

**Charter Township of Grand Blanc
Genesee County, Michigan**

**Comprehensive Annual Financial Report
Fiscal Year Ended December 31, 2004**

Prepared by the Treasurer's and Controller's Offices

Charter Township of Grand Blanc

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June 2005

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

This letter serves to formally transmit to the board of trustees the Comprehensive Annual Financial Report for the 2004 fiscal year ended December 31, 2004. Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Charter Township of Grand Blanc's MD&A can be found immediately following the report of the independent auditor. The finance and treasurer departments prepared this report. The state statutes require that the Charter Township of Grand Blanc issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for the accuracy of the data and the completeness and fairness of this presentation, including all disclosures, rests with the finance director and the treasurer. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the governmental activities, business-type activities, and the various funds of the Charter Township of Grand Blanc. All disclosures necessary to enable the reader to gain an understanding of the Charter Township of Grand Blanc's activities have been included.

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

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

Township Services

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

Economic Condition and Outlook

The Charter Township of Grand Blanc was incorporated in 1833 and is located in the southeastern part of Genesee County. Genesee County is located in the mid-state section of Michigan about 60 miles north of the city of Detroit. The Charter Township currently has a land area of 32.1 square miles and a population of approximately 34,000. The Charter Township is a mixture of commercial, office, manufacturing, health care, and rural residential and planned subdivisions. The Charter Township still maintains a rural atmosphere with a variety of age, size, and price for its housing. The Township has 52 residential developments under some phase of construction. With the 52 on-going subdivisions, the majority of housing sales were from new construction, with the average 2004 housing estimated construction cost at \$233,917.

A major factor that has contributed to the positive expansion of our Charter Township is the fact that Grand Blanc is located off the first four exits of I-75 just north of the fastest-growing county in Michigan and the sixth wealthiest in the nation, Oakland County. Oakland County residents are finding very affordable housing in the Grand Blanc community and are still within a 30-minute expressway commute from their Oakland County employment. The 850 property sales and the 316 new housing building permits with a projected construction value of \$73.9 million led Genesee County for 2004. The Charter Township continued to experience a strong number of residential improvement permits at 461. This consistency helps support the public’s continued community confidence to invest in their homes.

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

However, the overall permits for 2004 were less than 2003 and less than budgeted. As mentioned in the management's discussion and analysis, the Genesee County Builders Association brought a suit against the Charter Township in 2003, claiming that the Charter Township did not show proper justification for the fee increase. During the course of the court proceedings, the Charter Township put a moratorium on new construction. An agreement was reached that the Charter Township would hire outside consultant services to develop, consistent with the industry's understanding of the Michigan Supreme Court's case, "BOLT vs THE CITY OF LANSING," utility rates and tap-in fees for the Township of Grand Blanc's water and sewer departments. The results of the study confirmed that the Charter Township should change the way the Charter Township bills for water based on a minimum bill plus consumption, to billing for a "Ready to Serve" fee and eliminate the minimum bill; increase the water tap-in fees from \$1,600 to \$4,500; and the sewer tap-in fees from \$1,600 to \$5,100. The increase in the tap-in fees will be used to help fund the Charter Township's future water and sewer infrastructure needs.

As our population is increasing, our commercial needs are also increasing. There were 23 new commercial building permits in 2004. The conservative value of these permits totaled \$7.5 million, which does not include the Township's two major PUD developments: Heritage Park, an 80-acre, \$100 million project, and Trillium Circle, a 75-acre, \$75 million project as they will be included in 2005 data. This new commercial construction and the commercial vacancy rate of 13.3 percent indicate that businesses are finding our community a viable location.

Besides affordable and diverse housing, varied and growing retail outlets, and work opportunities within a 30-minute drive, an additional drawing point to our community is the Grand Blanc Community Schools, which service 95 percent of the Charter Township. Student scores on the Michigan Educational Assessment Program (MEAP) at all grade levels continue to be among the best in Michigan, and Grand Blanc High School's average MEAP scores continue to rank in the top 1 percent of all high schools in the state. Every graduate in the Class of 2004 passed the MEAP reading, science, writing, and mathematics tests. Grand Blanc High School is one of the few schools in Michigan that requires its graduates to meet this standard. Students, support staff, faculty, and administrators earned many honors and awards including athletic awards, the Governor's Cup for MEAP performance, and the State of Michigan's Golden Apple Award for MEAP performance.

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

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

The Charter Township has two General Motors' facilities within its boundaries to support its tax base. The Charter Township relies on GM as the major part of the tax base. GM's percentage of the tax base decreased from 5.77 percent in 2003 to 4.7 percent in 2004. The metal fabrication plant that has been historically a stamping plant for sheet metal parts has been redesigned as a tooling support facility for new assembly lines. GM invested \$20 million in this transfer and will employ 600 employees. The headquarters for General Motors' service and parts operation is also located in the Charter Township and employs approximately 1,300 employees.

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

Major Initiatives

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

The Grand Blanc Township Police Department is a progressive full-service law enforcement agency. The department provides 24/7 police service including dispatching, D.A.R.E., senior citizens call-in, vacation checks, operation identification, K-9 unit, motorcycle unit, motor carrier unit, child safety seat inspections, and an accident reconstruction team.

The continued growth of the Charter Township is directly related to the infrastructure capabilities. The total water lines increased in 2004 by four miles to 177 total miles and the sanitary sewer system increased two miles to 221 total miles.

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

A goal from the Charter Township's strategic planning session of 2002 was to prepare the Charter Township for addressing the crowded conditions it was experiencing within the administrative building. With the December 2001 tax millage, the Charter Township had paid in full three water/sewer bonds that had accounted for approximately .4 mills. Following public hearings, the Charter Township Board of Trustees increased the general operating millage .3 mills for the winter of 2002. This additional .3 millage was specifically dedicated for a Municipal Campus Project plan. All of the water and sewer debt was paid off in 2004, and the Charter Township Board increased the general operating millage .4 mills for the winter 2004 tax collection and dedicated this additional revenue to the Municipal Campus Project Fund. Combining this millage with the dedicated .30 mills increase in 2002 will produce approximately \$800,000 annually. This will give the Charter Township a solid base to borrow monies for the construction of a new police station, DPW facility, upgrades to the fire station, and upgrades to the Township Hall. The Charter Township is addressing its facility needs, yet not increasing the total Charter Township millage to its residents. George W. Auch Company was retained as general contractors/construction managers to assist the Charter Township in developing a municipal campus setting and to work with architects to design the governmental buildings, starting with a new police station.

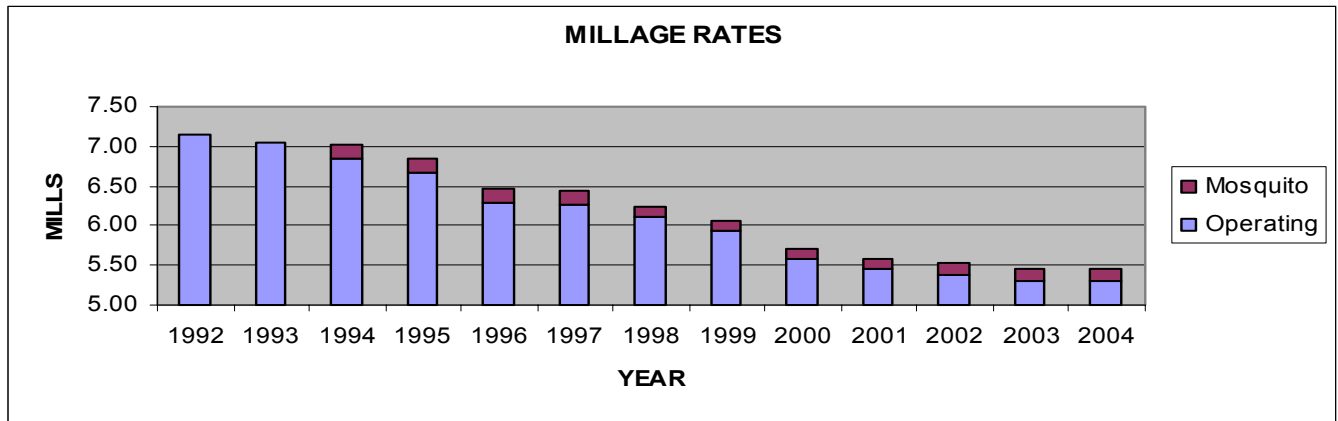
While the Charter Township had initially set aside over \$500,000 in 2004 for capital projects/purchases, the Charter Township only spent \$227,378 from the General Fund and Capital Projects Fund. Aerial Photographs, Grand Blanc Parks improvements, a bike path, and road improvements were the major expenditures for 2004. A \$2.7 million fund balance in the Capital Projects Fund was moved forward to be used in the 2005 year.

Following the DPW vehicle replacement schedule, the Charter Township purchased one dump truck, one front-end loader, and three 4WD pickup trucks. The Charter Township also purchased two acres of property for the purpose of construction of a water tower. While the Charter Township purchases its water from Genesee County, it still maintains its well system for backup and/or emergency use.

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

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

For the fifteenth consecutive year, the Charter Township Board of Trustees reduced the total Charter Township tax millage. The 2004 Charter Township millage of 5.4454 was 0.3 percent lower than 2003. See the following bar graph.



	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Operating	7.1441	7.0546	6.8375	6.6693	6.2898	6.2752	6.0994	5.9362	5.5736	5.4583	5.3737	5.3113	5.2954
Mosquito	0.0000	0.0000	0.1800	0.1765	0.1678	0.1523	0.1393	0.1250	0.1250	0.1154	0.1500	0.1500	0.1500
Total	7.1441	7.0546	7.0175	6.8458	6.4576	6.4275	6.2387	6.0612	5.6986	5.5737	5.5237	5.4613	5.4454

Achievements

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

Captain Dennis Rariden was the second command officer to graduate from the Federal Bureau of Investigation National Academy. He graduated on September 3, 2004.

Chief David Stamm was appointed in November 2004 by Governor Jennifer Granholm to serve on the Governor's Traffic Safety Advisory Commission. Chief Stamm was also elected as the Treasurer/Secretary of the Genesee County Chiefs of Police Association.

Officer Todd Gilbert was elected as treasurer of the DARE Officers Association of Michigan. Officer Scott Theede was elected as first vice president.

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

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Charter Township of Grand Blanc for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2003. This was the ninth consecutive year that the Charter Township has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Accounting Systems and Budgetary Control

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

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

As part of the Charter Township's audit, tests were made of the government's internal control structure and of its compliance with applicable laws and regulations, including those related to federal financial assistance programs. Results of the Charter Township's 2004 audit provided no instances of material weaknesses in the internal control structure or violations of applicable laws and regulations.

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

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

Pension and Postemployment Benefits

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

In an effort to address health care costs for future retirees of the Charter Township of Grand Blanc, the Charter Township has established a dedicated Employee Benefits Fund. The intent is to set aside some of the yearly revenues over expenditures into this fund. At some future point in time, the cost of retiree health care would be paid from the investments from this fund. As noted in the fiduciary funds section of the other supplemental information, the Charter Township has \$1,489,268 in this fund as of December 2004.

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Post-employment Benefits Other than Pensions*. The new standard will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

Deferred Compensation Plan

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

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

Cash Management

The Charter Township operates under the direction of its nationally recognized investment policy and the parameters established by the State of Michigan. The Charter Township's investment policy received two Certifications of Excellence from the Municipal Treasurers Association United States and Canada. For 2004, the Charter Township's investments provided an average yield on all funds of approximately 1.82 percent. Cash temporarily idle during the year was invested in certificates of deposits and demand deposits ranging from 7 days to 120 days to maturity; commercial paper ranging from 19 days to 90 days to maturity; U.S. government instruments; and authorized investment pools. Any uninvested funds in the bank checking accounts were swept into interest-bearing sweep accounts. As checks were presented for payment, monies to cover the checks were transferred from the trust accounts back into the checking accounts. The type of investment and length of investment were determined by the Charter Township's four objectives: safety of capital; liquidity; return on investment; and maintaining the public's trust. Since a large portion of the Charter Township's deposits is not insured and Michigan law does not require collateralization of government deposits, the Charter Township uses a national independent rating service to review and rate depository banks and savings and loan institutions. The status of all financial institutions is reviewed quarterly. The Charter Township Board of Trustees and the public are presented a quarterly comprehensive investment report identifying all investments and interest earned by type and fund. The report contains comments on economic conditions, investment strategies, and a performance comparison with standard indices.

Risk Management

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

Independent Audit

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

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

Acknowledgments

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

Respectfully submitted,



Jeffery L. Cyphert, CPFA
Township Treasurer



Debra P. Barriger
Finance Director

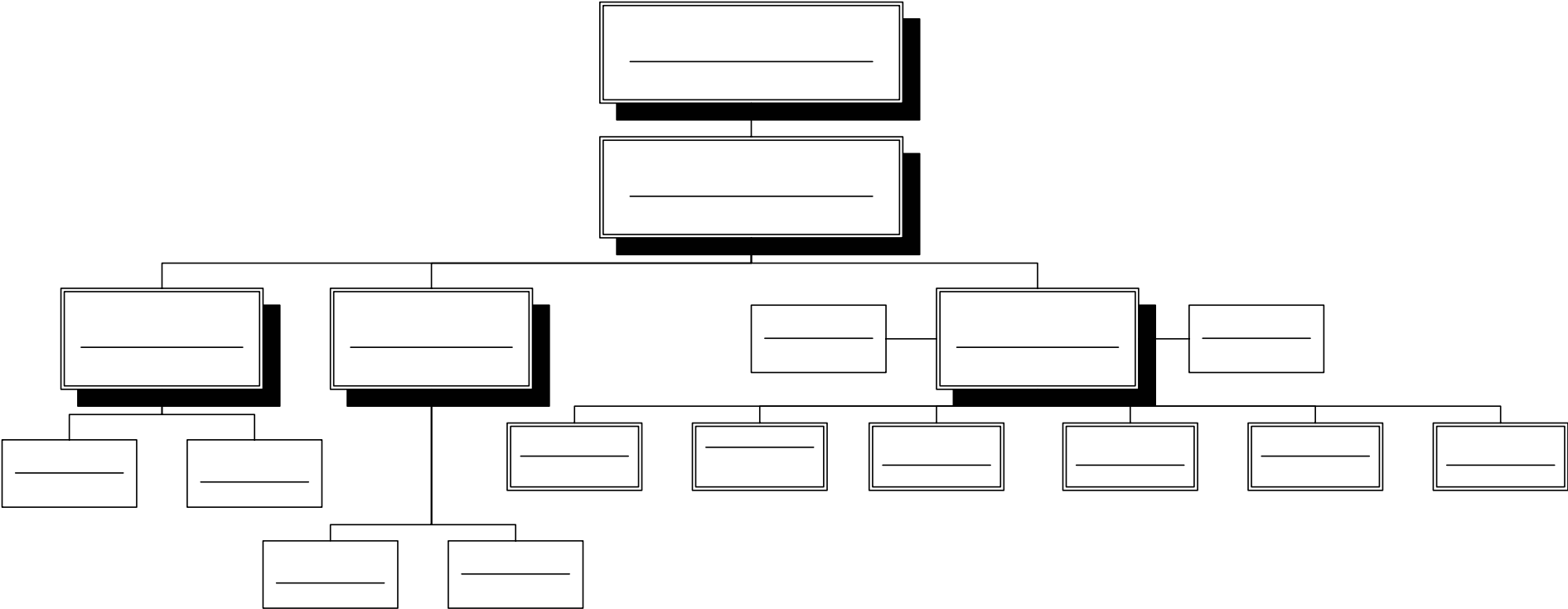
Charter Township of Grand Blanc

List of Principal Officials December 31, 2004

Title	Name
Supervisor	Jeffrey Zittel
Clerk	Linda Kingston
Treasurer	Jeffery L. Cyphert
Board of Trustees	Paul Bush Daniel Cyphert Marilyn M. Hoffman Ann Moss
Finance Director	Debra Barriger
DPW Superintendent	Norman R. Riopelle
Police Chief	David Stamm
Fire Chief	James B. Harmes
Assessor	Peggy Nolde
Building Official	Kirk F. Richardson
Parks and Recreation Director	Kae A. Eidson
Planning and Zoning	Keith Edwards
GIS Coordinator	Robbie Beller

Charter Township of Grand Blanc

Charter Township of Grand Blanc Organization Chart





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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Grand Blanc as of and for the year ended December 31, 2004, which collectively comprise the Charter Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Grand Blanc's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Grand Blanc as of December 31, 2004 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.

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

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

Plante & Moran, PLLC

March 28, 2005

Charter Township of Grand Blanc

Management's Discussion and Analysis

This section of the Charter Township of Grand Blanc's annual financial report presents our discussion and analysis of the Charter Township's financial performance during the fiscal year ended December 31, 2004. Please read it in conjunction with the transmittal letter at the front of this report and the Charter Township's financial statements, which follow this section.

Overview of the Financial Statements

The 2004 Comprehensive Annual Financial Report of the Charter Township of Grand Blanc follows a similar format used in 2003. This annual report has been changed to comply with the reporting requirements of the Government Accounting Standards Board Statement No. 34. This annual report consists of five parts - management's discussion and analysis, the basic financial statements, required supplemental information, other supplemental information (which presents combining statements for nonmajor governmental funds and fiduciary funds), and a statistical section. The basic financial statements include two kinds of statements that present different views of the Charter Township. The first two statements are government-wide financial statements that provide both short-term and long-term information about the Charter Township's status. The remaining statements are fund financial statements that focus on individual parts of the Charter Township government, reporting in more detail than the government-wide statements.

Government-wide Statements

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

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

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

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

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

Fund Financial Statements

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

The Charter Township has three kinds of funds:

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

Financial Analysis of the Charter Township as a Whole

The Charter Township has combined net assets of \$86 million. This was a total increase of \$4.3 million or 5.3 percent for 2004. The business-type activities comprised \$74.6 million and government activities accounted for \$11.4 million of total net assets. This year's report provides comparative data for the statement of activities. We felt it was necessary to establish a benchmark for this year's reporting of the effect on the Charter Township's net assets. In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year. All numbers are in thousands.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
(in thousands)						
Assets						
Current and other assets	\$ 16,472	\$ 15,110	\$ 7,251	\$ 7,386	\$ 23,723	\$ 22,496
Capital assets	5,685	5,779	69,498	65,620	75,183	71,399
Total assets	22,157	20,889	76,749	73,006	98,906	93,895
Liabilities						
Long-term liabilities outstanding	845	1,414	37	27	882	1,441
Other liabilities	9,911	9,095	2,078	1,626	11,989	10,721
Total liabilities	10,756	10,509	2,115	1,653	12,871	12,162
Net Assets						
Invested in capital assets - Net of related debt	5,685	5,779	69,498	65,617	75,183	71,396
Restricted	477	446	115	90	592	536
Unrestricted	5,239	4,155	5,021	5,646	10,260	9,801
Total net assets	<u>\$ 11,401</u>	<u>\$ 10,380</u>	<u>\$ 74,634</u>	<u>\$ 71,353</u>	<u>\$ 86,035</u>	<u>\$ 81,733</u>

Both the governmental and business-type activities showed increases for 2004 in total net assets of 9.8 percent and 4.6 percent, respectively. The category changes are minimal and consistent with the prior year.

Governmental Activities

Revenues for governmental activities totaled \$11.9 million in 2004. The synopsis of the Charter Township's tax millage revenue for fiscal year 2004 was 3.6806 for Charter Township operation and 0.3 for master campus plan; .9159 for Charter Township police; and .1500 for Charter Township mosquito control. Of the total revenues, \$6.4 million or 54.0 percent were in the form of property tax collections. Our residential growth continues to support annual increases in property tax revenues. State-shared revenue contributed 19.6 percent or \$2.3 million of the total revenues. This area of revenue continues to be of concern as the State of Michigan works at its economic recovery and balancing its budget. All information coming from the state indicates continued reduction in revenue sharing to all governmental entities. The Charter Township Board of Trustees approved conducting a mid-decade census during the summer 2005 in order to minimize any further reduction in, and in actuality, increase the Township's prorated allotment in the amount of state-shared revenue. State-shared revenue is based on population and it is estimated that the Charter Township's population has increased by 20 percent since the 2000 Federal Census.

Charges for governmental services represent 20.2 percent of the total revenues. The Charter Township's housing construction provides building permits and inspection fees, which represents 66.4 percent of the charges for services revenue. This is a further example of how growth is positively affecting the Charter Township.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

On an encouraging note, the interest on long-term debt of \$5,256 was only .05 percent of the total expenses. Net assets for 2004 increased \$1,022,000.

(in thousands)	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenue						
Program revenue:						
Charges for service	\$ 2,403	\$ 2,397	\$ 6,877	\$ 6,570	\$ 9,280	\$ 8,967
Operating grants and contributions	271	285	-	-	271	285
Capital grants and contributions	-	50	4,389	3,451	4,389	3,501
General revenue:						
Property taxes	6,408	5,909	181	166	6,589	6,075
State-shared revenue	2,323	2,889	-	-	2,323	2,889
Unrestricted investment earnings	121	200	106	100	227	300
Unrestricted fees and other	338	320	-	-	338	320
Miscellaneous	-	13	-	43	-	56
Total revenue	11,864	12,063	11,553	10,330	23,417	22,393
Expenses						
General government	2,789	2,997	-	-	2,789	2,997
Public safety	5,892	5,465	-	-	5,892	5,465
Public works	1,614	1,887	-	-	1,614	1,887
Community and economic development	299	234	-	-	299	234
Recreation and culture	243	282	-	-	243	282
Interest on long-term debt	5	25	-	-	5	25
Water and sewer	-	-	8,272	6,721	8,272	6,721
Total expenses	10,842	10,890	8,272	6,721	19,114	17,611
Increase in Net Assets	1,022	1,173	3,281	3,609	4,303	4,782
Net Assets - Beginning of year	10,380	9,207	71,353	67,744	81,733	76,951
Net Assets - End of year	\$ 11,402	\$ 10,380	\$ 74,634	\$ 71,353	\$ 86,036	\$ 81,733

Business-type Activities

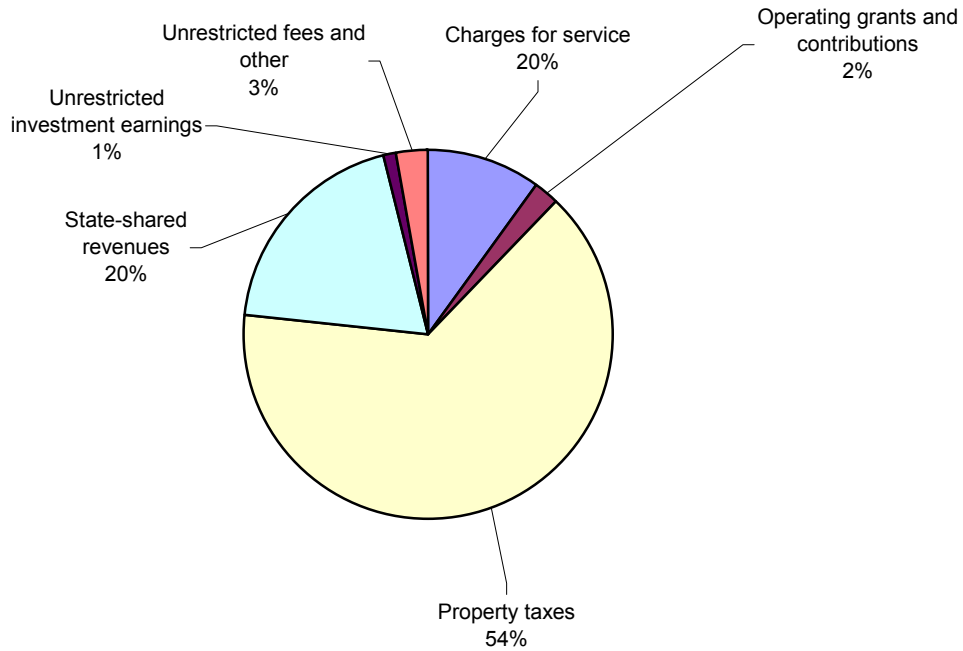
The Charter Township has one business-type activity: the water and sewer system. The Charter Township purchases water from Genesee County and the Charter Township's sewage is pumped to Genesee County treatment facilities. The water and sewer operations are primarily funded by user fees and charges for services. The revenues from charges for services of \$6.9 million covered 83.1 percent of the \$8.3 million of water and sewer expenses. The Charter Township's goal is to have the water and sewer operations self-supporting. The \$4.4 million of capital grants and contributions represents the infrastructure that was donated to the Charter Township by the developers and special assessment districts that were constructing new subdivisions and water and sewer tap-in fees. The net assets for business-type activities at the end of 2004 show an increase of \$3.3 million.

Charter Township of Grand Blanc

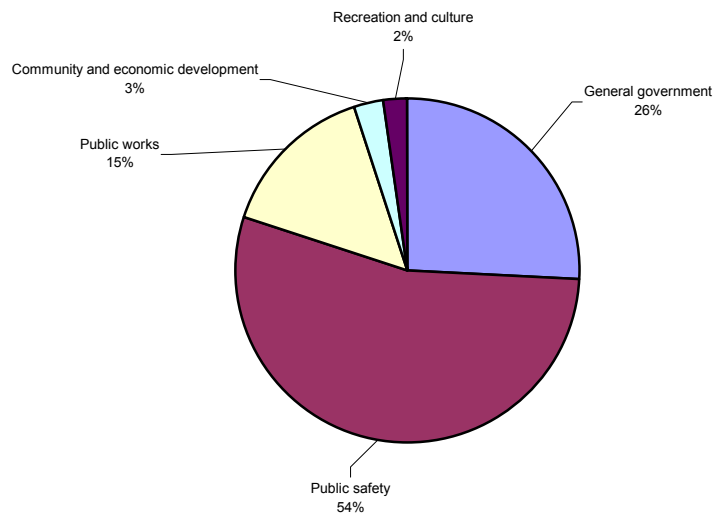
Management's Discussion and Analysis (Continued)

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

TOTAL REVENUES



TOTAL EXPENSES



Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

Capital Assets

The Charter Township has combined net capital assets of approximately \$75,183,000. The following schedule provides a summary of the capital assets, net of accumulated depreciation for 2004 and 2003. Numbers are in thousands.

(in thousands)	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 1,480	\$ 1,480	\$ 237	\$ 42	\$ 1,717	\$ 1,522
Buildings and improvements	3,041	3,055	390	401	3,431	3,456
Furniture and equipment	706	697	2,092	2,042	2,798	2,739
Water and sewer distribution systems	-	-	65,791	62,187	65,791	62,187
Vehicles	458	548	988	944	1,446	1,492
Total	\$ 5,685	\$ 5,780	\$ 69,498	\$ 65,616	\$ 75,183	\$ 71,396

There was minimal change to land, buildings, and improvement, and furniture and equipment categories. As noted earlier, the Charter Township did receive donated sewer and water line infrastructure assets in the amount of \$4.4 million. The Charter Township had aerophotographs completed in 2004 for the GIS department; Grand Blanc Road bike path was completed; sledding hill, signage, and pavilion improvements were made to BiCentennial Park; and beginning work on the Hill Road widening project between Genesee and Belsay roads were started for the 2004 business-type capital projects.

Long-term Debt

The Charter Township has a total of \$881,994 in long-term governmental and business activity debt as of December 31, 2004. Of this debt, \$356,812, or 40.5 percent, is related to employee-compensated absences and \$525,182, or 59.5 percent, of the debt is related to road improvement projects and financing of a fire truck. The long-term governmental and business activity debt as of December 31, 2003 was \$1,440,847, for a reduction in 2004 of \$558,853 or 38.8 percent. The majority of the debt reduction was due to the Charter Township paying off three water line construction bonds. The Charter Township has a policy of assisting subdivisions in financing road improvements within the Charter Township that are completed by the Genesee County Road Commission. These obligations are then paid over a 10-year period. The Charter Township's debt represents 1 percent of total net assets of governmental activities and business-type activities.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

The Charter Township's Nonmajor Governmental Funds

Beginning on page 48 of this report, there is a summary of four types of nonmajor governmental funds:

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

Financial Analysis of Charter Township Funds and Budgets

The following budget analysis comes from the data provided in the budgetary comparison schedules - General Fund on pages 43 and 44 of this report. The Charter Township total budgeted revenues for 2004 were \$10,288,872, with actual revenue coming in at \$10,090,605 for a shortfall of \$198,267 or 1.9 percent. There were two major revenue shortfall areas. A 21 percent reduction from budget in building permits was a result of a lawsuit and a short building moratorium. Because the lawsuit resulted in a major increase in tap-in fees, the developers slowed down their permit requests to better match their cash flow.

State revenue sharing was budgeted at \$2,477,000, with actual state revenue sharing coming in at \$2,323,369 for a shortfall of \$153,631 or 6.2 percent. The State of Michigan is facing numerous budget constraints and they are continually looking at the state revenue sharing program to help with their budget shortfalls. The Michigan Township Association is lobbying hard against any additional reductions in the program as numerous local governments have been hit hard with these cuts. As mentioned in the letter of transmittal, the Charter Township board approved a mid-decade census to be completed in the summer of 2005 to help to preserve the Charter Township's share of the state revenue-sharing program.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

The Charter Township had six departments that were over budget for expenditures. The Charter Township has five union groups, and all contracts had expired as of January 1, 2004. During 2004, only Chapter S had a signed contract. As part of the audit, it was determined that the estimated amount of back pay should be recorded as accrued payroll expense and the journal entry was booked, which resulted in an additional expense of \$299,203, which caused the six departments to be over budget. Of the departments that were under budget, most of the variance was due to temporary staffing vacancy or employee use of workers' compensation or sick leave. The actual expenditures for the operation of the general government were \$212,761 less than budgeted or a variance of 7.4 percent.

The net effect for 2004 shows an excess of revenues over expenditures prior to transfers out of \$422,067. After transfers out of \$394,850, revenues and other financing uses exceeded expenditures by \$27,217. This increased the Charter Township's General Fund balance to \$1,045,513.

The Charter Township had set aside approximately \$500,000 in the Capital Projects Fund for its part in road maintenance and paving in 2004. All engineering and construction oversight is performed by the Genesee County Road Commission, which ultimately has responsibility for the roads within the Charter Township. A schedule could not be worked out with the Genesee County Road Commission for any of the projects. All the slated projects have been pushed forward to 2005.

Current Economic Conditions

The general Charter Township operations have two major funding sources and a number of smaller sources. Taxes and state revenue sharing constitute the major funding sources with 58.4 percent and 24 percent of the total Charter Township General Fund revenue, respectively. The demand for new housing has continued to keep the Charter Township as the number one governmental entity for permits issued in Genesee County for the eighth year in a row. Housing plats that have had initial approval from the Charter Township Board yet have not been developed equate to approximately 5,700 lots. Continued housing opportunity is available. Even with the moratorium and slow down, there were 316 new housing permits issued. The statistical section shows that the Charter Township's taxable value has increased an average of 9.2 percent per year for the last 10 years. The \$89.1 million increase for 2004 equated to a 7.9 percent increase over 2003.

Two separate commercial developers purchased 80 acres and 75 acres of land within the Charter Township. Both are looking at developing their land via the Planned Urban Development (PUD) concept. One developer, Heritage Park, has received the initial Charter Township Board PUD concept approval for a \$100,000,000, 80-acre commercial development. This project would generate approximately \$275,000 in new taxes for the Charter Township. The second developer, Trillium Circle, has also received the initial Charter Township Board PUD concept approval for a \$75,000,000, 75-acre commercial development. This project would generate approximately \$200,000 in new taxes for the Charter Township.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

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

As stated earlier, the Charter Township paid off three water line construction bonds in 2004. This reduced the bond debt millage rate by approximately .41 mills. The Charter Township Board increased its general operating millage .40 mills for the winter 2004 tax collection and dedicated this additional revenue to the Master Campus Plan. Combining this millage with the dedicated .30 mills increase in 2002 will produce approximately \$800,000 annually. This would give the Charter Township a solid base to borrow monies for the construction of a new police station, Charter Township hall, DPW facility, and an upgraded fire station. The Charter Township is addressing its facility needs, yet not increasing the total Charter Township millage to its residents. The Charter Township Board believes this is a very prudent means of addressing the shrinking office space and an outdated building.

In light of the builders' lawsuit, health care issues, demand for additional office space, and difficult economic conditions for the State of Michigan, this report indicates that the Charter Township continues to expand its already strong financial base with another positive year. The Charter Township has reduced long-term debt by 39 percent, increased the total governmental fund balance by 6.7 percent, increased governmental net assets by 9.8 percent, and decreased the total Charter Township property taxes millage rate by 0.3 percent.

Contacting the Charter Township's Financial Management

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

Charter Township of Grand Blanc

Statement of Net Assets December 31, 2004

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents (Note 3)	\$ 4,991,275	\$ 3,106,377	\$ 8,097,652
Investments (Note 3)	2,943,488	1,315,811	4,259,299
Receivables - Net:			
Property taxes	5,025,630	130,140	5,155,770
Customers	742,133	1,946,044	2,688,177
Receivables billed on tax roll	-	259,035	259,035
Tap-in assessment receivables	-	444,027	444,027
Other	91,418	-	91,418
Due from other governmental units	947,043	-	947,043
Internal balances	(49,659)	49,659	-
Investments in joint ventures:			
Fire commission (Note 12)	1,584,727	-	1,584,727
Parks and recreation (Note 12)	196,316	-	196,316
Capital assets - Net (Note 4):			
Nondepreciable capital assets	1,480,422	236,881	1,717,303
Depreciable capital assets - Net	4,204,683	69,260,729	73,465,412
Total assets	22,157,476	76,748,703	98,906,179
Liabilities			
Accounts payable	229,951	1,902,469	2,132,420
Accrued and other liabilities	1,020,222	175,268	1,195,490
Due to other governmental units	371,191	-	371,191
Unearned revenue (Note 15)	8,289,974	-	8,289,974
Noncurrent liabilities (Note 6):			
Due within one year	169,783	3,660	173,443
Due in more than one year	674,830	33,721	708,551
Total liabilities	10,755,951	2,115,118	12,871,069
Net Assets			
Invested in capital assets	5,685,105	69,497,610	75,182,715
Restricted:			
Solid waste	279,813	-	279,813
Drug forfeiture	1,138	-	1,138
Law enforcement	16,373	-	16,373
PEG Channel Grant	22,380	-	22,380
Oakwood Cemetery Fund	45,479	-	45,479
Perry Cemetery Fund	112,433	-	112,433
Mosquito spraying	-	114,653	114,653
Unrestricted	5,238,804	5,021,322	10,260,126
Total net assets	\$ 11,401,525	\$ 74,633,585	\$ 86,035,110

Charter Township of Grand Blanc

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 2,789,281	\$ 91,362	\$ 19,292	\$ -
Public safety	5,892,463	985,364	109,116	-
Public works	1,613,483	1,233,410	142,004	-
Community and economic development	298,852	79,479	-	-
Recreation and culture	242,510	13,200	-	-
Interest on long-term debt	5,256	-	-	-
Total governmental activities	10,841,845	2,402,815	270,412	-
Business-type activities - Water and sewer	8,272,460	6,877,348	-	4,388,959
Total primary government	<u>\$ 19,114,305</u>	<u>\$ 9,280,163</u>	<u>\$ 270,412</u>	<u>\$ 4,388,959</u>

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

Total general revenues

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

Statement of Activities
Year Ended December 31, 2004

Net (Expense) Revenue and Changes in Net Assets

<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-type</u>	
<u>Activities</u>	<u>Activities</u>	<u>Total</u>
\$ (2,678,627)	\$ -	\$ (2,678,627)
(4,797,983)	-	(4,797,983)
(238,069)	-	(238,069)
(219,373)	-	(219,373)
(229,310)	-	(229,310)
<u>(5,256)</u>	<u>-</u>	<u>(5,256)</u>
(8,168,618)	-	(8,168,618)
<u>-</u>	<u>2,993,847</u>	<u>2,993,847</u>
(8,168,618)	2,993,847	(5,174,771)
6,407,809	180,794	6,588,603
2,323,369	-	2,323,369
120,879	105,735	226,614
338,206	-	338,206
<u>-</u>	<u>-</u>	<u>-</u>
<u>9,190,263</u>	<u>286,529</u>	<u>9,476,792</u>
1,021,645	3,280,376	4,302,021
<u>10,379,880</u>	<u>71,353,209</u>	<u>81,733,089</u>
<u>\$ 11,401,525</u>	<u>\$ 74,633,585</u>	<u>\$ 86,035,110</u>

Charter Township of Grand Blanc

Governmental Funds Balance Sheet December 31, 2004

	General Fund	Major Special Revenue Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
		Solid Waste Fund		
Assets				
Cash and cash equivalents (Note 3)	\$ 4,134,049	\$ 813,160	\$ 44,066	\$ 4,991,275
Investments (Note 3)	2,829,642	-	113,846	2,943,488
Receivables:				
Taxes	5,017,732	-	-	5,017,732
Customers	-	742,133	-	742,133
Other	91,418	-	-	91,418
Due from other governmental units	947,043	-	-	947,043
Due from other funds (Note 5)	21,391	-	3,248,814	3,270,205
Total assets	\$ 13,041,275	\$ 1,555,293	\$ 3,406,726	\$ 18,003,294
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 229,951	\$ -	\$ -	\$ 229,951
Accrued and other liabilities	1,020,222	-	-	1,020,222
Due to other funds (Note 5)	3,319,864	-	-	3,319,864
Due to other governmental units	371,191	-	-	371,191
Deferred revenue (Note 15)	7,054,534	1,275,480	-	8,330,014
Total liabilities	11,995,762	1,275,480	-	13,271,242
Fund Balances				
Reserved for:				
Solid waste activities	-	279,813	-	279,813
Cable TV activities	-	-	22,380	22,380
Law enforcement	-	-	17,511	17,511
Cemetery:				
Unexpendable	-	-	97,197	97,197
Expendable	-	-	60,715	60,715
Unreserved, reported in:				
General Fund	1,045,513	-	-	1,045,513
Special Revenue Funds	-	-	16,747	16,747
Capital Projects Funds:				
Designated (Note 7)	-	-	2,731,023	2,731,023
Undesignated	-	-	461,153	461,153
Total fund balances	1,045,513	279,813	3,406,726	4,732,052
Total liabilities and fund balances	\$ 13,041,275	\$ 1,555,293	\$ 3,406,726	

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds	5,685,105
Investment in joint ventures are not included as an asset in the governmental funds	1,781,043
Certain receivables are expected to be collected in future years and are not available to pay for current year expenditures	47,938
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(525,182)
Compensated absences are not due and payable in the current period and are not reported in the funds	(319,431)
Net assets of governmental activities	\$ 11,401,525

Charter Township of Grand Blanc

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2004

	General Fund	Major Special Revenue Fund Solid Waste Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Property taxes (Note 8)	\$ 5,895,772	\$ -	\$ 464,099	\$ 6,359,871
Licenses and permits	1,241,714	-	-	1,241,714
Federal sources	24,065	-	-	24,065
State sources	2,420,418	-	-	2,420,418
Charges for services	-	1,227,837	-	1,227,837
Fines, forfeitures, and seizures	130,445	-	2,190	132,635
Investment income (loss)	120,598	7,096	(6,815)	120,879
Other	257,593	-	34,107	291,700
	<u>10,090,605</u>	<u>1,234,933</u>	<u>493,581</u>	<u>11,819,119</u>
Expenditures				
General government	2,681,066	77	57,491	2,738,634
Public safety	5,928,799	-	11,197	5,939,996
Public services	1,058,673	1,139,979	-	2,198,652
Capital outlay	-	-	146,495	146,495
Debt service:				
Principal	-	-	455,188	455,188
Interest and other charges	-	-	12,624	12,624
Other	-	-	29,140	29,140
	<u>9,668,538</u>	<u>1,140,056</u>	<u>712,135</u>	<u>11,520,729</u>
Excess of Revenue Over (Under) Expenditures	422,067	94,877	(218,554)	298,390
Other Financing Sources (Uses)				
Transfer in from Debt Service Fund	160,502	-	-	160,502
Transfer in from General Fund	-	-	555,352	555,352
Transfer out to General Fund	-	-	(160,502)	(160,502)
Transfer out to Master Campus Fund	(330,352)	-	-	(330,352)
Transfer out to Capital Projects Fund	(225,000)	-	-	(225,000)
	<u>(394,850)</u>	<u>-</u>	<u>394,850</u>	<u>-</u>
Net Change in Fund Balances	27,217	94,877	176,296	298,390
Fund Balances - Beginning of year	<u>1,018,296</u>	<u>184,936</u>	<u>3,230,430</u>	<u>4,433,662</u>
Fund Balances - End of year	<u>\$ 1,045,513</u>	<u>\$ 279,813</u>	<u>\$ 3,406,726</u>	<u>\$ 4,732,052</u>

Charter Township of Grand Blanc

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2004

Net Change in Fund Balances - Total Governmental Funds	\$ 298,390
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	358,833
Depreciation and gain/loss on the sale of fixed assets is recorded as income/expense in the statement of activities but not in the governmental funds	(452,632)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	586,370
Interest expense is recorded when incurred in the statement of activities	2,907
Increase in accumulated employee sick, vacation, and personal pay is recorded when earned in the statement of activities	(17,327)
Certain revenue reported in the statement of activities will not provide current financial resources in the governmental funds until future years	47,938
Investment in joint ventures is not included in the funds	<u>197,166</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 1,021,645</u></u>

Charter Township of Grand Blanc

Proprietary Fund Statement of Net Assets December 31, 2004

	Enterprise Fund - Department of Public Works
Assets	
Current assets:	
Cash and cash equivalents (Note 3)	\$ 3,106,377
Investments (Note 3)	1,315,811
Receivables:	
Property taxes	130,140
Customer usage billings	1,946,044
Receivables billed on tax roll	259,035
Due from other funds (Note 5)	<u>71,050</u>
Total current assets	6,828,457
Noncurrent assets:	
Tap-in assessments receivable - Net of current portion	444,027
Nondepreciable capital assets (Note 4)	236,881
Depreciable capital assets - Net (Note 4)	<u>69,260,729</u>
Total noncurrent assets	<u>69,941,637</u>
Total assets	76,770,094
Liabilities	
Current liabilities:	
Accounts payable	1,902,469
Due to other funds (Note 5)	21,391
Accrued and other liabilities	<u>178,928</u>
Total current liabilities	2,102,788
Noncurrent liabilities - Compensated absences (Note 6)	<u>33,721</u>
Total liabilities	<u>2,136,509</u>
Net Assets	
Invested in capital assets	69,497,610
Restricted for mosquito spraying	114,653
Unrestricted	<u>5,021,322</u>
Total net assets	<u><u>\$ 74,633,585</u></u>

Charter Township of Grand Blanc

Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Assets December 31, 2004

	Enterprise Fund - Department of Public Works	
	Year Ended December 31	
	2004	2003
Operating Revenue		
Sewage disposal	\$ 3,551,442	\$ 3,467,972
Water sales	3,001,280	2,784,542
Water meters	133,225	129,032
Penalties and other charges for services	191,401	173,409
Total operating revenue	6,877,348	6,554,955
Operating Expenses		
Cost of sewage disposal	2,291,187	2,123,294
Cost of water	2,772,907	2,054,948
Depreciation (Note 4)	1,345,027	942,851
General and administrative	1,711,677	1,452,076
Total operating expenses	8,120,798	6,573,169
Operating Loss	(1,243,450)	(18,214)
Nonoperating Revenue (Expenses)		
Interest income	105,735	100,312
Gain on sale of assets	4,070	-
Property tax revenue (Note 8)	180,794	166,315
Interest expense	-	(9,799)
Mosquito spraying	(155,732)	(137,969)
Total nonoperating revenue	134,867	118,859
Net Gain (Loss) - Before capital contributions	(1,108,583)	100,645
Capital Contributions		
Donated from developers	2,410,300	2,144,878
Contributions from special assessment districts	481,900	72,458
Tap-in and line inspection fees	1,496,759	1,291,247
Total capital contributions	4,388,959	3,508,583
Net Change in Net Assets	3,280,376	3,609,228
Net Assets - Beginning of year	71,353,209	67,743,981
Net Assets - End of year	\$ 74,633,585	\$ 71,353,209

Charter Township of Grand Blanc

Proprietary Fund Statement of Cash Flows Year Ended December 31, 2004

	Enterprise Fund - Department of Public Works
Cash Flows from Operating Activities	
Receipts from customers	\$ 6,685,400
Payments to suppliers	(5,300,637)
Payments to employees	(1,168,539)
Internal activity - Payments to other funds	(74,438)
Other receipts	<u>191,401</u>
Net cash provided by operating activities	333,187
Cash Flows from Noncapital Related Financing Activities - Collection of mosquito assessment	180,874
Cash Flows from Capital and Related Financing Activities	
Collection of customer assessments (principal and interest)	1,951,341
Proceeds from the sale of fixed assets	4,070
Purchase of capital assets	<u>(2,815,305)</u>
Net cash used in capital and related financing activities	(859,894)
Cash Flows from Investing Activities	
Interest received on investments	105,655
Purchase of investment securities	<u>(915,570)</u>
Net cash used in investing activities	<u>(809,915)</u>
Net Decrease in Cash and Cash Equivalents	(1,155,748)
Cash and Cash Equivalents - Beginning of year	<u>4,262,125</u>
Cash and Cash Equivalents - End of year	<u>\$ 3,106,377</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (1,243,450)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	1,345,027
Cost of mosquito spraying	(155,732)
Changes in assets and liabilities:	
Receivables	(547)
Accounts payable	406,154
Accrued and other liabilities	56,173
Due to/from other funds	<u>(74,438)</u>
Net cash provided by operating activities	<u>\$ 333,187</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2004, the Department of Public Works Fund received \$2,410,300 of lines donated by developers.

Charter Township of Grand Blanc

Fiduciary Funds Statement of Net Assets December 31, 2004

	Pension and Other Employee Benefits	
	Trust Funds	Agency Fund
Assets		
Cash and cash equivalents (Note 3)	\$ 170,065	\$ 4,000,502
Investments (Note 3):		
Certificate of deposits	360,018	
Mutual funds	2,311,097	-
Limited partnerships	33,800	-
Corporate bonds	709,656	-
Government securities	997,520	-
Other receivables	262,407	-
Total assets	4,844,563	<u>\$ 4,000,502</u>
Liabilities - Undistributed tax collections	-	<u>\$ 4,000,502</u>
Net Assets - Held in trust for pension and other employee benefits	<u>\$ 4,844,563</u>	

Charter Township of Grand Blanc

Fiduciary Funds Statement of Changes in Net Assets Pension and Other Employee Benefits Trust Funds Year Ended December 31, 2004

Additions

Investment income:	
Interest and dividends	\$ 143,406
Net increase in fair value of investments	<u>177,346</u>
Net investment income	320,752
Contributions - Employer	<u>494,577</u>
Total additions	815,329

Deductions

Benefit payments	248,156
Administrative expenses	<u>24,943</u>
Total deductions	<u>273,099</u>

Net Increase 542,230

Net Assets Held in Trust for Pension and Other Employee Benefits

Beginning of year	<u>4,302,333</u>
End of year	<u><u>\$ 4,844,563</u></u>

Charter Township of Grand Blanc

**Notes to Financial Statements
December 31, 2004**

Note I - Summary of Significant Accounting Policies

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

Charter Township of Grand Blanc

**Notes to Financial Statements
December 31, 2004**

Note I - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The Charter Township reports the following major governmental funds:

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

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

The Charter Township reports the following major proprietary fund:

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

Charter Township of Grand Blanc

**Notes to Financial Statements
December 31, 2004**

Note 1 - Summary of Significant Accounting Policies (Continued)

Additionally, the Charter Township reports the following fund types:

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

Agency Fund - The Agency Fund accounts for tax collections and disbursements of the Charter Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

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

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

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

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. See Note 8 for more information on property tax revenue.

Charter Township of Grand Blanc

Notes to Financial Statements
December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity

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

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

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

Buildings and improvements	10 to 50 years
Vehicles	3 to 10 years
Furniture and equipment	3 to 20 years
Water and sewer distribution systems	45 to 99 years

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

Charter Township of Grand Blanc

**Notes to Financial Statements
December 31, 2004**

Note I - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2004

Note 2 - Stewardship, Compliance, and Accountability

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

Cumulative shortfall - January 1, 2004		\$ (263,427)
Building permit revenue		779,542
Related expenses:		
Direct costs	\$ 793,697	
Estimated indirect costs	<u>119,055</u>	
Total construction code expenses		<u>912,752</u>
Cumulative shortfall - December 31, 2004		<u><u>\$ (396,637)</u></u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Charter Township has designated eight banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts, and CDs, but not the remainder of state statutory authority as listed above. To the extent that cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in the pool, except that Agency Fund investment earnings are allocated to the General Fund as provided by Michigan law.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2004

Note 3 - Deposits and Investments (Continued)

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

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

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary Funds
Cash and cash equivalents	\$ 4,991,275	\$ 3,106,377	\$ 8,097,652	\$ 4,170,567
Investments	<u>2,943,488</u>	<u>1,315,811</u>	<u>4,259,299</u>	<u>4,412,091</u>
Total	<u>\$ 7,934,763</u>	<u>\$ 4,422,188</u>	<u>\$ 12,356,951</u>	<u>\$ 8,582,658</u>

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

	Primary Government	Fiduciary Funds
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 9,061,601	\$ 1,105,899
Investments in securities, mutual funds, and similar vehicles	3,294,500	7,476,759
Petty cash or cash on hand	<u>850</u>	<u>-</u>
Total	<u>\$ 12,356,951</u>	<u>\$ 8,582,658</u>

Deposits

The bank balance of the Charter Township's deposits is \$12,633,671, of which \$1,000,000 is covered by federal depository insurance. The remainder was uninsured and uncollateralized. The Charter Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Charter Township evaluates each financial institution with which it deposits Charter Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2004

Note 3 - Deposits and Investments (Continued)

Investments

The Pension Trust Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The pension fund investments in General Motors Acceptance Corporation Smartnotes currently exceeds 5 percent of total plan assets.

Investments are categorized into these three categories of credit risk:

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

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

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

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

	Category			Reported Amount (Fair Value)
	1	2	3	
Primary government:				
Common stock	\$ -	\$ 94,394	\$ -	\$ 94,394
Investments not subject to categorization:				
Interlocal agreement investment pool	-	-	-	49,268
Bank investment pools	-	-	-	3,150,838
Total primary government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,294,500</u>

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2004

Note 3 - Deposits and Investments (Continued)

	Category			Reported Amount (Fair Value)
	1	2	3	
Fiduciary funds:				
Corporate bonds	\$ -	\$ 709,656	\$ -	\$ 709,656
Government securities	-	997,520	-	997,520
Subtotal	-	1,707,176	-	1,707,176
Investments not subject to categorization:				
Bank investment pools	-	-	-	3,424,686
Mutual funds	-	-	-	2,311,097
Limited partnerships	-	-	-	33,800
Total fiduciary funds	<u>\$ -</u>	<u>\$ 1,707,176</u>	<u>\$ -</u>	<u>\$ 7,476,759</u>

Note 4 - Capital Assets

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

	Balance January 1, 2004	Additions	Disposals and Adjustments	Balance December 31, 2004
Governmental Activities				
Capital assets not being depreciated -				
Land	\$ 1,480,422	\$ -	\$ -	\$ 1,480,422
Capital assets being depreciated:				
Buildings and improvements	4,247,493	116,495	-	4,363,988
Vehicles	1,000,656	16,873	97,270	920,259
Furniture and equipment	1,882,864	225,465	-	2,108,329
Subtotal	7,131,013	358,833	97,270	7,392,576
Accumulated depreciation:				
Buildings and improvements	1,193,371	130,116	-	1,323,487
Vehicles	453,411	94,775	86,030	462,156
Furniture and equipment	1,185,749	216,501	-	1,402,250
Subtotal	2,832,531	441,392	86,030	3,187,893
Net capital assets being depreciated	<u>4,298,482</u>	<u>(82,559)</u>	<u>11,240</u>	<u>4,204,683</u>
Net governmental capital assets	<u>\$ 5,778,904</u>	<u>\$ (82,559)</u>	<u>\$ 11,240</u>	<u>\$ 5,685,105</u>

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2004

Note 4 - Capital Assets (Continued)

	Balance January 1, 2004	Additions	Disposals and Adjustments	Balance December 31, 2004
Business-type Activities				
Capital assets not being depreciated -				
Land	\$ 42,065	\$ 194,816	\$ -	\$ 236,881
Capital assets being depreciated:				
Water and sewer distribution systems	73,145,161	4,717,897	-	77,863,058
Buildings and improvements	516,453	-	-	516,453
Vehicles	1,464,454	185,580	26,635	1,623,399
Furniture and equipment	3,214,483	127,313	-	3,341,796
Subtotal	78,340,551	5,030,790	26,635	83,344,706
Accumulated depreciation:				
Water and sewer distribution systems	10,957,546	1,114,726	-	12,072,272
Buildings and improvements	115,454	11,015	-	126,469
Vehicles	520,339	141,921	26,635	635,625
Furniture and equipment	1,172,246	77,365	-	1,249,611
Subtotal	12,765,585	1,345,027	26,635	14,083,977
Net capital assets being depreciated	65,574,966	3,685,763	-	69,260,729
Net business-type capital assets	<u>\$ 65,617,031</u>	<u>\$ 3,880,579</u>	<u>\$ -</u>	<u>\$ 69,497,610</u>

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

Governmental activities:	
General government	\$ 210,627
Public safety	161,047
Economic development	4,081
Recreation and culture	65,637
Total governmental activities	<u>\$ 441,392</u>
Business-type activities - Water and sewer	<u>\$ 1,345,027</u>

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2004

Note 4 - Capital Assets (Continued)

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

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Presidential Street water main	\$ 636,640	\$ 36,899

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General Fund	Department of Public Works	\$ 21,391
Department of Public Works	General Fund	71,050
Nonmajor governmental fund - Capital Projects Fund	General Fund	2,731,023
Nonmajor governmental fund - Master Campus Fund	General Fund	461,153
Other nonmajor governmental funds	General Fund	<u>56,638</u>
Total nonmajor governmental funds		<u>3,248,814</u>
Total		<u>\$ 3,341,255</u>

The balance owed from the General Fund to the Capital Projects Fund and the Master Campus Fund represents the cumulative amount transferred from the General Fund to the Capital Projects Fund and the Master Campus Fund over that fund's lifetime. The General Fund continues to hold the cash and investments so that it may continue to earn interest on these funds. The other balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

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

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 225,000
General Fund	Master Campus Fund	330,352
Debt Service Fund	General Fund	<u>160,502</u>
Total		<u>\$ 715,854</u>

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2004

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

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

Note 6 - Long-term Debt

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

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

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	(Reductions)	Ending Balance	Due Within One Year
Governmental Activities							
Other governmental obligations:							
Special assessment at-large road districts of the Genesee County Road Commission							
Amount of issue: \$1,371,149	3.8% -	\$107,207 -	\$ 526,365	\$ -	\$ (121,183)	\$ 405,182	\$ 121,181
Maturing through 2010	6.125%	\$109,042					
General obligation bonds:							
Genesee County Sanitary Disposal System No. 1, of which the Charter Township of Grand Blanc participates in 18.43% of the total project, originally issued December 20, 1965							
Amount of issue: \$2,268,065	2.5%	\$ 110,580	110,580	-	(110,580)	-	-
Maturing through 2004							
Swartz Creek Interceptor of the Genesee County Sanitary Sewage Disposal System No. 1, of which the Charter Township of Grand Blanc participates in 35.69% of the total project, originally issued November 12, 1969							
Amount of issue: \$2,400,000	6.00%	\$44,607	44,607	-	(44,607)	-	-
Maturing through 2004							

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2004

Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	(Reductions)	Ending Balance	Due Within One Year
Governmental Activities (Continued)							
General obligation bonds (Continued):							
Phase II of the Charter Township of Grand Blanc Lateral System of the Genesee County Sewage Disposal System No. 1, originally issued on January 4, 1973							
Amount of issue: \$5,200,000 Maturing through 2004	4.00%	\$300,000	\$ 300,000	\$ -	\$ (300,000)	\$ -	\$ -
Installment purchase agreements - Contract issued in 2001 for the Charter Township's portion of a fire truck purchase for the Grand Blanc Fire Commission							
Amount of issue: \$150,000 Maturing through 2011	4.99%	\$10,000 - \$20,000	130,000	-	(10,000)	120,000	15,000
Other long-term obligations - Compensated absences			302,104	22,910	(5,583)	319,431	33,602
Total governmental activities			1,413,656	22,910	(591,953)	844,613	169,783
Business-type Activities - Other long-term obligations - Compensated absences							
Total governmental and business- type activities			\$ 1,440,847	\$ 33,100	\$ (591,953)	\$ 881,994	\$ 173,443

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

	Governmental Activities		
	Principal	Interest	Total
2005	\$ 136,181	\$ 25,178	\$ 161,359
2006	113,188	18,231	131,419
2007	110,518	12,668	123,186
2008	52,734	7,260	59,994
2009	57,734	4,665	62,399
2010-2014	54,827	2,445	57,272
Total	\$ 525,182	\$ 70,447	\$ 595,629

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2004

Note 7 - Reserved and Designated Fund Balances

Fund balances have been designated as follows:

Capital Projects Fund - Designated for	
Technology	\$ 19,740
Pathway/Trailway Plan	270,604
Vehicle replacement	189,404
911 operations	105,723
Road improvements	999,251
Future land obligations	775,000
McGrath Park	200,000
Bicentennial Park	146,301
Midway Park	<u>25,000</u>
Total Capital Projects Fund	<u><u>\$ 2,731,023</u></u>

Note 8 - Property Tax Revenue

The Charter Township's governmental funds recognize the December 1, 2003 property tax levy as revenue for the year ended December 31, 2004. The Charter Township's Enterprise Fund recognizes the December 1, 2004 property tax levy as revenue for the fiscal year ended December 31, 2004. The following is a breakdown of tax levies:

Source of Taxes	Fund Receiving Taxes	Approximate Revenue
Governmental funds:		
3.6806 mills - Charter limit of 5.0 mills	General Fund	\$ 4,053,000
.9159 mills - Voted millage for public service	General Fund	1,000,000
.30 mills - For Master Campus Project	General Fund	330,000
.4153 mills - Debt millage allowed by the State constitution	Water and Sewer Debt Fund	457,000
Act 198/255 taxes and administration fees	General Fund	468,000
Enterprise Fund:		
.15 mills - Charter limit of 5.0 mills	Department of Public Works (for mosquito spraying)	179,000
Act 198/255 taxes	Department of Public Works (for mosquito spraying)	3,000

Charter Township of Grand Blanc

**Notes to Financial Statements
December 31, 2004**

Note 8 - Property Tax Revenue (Continued)

A mill equals one dollar of tax per thousand dollars of property valuation (taxable valuation). The Charter Township's total taxable valuation for 2003 was approximately \$1,101,174,000 (used for governmental revenue) and for 2004 was approximately \$1,190,323,000 (used for Enterprise Fund revenue).

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

Note 9 - Risk Management

The Charter Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Charter Township has purchased commercial insurance for workers' compensation and medical benefits and participates in the Michigan Townships Participating Plan (the "Plan") risk pool for claims relating to general liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

Note 10 - Defined Benefit Pension Plan

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

Funding Policy - The obligation to contribute to and maintain the System for these employees was established by negotiation with the Police Officers Labor Council Patrol Officers Union. The agreement requires a contribution from the employees of any actuarially required contributions in excess of 15 percent prior to 1997 and 14 percent after January 1, 1997. Currently, this results in an employee contribution ranging from 0 percent to 8.11 percent of gross wages.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2004

Note 10 - Defined Benefit Pension Plan (Continued)

Annual Pension Costs - For the year ended December 31, 2004, the Charter Township's annual pension cost of \$397,051 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2002, using the entry age normal cost method.

Significant actuarial assumptions used include: (a) an 8 percent investment rate of return; (b) projected salary increases of 4.5 percent to 8.66 percent per year; and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30-31 years depending on division.

Three-year trend information is as follows:

	Fiscal Year Ended December 31		
	2002	2003	2004
Annual pension costs (APC)	\$ 274,812	\$ 369,963	\$ 397,051
Percentage of APC contributed	100%	100%	100%
Net pension obligation	None	None	None
	Actuarial Valuation as of December 31		
	2000	2001	2002
Actuarial value of assets	\$ 1,675,798	\$ 1,894,710	\$ 2,195,050
Actuarial Accrued Liability (AAL) (entry age normal)	\$ 4,093,666	\$ 5,104,536	\$ 5,411,309
Unfunded AAL (UAAL)	\$ 2,417,868	\$ 3,209,826	\$ 3,216,259
Funded ratio	40.9%	37.1%	40.6%
Covered payroll	\$ 1,299,417	\$ 1,615,171	\$ 1,948,189
UAAL as a percentage of covered payroll	186%	199%	165%

Charter Township of Grand Blanc

**Notes to Financial Statements
December 31, 2004**

Note 11 - Defined Contribution Pension Plan

The Charter Township provides pension benefits to all of its full-time employees (except police personnel, who are covered by a defined benefit plan effective January 1, 1993) through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment (or other date). As established by the Charter Township Board of Trustees, the Charter Township contributes 15 percent of employees' gross earnings and employees are not permitted to make contributions other than participant rollover contributions. In accordance with these requirements, the Charter Township contributed \$294,577 during the current year, and there was no employee contribution.

Note 12 - Joint Ventures

The Charter Township is a member of the Grand Blanc District Library Commission, which provides library services to the residents of the Charter Township and the City of Grand Blanc. The participating communities provide annual funding for its operations. During the current year, the Charter Township contributed \$55,200 for its operations. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Grand Blanc District Library Commission can be obtained from the administrative offices at 4195 West Pasadena, Flint, MI 48504.

The Charter Township is a member of the Grand Blanc Parks and Recreation Commission, which provides recreational services to the residents of the Charter Township and the City of Grand Blanc. The participating communities provide annual funding for its operations. During the current year, the Charter Township contributed \$216,808 for its operations. The Charter Township's equity interest of \$196,316 is recorded within the governmental activities column of the statement of net assets. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Grand Blanc Parks and Recreation Commission can be obtained from the administrative offices at 131 East Grand Blanc Road, Grand Blanc, MI 48439.

Charter Township of Grand Blanc

**Notes to Financial Statements
December 31, 2004**

Note 12 - Joint Ventures (Continued)

The Charter Township is a member of the Grand Blanc Fire Commission, which provides fire protection services to the residents of the Charter Township and the City of Grand Blanc. The participating communities provide annual funding for its operations. During the current year, the Charter Township contributed \$524,429 for its operations. The Charter Township's equity of \$1,584,727 is recorded within the governmental activities column of the statement of net assets. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Grand Blanc Fire Commission can be obtained from the administrative offices at 117 High Street, Grand Blanc, MI 48439.

Note 13 - Contingent Liabilities

The Charter Township has been named as a defendant in multiple claims and lawsuits requesting damages of various amounts. The various proceedings have not yet progressed to the point where legal opinion can be reached as to the ultimate liability, if any, after consideration of available insurance, where applicable, that may result from the resolution of these matters. The Charter Township has not recorded an estimate of this liability at December 31, 2004.

Note 14 - Other Postemployment Benefits

The Charter Township provides health care benefits to employees with 20 years of service and who have attained the age of 55 (25 years of service for sworn police officers) upon retirement, in accordance with labor contracts. Currently, 11 retirees are eligible. The Charter Township includes retirees and their dependants in its insured health care plan, with no contribution required by the participant. Expenditures for postemployment health care benefits are recognized as the insurance premiums become due; during the year, this amounted to approximately \$133,900.

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2004

Note 15 - Deferred Revenue

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

	Governmental Funds			Governmental
	Unavailable	Unearned	Total	Activities Unearned
Property taxes levied for 2005 operations	\$ -	\$ 7,002,854	\$ 7,002,854	\$ 7,002,854
Solid waste charges billed for 2005 operations		1,275,480	1,275,480	1,275,480
Delinquent property taxes	47,938	-	47,938	-
Grant payment received prior to meeting all eligibility requirements	-	11,640	11,640	11,640
Total	<u>\$ 47,938</u>	<u>\$ 8,289,974</u>	<u>\$ 8,337,912</u>	<u>\$ 8,289,974</u>

Required Supplemental Information

General Fund

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

Charter Township of Grand Blanc

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2004

	Prior Year Actual	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenues					
Property taxes	\$ 5,427,667	\$ 5,838,388	\$ 5,838,388	\$ 5,895,772	\$ 57,384
Licenses and permits:					
Building permits	445,504	620,000	620,000	490,009	(129,991)
Inspection fees	333,723	330,629	330,629	289,532	(41,097)
Cable television franchise fee	319,563	310,000	310,000	338,206	28,206
Zoning fees	89,178	85,500	85,500	90,987	5,487
Other	28,777	19,955	19,955	32,980	13,025
Total licenses and permits	1,216,745	1,366,084	1,366,084	1,241,714	(124,370)
Federal sources - Police grants	-	13,300	13,300	24,065	10,765
State sources:					
Revenue sharing	2,889,369	2,477,000	2,477,000	2,323,369	(153,631)
Police grants	111,653	65,300	65,300	82,861	17,561
Liquor license fees	15,215	14,000	14,000	14,188	188
Total state sources	3,016,237	2,556,300	2,556,300	2,420,418	(135,882)
District Court fines	126,275	118,000	118,000	130,445	12,445
Interest	123,202	150,200	150,200	120,598	(29,602)
Other revenues:					
Special assessments	126,973	132,000	132,000	142,004	10,004
Other	61,424	18,600	18,600	9,712	(8,888)
Refunds and rebates:					
Police	79,502	55,000	55,000	55,674	674
School summer tax collection fees	48,199	41,000	41,000	50,203	9,203
Total other revenues	316,098	246,600	246,600	257,593	10,993
Total revenues	10,226,224	10,288,872	10,288,872	10,090,605	(198,267)

Charter Township of Grand Blanc

Required Supplemental Information (Continued) Budgetary Comparison Schedule - General Fund Year Ended December 31, 2004

	Prior Year Actual	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures					
General government:					
General office	\$ 656,787	\$ 751,926	\$ 755,426	\$ 588,842	\$ 166,584
Legislative	279,968	349,208	349,805	306,119	43,686
Supervisor's office	124,784	142,472	145,372	129,833	15,539
Clerk's office	256,339	236,970	243,446	250,893	(7,447)
Treasurer's office	216,102	238,393	241,093	243,667	(2,574)
Elections	3,878	34,223	34,223	26,434	7,789
Assessor's office	379,819	387,077	409,479	425,354	(15,875)
Building and grounds	161,139	158,655	172,812	172,691	121
Planning and zoning	-	265,869	302,383	311,225	(8,842)
Legal and attorney	199,529	201,880	239,788	226,008	13,780
Total general government	2,278,345	2,766,673	2,893,827	2,681,066	212,761
Public safety:					
Police	4,175,542	4,487,822	4,488,862	4,610,673	(121,811)
Fire	512,644	524,429	524,429	524,429	-
Building and zoning	1,039,606	755,959	780,950	793,697	(12,747)
Total public safety	5,727,792	5,768,210	5,794,241	5,928,799	(134,558)
Public services	1,231,268	1,124,191	1,124,191	1,058,673	65,518
Total expenditures	9,237,405	9,659,074	9,812,259	9,668,538	143,721
Excess of Revenues Over Expenditures	988,819	629,798	476,613	422,067	(54,546)
Other Financing Sources (Uses)					
Transfer in from Debt Service Fund	-	-	160,502	160,502	-
Transfer to Capital Projects Fund	(700,000)	(294,798)	(302,115)	(225,000)	77,115
Transfer to Master Campus Fund	(300,712)	(335,000)	(335,000)	(330,352)	4,648
Total other financing sources (uses)	(1,000,712)	(629,798)	(476,613)	(394,850)	81,763
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(11,893)	-	-	27,217	27,217
Fund Balance - Beginning of year	1,030,189	1,018,296	1,018,296	1,018,296	-
Fund Balance - End of year	<u>\$ 1,018,296</u>	<u>\$ 1,018,296</u>	<u>\$ 1,018,296</u>	<u>\$ 1,045,513</u>	<u>\$ 27,217</u>

Major Special Revenue Fund

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

Charter Township of Grand Blanc

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Fund Year Ended December 31, 2004

	Solid Waste Fund				Variance with Amended Budget
	Prior Year Actual	Original Budget	Amended Budget	Actual	
Revenues					
Solid waste collection charges	\$ 1,168,050	\$ 1,227,837	\$ 1,227,837	\$ 1,227,837	\$ -
Interest	<u>6,773</u>	<u>6,500</u>	<u>6,500</u>	<u>7,096</u>	<u>596</u>
Total revenues	1,174,823	1,234,337	1,234,337	1,234,933	596
Expenditures					
Public services - Solid waste collection	1,287,575	1,264,672	1,264,672	1,139,979	124,693
Other operating expenses	<u>90</u>	<u>200</u>	<u>200</u>	<u>77</u>	<u>123</u>
Total expenditures	<u>1,287,665</u>	<u>1,264,872</u>	<u>1,264,872</u>	<u>1,140,056</u>	<u>124,816</u>
Excess of Revenues Over (Under)					
Expenditures	(112,842)	(30,535)	(30,535)	94,877	125,412
Fund Balance - Beginning of year	<u>297,778</u>	<u>184,936</u>	<u>184,936</u>	<u>184,936</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 184,936</u>	<u>\$ 154,401</u>	<u>\$ 154,401</u>	<u>\$ 279,813</u>	<u>\$ 125,412</u>

Charter Township of Grand Blanc

Note to Required Supplemental Information December 31, 2004

Note - Budgetary Information

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

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

The budget document presents information by fund, function, department, and line items. Appropriations are adopted by the Charter Township Board on a departmental basis; this is the legal level of budgetary control. Expenditures at the departmental level in excess of budget appropriations are a violation of Michigan law. During the year, the budget was amended in a legally permissible manner. Encumbrances represent commitments related to unperformed contracts (or purchase orders) for goods or services. Encumbrances are not included as expenditures or liabilities; the amount of encumbrances outstanding at December 31, 2004 is not significant. Unexpended appropriations lapse at year end.

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

	Amended Budget	Actual	Variance
General Fund - Public Safety - Police	\$ 4,488,862	\$ 4,610,673	\$ (121,811)

Police expenditures exceeded the budget as a result of the Charter Township recording an accrual for estimated retroactive wages related to unsettled police contracts at December 31, 2004. Prior to this adjustment, police expenditures were below budget.

Other Supplemental Information

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Debt Service Fund

Water and Sewer Debt Service Fund - This fund accounts for proceeds of property taxes that are earmarked for debt.

Capital Projects Funds

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

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

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

Nonmajor Governmental Funds (Continued)

Permanent Funds

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

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

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

Charter Township of Grand Blanc

	Special Revenue Funds			
	Drug Forfeiture	Law Enforcement	Bicentennial Park	PEG Channel Grant
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Due from other funds	<u>1,138</u>	<u>16,373</u>	<u>16,747</u>	<u>22,380</u>
Total assets	<u>\$ 1,138</u>	<u>\$ 16,373</u>	<u>\$ 16,747</u>	<u>\$ 22,380</u>
Liabilities and Fund Balances				
Liabilities - Deferred revenue	\$ -	\$ -	\$ -	\$ -
Fund Balances				
Reserved:				
Cable TV activities	-	-	-	22,380
Law enforcement	1,138	16,373	-	-
Cemetery - Unexpendable	-	-	-	-
Cemetery - Expendable	-	-	-	-
Unreserved - Designated - Capital Projects	-	-	-	-
Unreserved - Undesignated	-	-	<u>16,747</u>	-
Total fund balances	<u>1,138</u>	<u>16,373</u>	<u>16,747</u>	<u>22,380</u>
Total liabilities and fund balances	<u>\$ 1,138</u>	<u>\$ 16,373</u>	<u>\$ 16,747</u>	<u>\$ 22,380</u>

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004**

Debt Service Fund	Capital Projects Funds		Permanent Funds		Total
Water and Sewer Debt Service Fund	Capital Projects Fund	Master Campus Project	Oakwood Cemetery Fund	Perry Cemetery Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 9,533	\$ 34,533	\$ 44,066
-	-	-	35,946	77,900	113,846
-	2,731,023	461,153	-	-	3,248,814
<u>\$ -</u>	<u>\$ 2,731,023</u>	<u>\$ 461,153</u>	<u>\$ 45,479</u>	<u>\$ 112,433</u>	<u>\$ 3,406,726</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	22,380
-	-	-	-	-	17,511
-	-	-	17,292	79,905	97,197
-	-	-	28,187	32,528	60,715
-	2,731,023	-	-	-	2,731,023
-	-	461,153	-	-	477,900
-	2,731,023	461,153	45,479	112,433	3,406,726
<u>\$ -</u>	<u>\$ 2,731,023</u>	<u>\$ 461,153</u>	<u>\$ 45,479</u>	<u>\$ 112,433</u>	<u>\$ 3,406,726</u>

Charter Township of Grand Blanc

	Special Revenue Funds			
	Drug Forfeiture	Law Enforcement	Bicentennial Park	PEG Channel Grant
Revenue				
Property taxes	\$ -	\$ -	\$ -	\$ -
Forfeitures and seizures	2,190	-	-	-
Investment income (loss)	-	-	-	-
Other	-	-	13,200	19,292
Total revenue	2,190	-	13,200	19,292
Expenditures				
General government	-	-	-	57,491
Public safety	1,537	9,660	-	-
Capital outlay	-	-	3,077	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Other	-	-	-	-
Total expenditures	1,537	9,660	3,077	57,491
Excess of Revenue Over (Under) Expenditures	653	(9,660)	10,123	(38,199)
Other Financing Sources (Uses)				
Transfer from other funds	-	-	-	-
Transfer to other funds	-	-	-	-
Net Change in Fund Balances	653	(9,660)	10,123	(38,199)
Fund Balances - Beginning of year	485	26,033	6,624	60,579
Fund Balances - End of year	\$ 1,138	\$ 16,373	\$ 16,747	\$ 22,380

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2004

Debt Service Fund	Capital Projects Funds		Permanent Funds		
Water and Sewer Debt Service Fund	Capital Projects Fund	Master Campus Project	Oakwood Cemetery Fund	Perry Cemetery Fund	Total Nonmajor Governmental Funds
\$ 464,099	\$ -	\$ -	\$ -	\$ -	\$ 464,099
-	-	-	-	-	2,190
421	-	-	965	(8,201)	(6,815)
1,012	-	-	-	603	34,107
<u>465,532</u>	<u>-</u>	<u>-</u>	<u>965</u>	<u>(7,598)</u>	<u>493,581</u>
-	-	-	-	-	57,491
-	-	-	-	-	11,197
-	143,418	-	-	-	146,495
455,188	-	-	-	-	455,188
12,624	-	-	-	-	12,624
-	-	19,381	-	9,759	29,140
<u>467,812</u>	<u>143,418</u>	<u>19,381</u>	<u>-</u>	<u>9,759</u>	<u>712,135</u>
(2,280)	(143,418)	(19,381)	965	(17,357)	(218,554)
-	-	330,352	-	-	330,352
(160,502)	225,000	-	-	-	64,498
(162,782)	81,582	310,971	965	(17,357)	176,296
<u>162,782</u>	<u>2,649,441</u>	<u>150,182</u>	<u>44,514</u>	<u>129,790</u>	<u>3,230,430</u>
<u>\$ -</u>	<u>\$ 2,731,023</u>	<u>\$ 461,153</u>	<u>\$ 45,479</u>	<u>\$ 112,433</u>	<u>\$ 3,406,726</u>

Charter Township of Grand Blanc

Other Supplemental Information Budgetary Comparison Schedule Nonmajor Governmental Funds Year Ended December 31, 2004

	Drug Forfeiture Fund			Variance with Amended Budget
	Prior Year Actual	Amended Budget	Actual	
Revenues - Forfeitures and seizures	\$ 7,214	\$ 4,000	\$ 2,190	\$ (1,810)
Expenditures - Public safety	<u>12,005</u>	<u>9,000</u>	<u>1,537</u>	<u>7,463</u>
Excess of Revenues Over (Under)				
Expenditures	(4,791)	(5,000)	653	5,653
Fund Balance - Beginning of year	<u>5,276</u>	<u>485</u>	<u>485</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 485</u>	<u>\$ (4,515)</u>	<u>\$ 1,138</u>	<u>\$ 5,653</u>

Charter Township of Grand Blanc

Other Supplemental Information Budgetary Comparison Schedule Nonmajor Governmental Funds (Continued) Year Ended December 31, 2004

	Law Enforcement Fund			Variance with Amended Budget
	Prior Year Actual	Amended Budget	Actual	
Revenues - Forfeitures and seizures	\$ 4,000	\$ 20,000	\$ -	\$ (20,000)
Expenditures - Public safety	3,815	30,000	9,660	20,340
Excess of Revenues Over (Under) Expenditures	185	(10,000)	(9,660)	340
Fund Balance - Beginning of year	25,848	26,033	26,033	-
Fund Balance - End of year	\$ 26,033	\$ 16,033	\$ 16,373	\$ 340

Charter Township of Grand Blanc

Other Supplemental Information Budgetary Comparison Schedule Nonmajor Governmental Funds (Continued) Year Ended December 31, 2004

	Bicentennial Park Fund			Variance with Amended Budget
	Prior Year Actual	Amended Budget	Actual	
Revenues - Rental income	\$ 15,600	\$ 14,400	\$ 13,200	\$ (1,200)
Expenditures				
Capital outlay	4,300	14,400	3,077	11,323
Other	6,440	-	-	-
Total expenditures	10,740	14,400	3,077	11,323
Excess of Revenues Over Expenditures	4,860	-	10,123	10,123
Fund Balance - Beginning of year	1,764	6,624	6,624	-
Fund Balance - End of year	\$ 6,624	\$ 6,624	\$ 16,747	\$ 10,123

Charter Township of Grand Blanc

Other Supplemental Information Budgetary Comparison Schedule Nonmajor Governmental Funds (Continued) Year Ended December 31, 2004

	PEG Channel Grant			Variance with Amended Budget
	Prior Year Actual	Amended Budget	Actual	
Revenues - PEG contributions	\$ 34,991	\$ 17,200	\$ 19,292	\$ 2,092
Expenditures - Other	-	17,200	57,491	(40,291)
Excess of Revenues Over (Under) Expenditures	34,991	-	(38,199)	(38,199)
Fund Balance - Beginning of year	25,588	60,579	60,579	-
Fund Balance - End of year	\$ 60,579	\$ 60,579	\$ 22,380	\$ (38,199)

Fiduciary Funds

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

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

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

Charter Township of Grand Blanc

Other Supplemental Information Combining Statement of Net Assets Pension and Other Employee Trust Funds December 31, 2004

	Pension Trust	Employee Benefits	Totals
Assets			
Cash and equivalents	\$ 170,065	\$ -	\$ 170,065
Investments:			
Certificate of deposits	103,018	257,000	360,018
Mutual funds	2,311,097	-	2,311,097
Limited partnerships	33,800	-	33,800
Corporate bonds	709,656	-	709,656
Government securities	-	997,520	997,520
Other receivables	27,659	234,748	262,407
Net Assets - Reserved for pension and other employee benefits	<u>\$ 3,355,295</u>	<u>\$ 1,489,268</u>	<u>\$ 4,844,563</u>

Charter Township of Grand Blanc

Other Supplemental Information Combining Statement of Changes in Net Assets Pension and Other Employee Benefit Trust Funds Year Ended December 31, 2004

	Pension Trust	Employee Benefits	Totals
Additions			
Investment income:			
Interest and dividends	\$ 121,975	\$ 21,431	\$ 143,406
Net increase in fair value of investments	177,346	-	177,346
Net investment income	299,321	21,431	320,752
Contributions - Employer	294,577	200,000	494,577
Total additions	593,898	221,431	815,329
Deductions			
Benefit payments	248,156	-	248,156
Administrative expenses	24,943	-	24,943
Total deductions	273,099	-	273,099
Net Increase	320,799	221,431	542,230
Net Assets Held in Trust for Pension and Other Employee Benefits			
Beginning of year	3,034,496	1,267,837	4,302,333
End of year	<u>\$ 3,355,295</u>	<u>\$ 1,489,268</u>	<u>\$ 4,844,563</u>

Charter Township of Grand Blanc

Fiduciary Funds Statement of Changes in Assets and Liabilities - Agency Fund Year Ended December 31, 2004

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
Assets - Cash and cash equivalents	<u>\$ 3,542,285</u>	<u>\$ 45,219,781</u>	<u>\$ 44,761,564</u>	<u>\$ 4,000,502</u>
Liabilities - Undistributed tax collections	<u>\$ 3,542,285</u>	<u>\$ 45,219,781</u>	<u>\$ 44,761,564</u>	<u>\$ 4,000,502</u>

Statistical Section

Charter Township of Grand Blanc

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

Year	General Government	Public Safety	Public Services	Debt Service	Capital Outlay	Other	Total
1995	\$ 1,172	\$ 2,740	\$ 1,497	\$ 1,762	\$ 480	\$ 110	\$ 7,761
1996	1,117	2,807	1,652	1,755	1,107	6	8,444
1997	1,267	3,167	1,715	1,727	16	6	7,898
1998	1,304	3,276	2,134	1,681	2,109	6	10,510
1999	1,670	3,792	2,045	1,537	545	6	9,595
2000	1,719	4,006	1,885	1,496	518	6	9,630
2001	1,719	4,613	1,747	1,268	235	5	9,587
2002	2,014	5,384	2,014	1,201	1,101	5	11,719
2003*	2,278	5,744	2,519	483	330	165	11,519
2004	2,739	5,940	2,199	468	146	29	11,521

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

Year	Property Taxes	Licenses and Permits	State Sources	Charges for Services	Interest	Other	Total
1995	\$ 3,984	\$ 338	\$ 1,918	\$ 915	\$ 321	\$ 416	\$ 7,892
1996	4,041	549	2,178	960	301	255	8,284
1997	4,115	489	2,056	960	282	398	8,300
1998	4,470	864	2,177	898	337	612	9,358
1999	4,723	987	2,358	974	309	577	9,928
2000	5,008	907	2,482	1,070	414	411	10,292
2001	5,047	1,285	2,916	1,113	414	376	11,151
2002	5,433	1,413	2,760	1,098	203	474	11,381
2003*	5,909	1,217	3,016	1,168	200	555	12,065
2004	6,360	1,242	2,420	1,228	121	448	11,819

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

Charter Township of Grand Blanc

Tax Year*	Total Levy	Current Collections	Percent Collected
1994	\$ 3,715,355	\$ 3,541,106	95.31
1995	3,803,726	3,616,312	95.07
1996	3,900,102	3,704,012	94.97
1997	4,181,877	3,908,970	93.47
1998	4,392,004	4,117,227	93.74
1999	4,698,371	4,425,947	94.20
2000	4,717,231	4,463,157	94.61
2001	5,088,582	4,820,983	94.74
2002	5,631,935	5,308,723	94.26
2003	6,014,126	5,798,942	96.42

Property Values**

Tax Year	Estimated Actual Value	Taxable Value***	Ratio
1995	\$ 1,128,754,800	\$ 555,871,403	49.25
1996	1,309,483,800	620,667,850	47.40
1997	1,449,714,800	683,208,361	47.13
1998	1,633,083,000	747,902,145	45.80
1999	1,801,398,800	816,439,688	45.32
2000	1,837,971,400	871,269,165	47.40
2001	2,046,331,800	954,764,747	46.66
2002	2,287,789,000	1,051,049,801	45.94
2003	2,553,378,000	1,134,557,982	44.43
2004	2,752,397,800	1,224,270,807	44.48

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

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

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

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

Delinquent Collections	Total Collections	Percent of Levy	Delinquent Taxes	Percent of Levy
\$ 173,464	\$ 3,714,570	99.98	\$ 785	0.02
185,495	3,801,807	99.95	1,919	0.05
179,482	3,883,494	99.57	16,608	0.04
255,662	4,164,632	99.59	17,245	0.41
274,140	4,391,367	99.99	637	0.01
249,734	4,675,681	99.52	22,690	0.48
245,783	4,708,940	99.82	8,291	0.18
263,741	5,084,724	99.92	3,858	0.08
286,174	5,594,897	99.34	37,038	0.66
190,231	5,989,173	99.59	24,953	0.41

Property Values and Millage Rates

Millage Rates				
School				
Township	County	Homestead	Nonhomestead	Total Homestead
6.8458	7.7618	12.4777	30.4777	27.0853
6.4576	8.1618	12.7277	30.7277	27.3471
6.4275	8.2618	12.4777	30.4777	27.1670
6.2387	8.2618	14.2777	32.2777	28.7782
6.0692	8.2345	14.2513	32.1307	28.5550
5.6986	8.2271	14.2588	32.0899	28.1845
5.5737	8.2187	15.2430	33.2430	29.0354
5.5237	8.1831	15.1825	32.9305	28.8893
5.4618	8.1373	14.0714	31.7058	27.6705
5.4454	8.5154	17.6936	35.3280	31.6544

Charter Township of Grand Blanc

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

Principal Taxpayers	Type of Business	2004 Taxable Value	Percent of Total
General Motors	Auto manufacturing	\$ 57,095,276	4.66
VEMCO	Auto manufacturing	23,877,800	1.95
Consumers Energy	Utilities	21,958,551	1.79
Ring Screw Works	Manufacturing	15,050,134	1.23
Auker	Real estate	11,407,956	0.93
Edward Rose Assoc.	Apartments	10,346,800	0.85
Knollwood Village Assoc.	Apartments	9,268,000	0.76
Genesys Medsports	Health/Fitness/Conference	9,157,100	0.75
Edward Rose Dev. Co.	Apartments	7,255,800	0.59
Fairways at Woodfield	Apartments	6,782,556	0.55
Total		\$ 172,199,973	

Charter Township of Grand Blanc

Computation of Legal Debt Margin December 31, 2004

Taxable value subject to property tax		\$	1,190,323,387
Taxable value subject to Act 198 Industrial Facilities Tax			<u>33,947,420</u>
Total taxable value		\$	<u><u>1,224,270,807</u></u>
Legal debt margin - 10%		\$	122,427,081
Debt applicable to limitation:			
Total governmental activities debt	\$	844,613	
Less special assessment debt		(405,182)	
Less employee-compensated absences		<u>(319,431)</u>	
Total debt applicable to limitation			<u>120,000</u>
Legal debt margin		\$	<u><u>122,307,081</u></u>

Computation of Direct and Overlapping Debt

	<u>Debt Outstanding</u>	<u>Percent Applicable to Charter Township</u>	<u>Amount Applicable to Charter Township</u>
Direct - Charter Township of Grand Blanc	\$ 525,182	100.00	\$ 525,182
Overlapping:			
Genesee County	48,052,772	11.47	5,511,653
Grand Blanc School District	106,180,000	73.48	78,021,064
Goodrich School District	43,671,530	8.29	3,620,370
Lake Fenton School District	30,090,000	2.62	788,358
Mott Community College	<u>65,250,000</u>	10.93	<u>7,131,825</u>
Total	<u><u>\$ 293,769,484</u></u>		<u><u>\$ 95,598,452</u></u>

Charter Township of Grand Blanc

Ratio of Debt to Taxable Value and Debt per Capita December 31, 2004 (amounts in thousands)

Year	Governmental			Taxable Value	Ratio of Net		Net Debt per Capita
	Long-term Debt*	Less Debt Service Fund	Net Debt		Debt to Taxable Value	Population	
1995	\$ 9,920	\$ 861	\$ 9,059	\$ 555,871	1.63	25,392	\$ 357
1996	8,605	791	7,814	620,668	1.26	25,392	308
1997	7,251	593	6,658	650,929	1.02	25,392	262
1998	5,871	491	5,380	703,997	0.76	25,392	212
1999	4,563	520	4,043	774,503	0.52	25,392	159
2000	3,244	547	2,697	827,881	0.33	29,827	90
2001	2,195	574	1,621	913,105	0.18	29,827	54
2002	1,050	167	883	1,019,647	0.09	29,827	30
2003	585	163	422	1,101,174	0.04	29,827	14
2004	120	-	120	1,190,323	0.01	29,827	4

Ratio of Governmental Fund Debt Service to Total Expenditures

Year	Debt Service	Total	Ratio of Debt
		Governmental Expenditures	Service to Expenditures
1995	\$ 1,762	\$ 7,762	22.70
1996	1,755	8,444	20.78
1997	1,727	7,898	21.87
1998	1,681	10,510	15.99
1999	1,537	9,595	16.02
2000	1,496	9,630	15.53
2001	1,268	9,587	13.23
2002	1,201	11,719	10.25
2003	483	11,519	4.19
2004	468	11,521	4.06

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

Charter Township of Grand Blanc

Miscellaneous Statistics December 31, 2004

Construction and Property Values

Year	Building Permits		Property Values (Taxable Value)			
	Number of Permits	Estimated Value	Residential	Commercial and Industrial	Total Taxable Value	Abatement Property Act 198
1995	834	\$ 149,952,624	\$ 360,883,013	\$ 194,988,390	\$ 555,871,403	\$ 32,270,800
1996	1,002	83,956,000	410,948,204	209,719,581	620,667,785	16,504,005
1997	1,054	64,478,277	412,785,104	238,143,457	650,928,561	32,279,800
1998	1,226	83,864,993	453,462,578	250,534,167	703,996,745	43,905,400
1999	1,259	85,288,318	496,542,994	277,959,690	774,502,684	41,937,004
2000	1,186	71,802,011	549,392,330	278,590,175	827,982,505	43,388,167
2001	1,204	128,960,259	614,822,305	298,840,839	913,663,144	41,659,749
2002	1,335	95,431,864	691,451,610	328,195,192	1,019,646,802	31,402,999
2003	1,221	87,120,425	758,621,320	342,552,306	1,101,173,626	33,384,356
2004	907	96,328,780	836,777,585	353,545,802	1,190,323,387	33,947,420

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

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

* Information not available

Charter Township of Grand Blanc

Miscellaneous Statistics (Continued) December 31, 2004

Other Statistics

Date of Township formation	1833
Date of Charter Township adoption	June 22, 1978
Area in square miles	32.5
Number of Charter Township employees	107
Police protection:	
Number of stations	1
Number of police personnel	52
Number of physical arrests	2,445
Number of traffic and parking violations	5,548
Fire protection - Fire coverage is provided through the Grand Blanc Fire Commission, serving both the City and Township of Grand Blanc:	
Number of stations	3
Number of fire personnel	54
Number of fire calls answered	483
Water and sewer system:	
Miles of water mains	177
Number of water customers per REUs	14,098
Annual water consumption (cubic feet)	126,300,495
Miles of sanitary sewer mains	221
Number of sewer customers per REUs	19,233