119</u>	<u>\$ 3,710,625</u>	<u>\$ 1,675,147</u>	<u>\$ 24,338,597</u>	<u>\$ 1,716,642</u>
Component Unit Activities					
Refunding bonds	\$ 20,766,697	\$ -	\$ 953,030	\$ 19,813,667	\$ 603,030
Tax increment bonds	6,589,656	-	-	6,589,656	-
Revenue bonds	3,810,000	-	160,000	3,650,000	170,000
Total bonds payable	<u>\$ 31,166,353</u>	<u>\$ -</u>	<u>\$ 1,113,030</u>	<u>\$ 30,053,323</u>	<u>\$ 773,030</u>

The Township has committed its full faith and credit for all debt outstanding for the Local Development Financing Authority (LDFA). The LDFA has capital appreciation bonds issued in 2003 in the total principal amount of \$6,589,656. As of December 31, 2011, the LDFA had recorded \$4,236,290 in accreted interest.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 6 - Long-term Debt (Continued)

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

Year Ending December 31	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal *	Interest	Total
2011	\$ 443,577	\$ 185,704	\$ 629,281	\$ 1,716,642	\$ 545,015	\$ 2,261,657	\$ 805,000	\$ 1,130,469	\$ 1,935,469
2012	459,310	169,661	628,971	1,637,707	506,472	2,144,179	860,000	1,091,119	1,951,119
2013	300,000	152,334	452,334	1,670,878	466,199	2,137,077	915,000	1,048,913	1,963,913
2014	310,000	140,334	450,334	1,712,597	424,915	2,137,512	990,000	1,003,887	1,993,887
2015	325,000	127,934	452,934	1,736,131	382,651	2,118,782	780,000	955,081	1,735,081
2016-2020	1,825,000	426,122	2,251,122	7,995,562	1,294,303	9,289,865	9,605,000	3,621,512	13,226,512
2021-2025	845,000	55,780	900,780	5,207,467	587,083	5,794,550	8,980,165	4,805,597	13,785,762
2026-2030	-	-	-	2,191,043	99,043	2,290,086	5,224,382	9,858,381	15,082,763
2031-2035	-	-	-	-	-	-	2,430,109	4,733,266	7,163,375
Total	\$ 4,507,887	\$ 1,257,869	\$ 5,765,756	\$ 23,868,027	\$ 4,305,681	\$ 28,173,708	\$ 30,589,656	\$ 28,248,225	\$ 58,837,881

* Amounts are not adjusted for deferred amounts on refunding.

Defeased Debt - In prior years, the Downtown Development Authority and Local Development Financing Authority defeased certain bonds by placing the proceeds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the financial statements. At December 31, 2010, \$3,135,000 and \$17,665,000, respectively, of bonds outstanding are considered to be defeased.

The Downtown Development Authority has pledged a portion of future property tax revenue to repay \$8,845,000 in Downtown Development Authority bonds issued in 2005 to finance various capital improvements. The bonds are payable solely from the incremental property taxes captured by the Authority, and are projected to produce 100 percent of debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds are \$7,821,995, payable through 2025. For the current year, principal and interest paid and total property tax captures were \$960,334 and \$1,943,966, respectively.

In 2003, the Local Development Financing Authority issued bonds in the amount of \$24,589,656, a portion of which was refunded in 2006 to finance various capital improvements. The bonds are payable from the incremental property taxes captured by the Authority, and are projected to produce 100 percent of debt service requirements over the life of the bonds. The Township is secondarily liable for these bonds. Total principal and interest remaining on the bonds are \$51,015,885, payable through 2032. For the current year, principal and interest paid and total property tax captures were \$1,350,903 and \$1,069,074, respectively.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 6 - Long-term Debt (Continued)

During 2009, Visteon, a large taxpayer to the Township, filed for bankruptcy. In an effort to offset the loss of future tax revenue to the Township, during 2010, the Township sold its bankruptcy claim in the bankruptcy proceedings in the amount of \$5,706,463. This event is considered an extraordinary item and has been presented as such in the financial statements.

Note 7 - Restricted Net Assets

The balances for the restricted asset accounts are as follows:

	Business-type Activities	Component Units
Net assets held by Wayne County	\$ 1,599,304	\$ -
Cash and cash equivalents:		
Property tax collections	37,658,724	-
Bond reserve	-	2,771,826
Unspent debt proceeds	440,445	-
	<u>\$ 39,698,473</u>	<u>\$ 2,771,826</u>

Enterprise Fund net assets totaling \$440,445 are restricted for water line and sewer system construction, replacement, improvement, and debt service. These restricted assets result from the issuance of debt or the receipt of contributed capital; therefore, it is not necessary to restrict net assets. The remaining balance of \$39,258,028 is from net assets held at Wayne County and property tax collections and is restricted for debt service payments and capital expenditures. Net assets have been restricted for this amount.

Restricted assets in the Downtown Development Authority are restricted for the purpose of the 2005A Tax Increment Revenue Bonds and the 2005B Tax Incremental Revenue Refunding Bonds debt service requirements. Net assets have been restricted for \$1,035,340. Restricted assets in the Local Development Financing Authority are restricted for the 2003 revenue bond debt service requirements. Net assets have been restricted for \$1,736,486.

Note 8 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for employee injuries and medical benefits, and participates in the risk pool for claims relating to 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 three fiscal years.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 8 - Risk Management (Continued)

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

The Township estimates the liability for general liability claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the government-wide statements and the Water and Sewer Fund. Changes in the estimated liability for the past two fiscal years were as follows.

	2010	2009
Claims incurred - Including changes in estimates	\$ 200,593	\$ 187,441
Claim payments	(200,593)	(187,441)
Unpaid claims - End of year	\$ -	\$ -

Note 9 - Defined Contribution Pension Plan

The Township provides pension benefits to all of its full-time salaried employees, AFSCME employees, and paid on-call firefighters through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate as of the first day of the next month after employment. As established by union or employee contractual agreements, the Township contributes 12 and 6 percent of employees' base earnings toward general governmental employees and firefighters, respectively. In addition, the general government employees contribute a minimum of 5 percent and the firefighters contribute 3.5 percent of earnings, with the option of contributing up to 15 percent. In accordance with these requirements, the Township contributed approximately \$384,000 during the current year, and employees contributed approximately \$186,000.

Note 10 - Defined Benefit Pension Plan

Plan Description - The Township's police command, police officers, and dispatch employees participate in the Michigan Municipal Employees' Retirement System (the "System"), an agent multiple-employer defined benefit pension plan that covers all employees of the Township. 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.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 10 - Defined Benefit Pension Plan (Continued)

Funding Policy - The obligation to contribute to and maintain the System for these employees was established by negotiation with the Township's competitive bargaining units and arbitrage rulings under Michigan Public Act 312 of 1969 and requires a contribution from the employees of 5.00 and 9.03 percent of gross wages for police patrol/dispatch and police command, respectively. Additionally, the Township contributes 12 percent of base wages for the police patrol/dispatch and command annually.

Annual Pension Cost - For the year ended December 31, 2010, the Township's annual pension cost of \$436,380 for the plan 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, 2008, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, and (b) projected salary increases of 4.5 percent per year, attributable to inflation plus additional salary increases attributable to seniority/merit. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 28 years.

Three-year Trend

	Fiscal Year Ended December 31		
	2008	2009	2010
Annual pension cost (APC)	\$ 429,649	\$ 453,942	\$ 436,380
Percentage of APC contributed	100.0 %	100.0 %	100.0 %

	Fiscal Year Ended December 31		
	2007	2008	2009
Actuarial value of assets	\$ 4,692,480	\$ 5,624,518	\$ 6,864,002
Actuarial accrued liability (AAL)			
(entry age)	7,676,242	8,682,778	9,449,231
Unfunded AAL (UAAL)	2,983,762	3,058,260	2,585,229
Funded ratio	61.1 %	64.8 %	72.6 %
Covered payroll	3,388,358	3,732,398	3,832,148
UAAL as a percentage of covered payroll	88.1 %	81.9 %	67.5 %

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 11 - Other Postemployment Benefits

Plan Description - The Township provides retiree healthcare benefits to eligible employees and their spouses. This is a single employer/agent multiple employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining agreements.

Funding Policy - The collective bargaining agreements do not require contribution 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).

Funding Progress - For the year beginning January 1, 2010, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of January 1, 2010. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 1,808,895
Interest on the prior year's net OPEB obligation	135,711
Less adjustment to the annual required contribution	<u>(198,062)</u>
Annual OPEB cost	1,746,544
Amounts contributed - Payments of current premiums	<u>(135,058)</u>
Increase in net OPEB obligation	1,611,486
OPEB obligation - Beginning of year	<u>3,392,782</u>
OPEB obligation - End of year	<u>\$ 5,004,268</u>

The schedule of employer contributions and the net OPEB obligation for the last three years is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Annual OPEB Costs	Employer Contributions		Net OPEB Obligation
				Percentage of ARC Contributed	Percentage OPEB Costs Contributed	
12/31/08	10/1/07	\$ 1,697,779	\$ 1,697,779	7.0 %	6.5 %	\$ 1,586,946
12/31/09	10/1/07	1,859,189	1,922,667	6.2 %	6.1 %	3,329,304
12/31/10	1/1/10	1,808,895	1,746,544	7.5 %	7.7 %	5,004,268

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

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 11 - Other Postemployment Benefits (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)
10/1/07	\$ -	\$ 14,452,109	\$ 14,452,109	0.0
1/1/10	-	16,298,775	16,298,775	0.0

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

In the January 1, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets, and an annual healthcare cost trend rate of 5 percent initially, reduced by decrements to an ultimate rate of 1 percent after five years. Both rates included a 5.0 percent inflation assumption. The UAAL is being amortized as a level dollar on a closed basis. The remaining amortization period at January 1, 2010 was 28 years.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 12 - Joint Ventures

The Township is a member of the South Huron Valley Utility Authority (the "Utility Authority"). The Utility Authority is a joint venture of the charter townships of Brownstown, Huron, and Van Buren, the cities of Flat Rock, Gibraltar, Romulus, and Woodhaven, and the village of South Rockwood. The Utility Authority was founded in order to acquire and operate a sewage disposal and wastewater treatment system. During the year, the Township contributed \$836,057 toward the operation of the system. In addition, debt payments of \$600,505, including both principal and interest, were made to the Utility Authority. The Township's portion of the debt is recorded in the Township's Water and Sewer Fund. The Township's share of the capital assets and net operating excess is also reflected in the Water and Sewer Fund. Complete financial statements for the Utility Authority can be obtained from the administrative offices at 46425 Tyler Road, Belleville, MI 48111. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

The Township, along with 12 other communities, jointly participates in the Downriver Sewage Disposal System. The Township's share of capital assets, restricted assets (for debt service), excess operating assets, and related debt is recorded in the Water and Sewer Fund. During the year, the Township paid \$263,443 for operations of the system and \$173,964 for debt service. The debt service is being paid through the collection of property taxes. Complete financial statements can be obtained from the administrative offices at 415 Clifford, Detroit, MI 48226. The Township is unaware of any circumstances that would cause additional benefit or burden to the participating governments in the near future other than the items noted in Note 11.

The Township was a member of a joint venture with the City of Belleville and Sumpter Township. The purpose was to provide library services to the residents of all participating communities. The participating communities provided annual funding for its operations, and it was the City of Belleville's responsibility to account for and remit these funds to Wayne County for services provided. During the current year, the Township contributed approximately \$471,000 for its operations. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Van Buren Township is also served by the North Huron Valley/Rouge Valley (NHV/RV) Sewage Disposal System, which provides services to 17 municipal entities including cities, townships, and counties. The Township's share of capital assets, operating assets, and related debt is recorded in the Water and Sewer Fund. During 2010, the Township paid \$359,530 for sewage disposal, operation and maintenance, and debt in this system. Payment of these charges is funded through the collection of sewer fees to Township residents.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 12 - Joint Ventures (Continued)

Effective April 17, 2010, the library formally became a district library. The agreement signed by all participating communities required continued contributions from the communities until the library operating millage was approved by the voters on the November 2010 ballot. The agreement also stipulated that upon passage of the millage, the investment in joint venture no longer exists and that all the municipalities are to contribute assets to the Library. Effective with the December 2010 tax levy, the Township will cease contributions to the library. Complete financial statements for the library can be obtained from the administrative offices at 6 Main Street, Belleville, MI.

Note 13 - Designations

Fund balances have been designated for the following purposes:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
Senior center bequest fund	\$ 12,228	\$ -
French Landing dam improvement	137,500	-
Computer networking equipment	20,000	-
Sidewalk maintenance	25,000	-
Compensated absences	83,400	-
Land and municipal facilities purchases	400,000	-
Capital improvement	-	415,227
Designated for subsequent year's budgeted expenditures in excess of budgeted revenue	<u>767,479</u>	<u>-</u>
Total designated	<u>\$ 1,445,607</u>	<u>\$ 415,227</u>

Charter Township of Van Buren

Notes to Financial Statements December 31, 2010

Note 14 - Deferred Revenue

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

	<u>Governmental Funds</u>		<u>Enterprise Funds</u>
	<u>Unavailable</u>	<u>Unearned</u>	
Property taxes levied for 2010	\$ -	\$ 4,947,733	\$ -
Special assessments	717,143	-	307
Grants not received within 60 days after year end	45,566	-	-
Total	<u>\$ 762,709</u>	<u>\$ 4,947,733</u>	<u>\$ 307</u>

Required Supplemental Information

Charter Township of Van Buren

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 947,500	\$ 951,950	\$ 945,786	\$ (6,164)
Public safety tax revenues	4,100,000	4,138,000	4,126,764	(11,236)
Licenses and permits	415,100	271,100	341,404	70,304
Federal grants	-	-	7,874	7,874
State-shared revenue and grants	1,665,005	1,653,315	1,665,869	12,554
Charges for services	1,290,227	1,291,992	1,286,728	(5,264)
Fines and forfeitures	1,127,000	1,020,333	1,079,747	59,414
Investment income	100,000	90,000	82,477	(7,523)
Other revenue	454,380	718,583	730,065	11,482
Total revenue	10,099,212	10,135,273	10,266,714	131,441
Expenditures - Current				
General government:				
Township board	352,656	282,022	279,438	2,584
Supervisor	181,664	157,299	152,658	4,641
Accounting	70,000	70,000	58,178	11,822
IT department	201,620	201,920	194,035	7,885
Treasurer	306,543	304,573	296,676	7,897
Assessing	249,247	239,245	232,957	6,288
General office	104,000	104,000	80,963	23,037
Clerk	366,704	360,704	348,582	12,122
Elections	119,600	119,600	90,394	29,206
Buildings and grounds	568,005	559,343	549,084	10,259
Attorney	350,000	256,583	203,969	52,614
Cemetery	4,200	6,760	3,168	3,592
Total general government	2,874,239	2,662,049	2,490,102	171,947
Public safety:				
Police	5,607,806	5,575,606	5,520,392	55,214
Dispatch	769,168	759,168	695,473	63,695
Fire	1,861,608	1,678,332	1,628,502	49,830
Building/Planning	641,435	595,975	607,545	(11,570)
Animal control	95,482	105,482	92,540	12,942
Total public safety	8,975,499	8,714,563	8,544,452	170,111
Public works - Contracted services	167,000	187,500	218,683	(31,183)
Community and economic development	146,909	142,800	141,422	1,378
Recreation and culture:				
Library	471,407	471,407	471,407	-
Parks and lakes	328,901	382,590	395,406	(12,816)
Senior citizens	205,118	190,285	174,140	16,145
Cable	97,040	78,097	75,147	2,950
Recreation	320,514	299,314	304,817	(5,503)
Total recreation and culture	1,422,980	1,421,693	1,420,917	776

Charter Township of Van Buren

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2010

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Expenditures - Current (Continued)				
Other - Insurance and other	\$ 627,000	\$ 656,269	\$ 616,011	\$ 40,258
Total expenditures	<u>14,213,627</u>	<u>13,784,874</u>	<u>13,431,587</u>	<u>353,287</u>
Excess of Expenditures Over Revenue	(4,114,415)	(3,649,601)	(3,164,873)	484,728
Other Financing Sources (Uses)				
Transfers in	2,958,936	2,958,936	2,958,936	-
Transfers out	<u>-</u>	<u>-</u>	<u>(1,891)</u>	<u>(1,891)</u>
Net Change in Fund Balance	(1,155,479)	(690,665)	(207,828)	482,837
Fund Balance - Beginning of year	<u>3,011,679</u>	<u>3,011,679</u>	<u>3,011,679</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 1,856,200</u></u>	<u><u>\$ 2,321,014</u></u>	<u><u>\$ 2,803,851</u></u>	<u><u>\$ 482,837</u></u>

Charter Township of Van Buren

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Landfill Fund Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ 82,003	\$ 65,000	\$ 72,901	\$ 7,901
Other revenue	2,663,579	2,873,354	3,084,832	211,478
Total revenue	2,745,582	2,938,354	3,157,733	219,379
Expenditures - Current -				
Public works	2,000	2,500	2,594	(94)
Transfers In	6,508	6,508	6,418	(90)
Transfers Out	<u>(3,248,582)</u>	<u>(3,248,582)</u>	<u>(3,248,582)</u>	-
Net Change in Fund Balance	(498,492)	(306,220)	(87,025)	219,195
Fund Balance - Beginning of year	<u>4,526,357</u>	<u>4,526,357</u>	<u>4,526,357</u>	-
Fund Balance - End of year	<u>\$ 4,027,865</u>	<u>\$ 4,220,137</u>	<u>\$ 4,439,332</u>	<u>\$ 219,195</u>

Charter Township of Van Buren

Note to Required Supplemental Information Year Ended December 31, 2010

Budgetary Information - The annual budgets are prepared by the Township supervisor and adopted by the Township board; subsequent amendments are approved by the Township board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2010 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds, with the exception of certain grant revenue being budgeted as an offset to the related expenditures being reimbursed, reimbursement of costs being recorded as revenue instead of an offset to the related expenditures, and proceeds from debt issuance being recorded as revenue instead of an other financing source.

Budgets were adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund budget and major Special Revenue Funds budgets as adopted by the Township board is included in the required supplemental information.

This comparison includes expenditure budget overruns. A comparison of the actual results of operations to the nonmajor Special Revenue Funds budgets as adopted by the Township board is available at the clerk's office for inspection.

During the year, the Township incurred expenditures that were in excess of the amounts budgeted in the General Fund, as follows:

	<u>Budget</u>	<u>Actual</u>
Public safety - Building/Planning	\$ 595,975	\$ 607,545
Public works - Contracted services	187,500	218,683
Recreation and culture - Parks and lakes	382,590	395,406
Recreation and culture - Culture	299,314	304,817

Other Supplemental Information

Charter Township of Van Buren

	Special Revenue Funds					
	Community Development Block Grant	Drug Forfeiture - Federal	Drug Forfeiture - State	911 Service	Museum	Bemis Road Project
Assets						
Cash and investments	\$ -	\$ 8,550	\$ 225,560	\$ 500,087	\$ 8,821	\$ 114,517
Receivables:						
Special assessments receivable	-	-	-	-	-	-
Other receivables	-	-	-	8,033	5,383	-
Due from other governmental units	109,882	-	-	-	-	-
Due from other funds	6,984	-	-	-	-	-
Prepaid expenditures	-	-	-	-	822	-
Total assets	\$ 116,866	\$ 8,550	\$ 225,560	\$ 508,120	\$ 15,026	\$ 114,517
Liabilities and Fund Balances (Deficit)						
Liabilities						
Accounts payable	\$ 3,835	\$ -	\$ 177	\$ -	\$ 1,504	\$ -
Due to other funds	113,031	-	-	-	-	-
Accrued and other liabilities	-	-	-	-	2,174	-
Deferred revenue	45,566	-	-	-	-	-
Total liabilities	162,432	-	177	-	3,678	-
Fund Balances (Deficit)						
Reserved	-	8,550	225,383	508,120	11,348	114,517
Unreserved	(45,566)	-	-	-	-	-
Total fund balances (deficit)	(45,566)	8,550	225,383	508,120	11,348	114,517
Total liabilities and fund balances (deficit)	\$ 116,866	\$ 8,550	\$ 225,560	\$ 508,120	\$ 15,026	\$ 114,517

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010**

<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
<u>Lohr Road Project</u>	<u>Capital Improvement</u>	
\$ -	\$ 415,227	\$ 1,272,762
30,420	-	30,420
-	-	13,416
-	-	109,882
-	-	6,984
-	-	822
<u>\$ 30,420</u>	<u>\$ 415,227</u>	<u>\$ 1,434,286</u>

\$ -	\$ -	\$ 5,516
-	-	113,031
-	-	2,174
30,420	-	75,986
<u>30,420</u>	<u>-</u>	<u>196,707</u>
-	-	867,918
-	415,227	369,661
<u>-</u>	<u>415,227</u>	<u>1,237,579</u>
<u>\$ 30,420</u>	<u>\$ 415,227</u>	<u>\$ 1,434,286</u>

Charter Township of Van Buren

	Special Revenue Funds					
	Community Development Block Grant	Drug Forfeiture - Federal	Drug Forfeiture - State	911 Service	Museum	Bemis Road Project
Revenue						
Federal grants	\$ 187,208	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	75	860	2,096	62	199
Other revenue:						
Special assessments	-	-	-	-	-	-
Contributions and donations	-	-	-	-	89,992	-
Other miscellaneous income	-	-	98,213	79,810	-	-
Total revenue	187,208	75	99,073	81,906	90,054	199
Expenditures - Current						
Public safety	-	24,548	88,449	46,372	-	-
Community and economic development	175,376	-	-	-	-	-
Recreation and culture	-	-	-	-	87,921	-
Total expenditures	175,376	24,548	88,449	46,372	87,921	-
Excess of Revenue Over (Under) Expenditures	11,832	(24,473)	10,624	35,534	2,133	199
Other Financing Sources (Uses)						
Transfers in	1,891	-	-	-	-	-
Transfers out	-	-	-	(160,000)	-	-
Total other financing sources (uses)	1,891	-	-	(160,000)	-	-
Net Change in Fund Balances	13,723	(24,473)	10,624	(124,466)	2,133	199
Fund Balances (Deficit) - Beginning of year	(59,289)	33,023	214,759	632,586	9,215	114,318
Fund Balances (Deficit) - End of year	<u>\$ (45,566)</u>	<u>\$ 8,550</u>	<u>\$ 225,383</u>	<u>\$ 508,120</u>	<u>\$ 11,348</u>	<u>\$ 114,517</u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances (Deficit)
Nonmajor Governmental Funds
Year Ended December 31, 2010

Special Revenue Funds		Total
Lohr Road Project	Capital Improvement	Nonmajor Governmental Funds
\$ -	\$ -	\$ 187,208
-	1,984	5,276
16,418	-	16,418
-	-	89,992
-	-	178,023
<u>16,418</u>	<u>1,984</u>	<u>476,917</u>
-	451,139	610,508
-	-	175,376
-	-	87,921
<u>-</u>	<u>451,139</u>	<u>873,805</u>
16,418	(449,155)	(396,888)
-	449,646	451,537
<u>(6,418)</u>	<u>-</u>	<u>(166,418)</u>
<u>(6,418)</u>	<u>449,646</u>	<u>285,119</u>
10,000	491	(111,769)
<u>(10,000)</u>	<u>414,736</u>	<u>1,349,348</u>
<u>\$ -</u>	<u>\$ 415,227</u>	<u>\$ 1,237,579</u>