

**Charter Township of Redford  
Wayne County, Michigan**

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**Financial Report  
with Supplemental Information  
March 31, 2011**

# Charter Township of Redford

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# Charter Township of Redford

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## Independent Auditor's Report

To the Board of Trustees  
Charter Township of Redford  
Wayne County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Redford (the "Township") as of and for the year ended March 31, 2011, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Redford's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

To the Board of Trustees  
Charter Township of Redford  
Wayne County, Michigan

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2011 on our consideration of the Charter Township of Redford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As discussed in Note 16, the Township implemented Governmental Accounting Standards Board Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, during the year. Implemented retroactively, this statement caused additional capital assets to be reported in the governmental activities related to various capital projects in which the Township participated.

*Plante & Moran, PLLC*

August 15, 2011

# **Charter Township of Redford**

## **Management's Discussion and Analysis**

Our discussion and analysis of the Charter Township of Redford's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2011. Please read it in conjunction with the Township's financial statements.

### **Financial Highlights**

- State-shared revenue, our second largest revenue source, declined approximately \$50,000 for the year ended March 31, 2011 to \$4,787,000.
- Short-term interest rates remained at historic lows as a result of the actions of the Federal Reserve Board reducing the Federal Funds rate to spur the economy. Investment earnings in the General Fund decreased significantly from the previous year at \$35,000 for fiscal year 2011 compared to \$122,000 in 2010. We expect future earnings to continue at the same level, with the Federal Funds rate policy continuing at 0 percent to .25 percent and our reduced invested cash balances due to lower revenues.
- Employee and postemployment healthcare costs for fiscal year 2011 surpassed \$7,100,000, of which \$4,500,000 was paid for retiree health care and \$2,614,000 was paid for active employees. Healthcare costs have increased by \$3,600,000 from the 2001 annual amount of \$3,500,000. This increase of over 100 percent is well above the CPI inflation rate.
- The downturn in the economy, especially related to the housing values in the Township, caused property tax revenues to decline drastically. Operating tax revenues decreased \$1,540,000. The Township is constantly responding to the declining revenues by reducing operating costs, eliminating personnel through early retirements and layoffs, and negotiating employee concessions, as well as reducing capital expenditure programs.
- Total net assets related to the Township's governmental activities decreased by approximately \$1,934,000. The decrease is mostly attributable to the current year retiree healthcare (OPEB) expense.

### **Using this Annual Report**

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

# Charter Township of Redford

## Management's Discussion and Analysis (Continued)

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

### The Township as a Whole

The following table shows, in a condensed format, the approximate net assets as of March 31, 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010 (as restated)	2011	2010	2011	2010
<b>Assets</b>						
Cash and investments	\$ 20,446,000	\$ 21,838,000	\$ 11,645,000	\$ 10,394,000	\$ 32,091,000	\$ 32,232,000
Other current assets	10,545,000	14,003,000	3,745,000	4,236,000	14,290,000	18,239,000
Capital assets	23,049,000	24,652,000	42,174,000	43,335,000	65,223,000	67,987,000
Other noncurrent assets	161,000	175,000	189,000	220,000	350,000	395,000
Total assets	54,201,000	60,668,000	57,753,000	58,185,000	111,954,000	118,853,000
<b>Liabilities</b>						
Current liabilities	1,833,000	7,430,000	1,235,000	2,885,000	3,068,000	10,315,000
Long-term liabilities	29,847,000	28,782,000	11,378,000	11,306,000	41,225,000	40,088,000
Total liabilities	31,680,000	36,212,000	12,613,000	14,191,000	44,293,000	50,403,000
<b>Net Assets</b>						
Invested in capital assets-						
Net of related debt	7,818,000	7,494,000	32,071,000	32,023,000	39,889,000	39,517,000
Restricted	12,834,000	13,426,000	610,000	636,000	13,444,000	14,062,000
Unrestricted	1,869,000	3,536,000	12,459,000	11,335,000	14,328,000	14,871,000
Total net assets	<u>\$ 22,521,000</u>	<u>\$ 24,456,000</u>	<u>\$ 45,140,000</u>	<u>\$ 43,994,000</u>	<u>\$ 67,661,000</u>	<u>\$ 68,450,000</u>

The current level of unrestricted net assets for our governmental activities stands at \$1,869,000; the decline is mostly attributable to the current year retiree healthcare (OPEB) expense (refer to Notes 13 and 14).

# Charter Township of Redford

## Management's Discussion and Analysis (Continued)

The following table shows the approximate changes in net assets for the years ended March 31, 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 5,634,000	\$ 8,360,000	\$ 15,829,000	\$ 14,570,000	\$ 21,463,000	\$ 22,930,000
Operating grants	3,809,000	5,456,000	-	-	3,809,000	5,456,000
Capital grants	918,000	363,000	-	-	918,000	363,000
General revenue:						
Property taxes	18,594,000	19,484,000	-	-	18,594,000	19,484,000
State-shared revenue	4,787,000	4,837,000	-	-	4,787,000	4,837,000
Investment income (loss)	71,000	271,000	(16,000)	80,000	55,000	351,000
Gain (loss) on sale of assets	14,000	(45,000)	1,000	19,000	15,000	(26,000)
Transfers and other revenue	1,987,000	1,073,000	(75,000)	-	1,912,000	1,073,000
Total revenue	35,814,000	39,799,000	15,739,000	14,669,000	51,553,000	54,468,000
<b>Program Expenses</b>						
General government	4,733,000	6,469,102	-	-	4,733,000	6,469,102
District Court	2,176,000	2,492,898	-	-	2,176,000	2,492,898
Public safety	21,474,000	21,934,000	-	-	21,474,000	21,934,000
Public works	5,123,000	11,344,000	-	-	5,123,000	11,344,000
Health and welfare	318,000	548,000	-	-	318,000	548,000
Community and economic development	2,883,000	1,567,000	-	-	2,883,000	1,567,000
Recreation and cultural	747,000	1,007,000	-	-	747,000	1,007,000
Interest on long-term debt	294,000	805,000	-	-	294,000	805,000
Water and sewer	-	-	12,273,000	11,912,000	12,273,000	11,912,000
Golf course	-	-	1,173,000	1,257,000	1,173,000	1,257,000
Senior housing	-	-	488,000	630,000	488,000	630,000
Protective inspection	-	-	659,000	771,000	659,000	771,000
Total expenses	37,748,000	46,167,000	14,593,000	14,570,000	52,341,000	60,737,000
<b>Change in Net Assets</b>	<b>\$ (1,934,000)</b>	<b>\$ (6,368,000)</b>	<b>\$ 1,146,000</b>	<b>\$ 99,000</b>	<b>\$ (788,000)</b>	<b>\$ (6,269,000)</b>

The Township is a mature community that developed post-World War II as an early suburban community. Because of our fully developed status, there is little space for new development and tax-base growth. Our efforts are being directed at redevelopment, especially of commercial, industrial, and public lands.

### Governmental Activities

Local property taxes and state-shared revenues make up approximately 65 percent, or \$23,381,000, of the Township's total governmental revenues of \$35,814,000. The largest area of expenditures is in the public safety and criminal justice activities, costing approximately \$23,650,000, or 63 percent of the total governmental expenses. The public works activities, including solid waste disposal, cost approximately \$5,123,000, or 14 percent of expenses. The remaining \$8,975,000 of expenses, or 24 percent, pays for recreation, community development, health and welfare, general government activities, and interest on debt.

# Charter Township of Redford

## Management's Discussion and Analysis (Continued)

### Business-type Activities

The business-type activities consist of the Water and Sewer Fund, Golf Course Fund, Senior Citizen Housing Fund, and the Protective Inspection Fund.

- The Township provides water and sewer services to residents and businesses connected to the system. The system generates revenues from customers of the system such that the system is financially self-sufficient and not reliant on taxes. The Township purchases water as a wholesale customer of the Detroit water and sewer department. The Township, through our engineering consultants, developed a system of controls to monitor non-revenue water on a continual timely basis. The methodology identifies changes in water volume, pressure, and source locations that can be evaluated daily or more often if needed. Implementation of these controls resulted in a significant reduction in the water loss percentage. As a result, the Water and Sewer Fund had an operating surplus for the seventh consecutive year in 2011. The Township operates a combined sewerage transmission system that collects sanitary sewerage from customers and storm water run-off during rain events for delivery to the Detroit sewerage treatment facility. The fund realized an operating surplus of approximately \$1,350,000 and an increase in net assets of approximately \$975,000.
- The Township owns and operates Glenhurst municipal golf course as a business-type activity. The operations of the golf course have continually generated sufficient surpluses to provide resources for major reinvestment in the golf course infrastructure. Several years ago, an \$800,000 renovation project was completed on the course. The improvements have been well received by our regular patrons. The capital improvements and renovations were paid from retained earnings. Last year, the final debt service payment was made on the bonds issued to purchase the course in 1989. The golf course incurred an operating surplus of \$19,000 after depreciation and before a \$75,000 transfer to the recreation program. The result is a decrease in net assets of \$54,000. The golf course experienced a sales decline of \$54,000 while operating expenses decreased by \$97,000 from the previous year.
- The Township owns and operates a 92-unit independent-living senior citizens apartment complex named Minock Meadows, available to current and former residents and family members of residents. The facility provides reasonably priced market-rate housing for self-sufficient seniors interested in remaining in the Township. The financial results show an operating surplus of \$230,000 after depreciation and before debt service. The facility was opened on October 1, 1993. The construction was financed by issuing bonds, of which \$2,207,000 of principal remains outstanding.

# Charter Township of Redford

## Management's Discussion and Analysis (Continued)

- The Protective Inspection Fund is operated as a business-type activity. The fund accounts for activities related to construction code enforcement. The goal of the operation is to generate sufficient revenues from building ordinance code fees to support the cost of operations. For fiscal year 2011, the fund operated at a surplus of \$80,000, not requiring a General Fund supplement for the second year in a row. The turnaround is a result of increased revenues from registrations and inspections along with decreased operating costs.

### The Township's Funds

Our analysis of the major funds is included in Note I, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as solid waste, special grants, and capital projects. The Township's major funds for fiscal year 2011 were the General Fund, Sidewalk Improvement Fund, and Community Development Block Grant Fund.

- The General Fund pays for most of the Township's governmental services. The most costly services are police and fire, which incurred expenses of approximately \$18,982,000 in fiscal year 2011. These two activities are partially funded by three police and fire millages. During the current year, this amounted to approximately \$3,258,000 for operations and \$6,480,000 for the retirement system. The remaining \$9,244,000 operating cost of the police and fire departments is funded by other revenue of the General Fund. In addition, the General Fund pays for the cost of general governmental services including District Court, probation and criminal justice activities, treasury and financial operations, central staff services, recreation, public works, and various other activities exceeding \$8,368,000.
- The Township operates a sidewalk improvement capital projects special assessment program, known as the Sidewalk Improvement Fund. Township ordinance officers cite hazardous sidewalks for replacement by the property owner. If the property owner does not make the repair in a reasonable time, the Township replaces the sidewalks and assesses the property. Payments can be made in full or will be assessed with interest on a five-year amortization schedule. The annual payments are collected on the property tax bill. For the 2011 fiscal year, nearly \$400,000 in sidewalks were replaced and \$796,000 in revenues received. The current accounts receivable balance at year end was \$1,270,000.
- The Community Development Block Grant Fund accounts for program expenses and revenues received from the U.S. Department of Housing and Urban Development's Block Grant program and related program revenues. The Township received approximately \$1,120,000 in federal entitlements and program income during the 2011 fiscal year.

### General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account changing events. An amendment was passed, decreasing estimated revenues by \$540,000. Court fines and investment earning were categories with the most significant decreases.

# **Charter Township of Redford**

## **Management's Discussion and Analysis (Continued)**

The decreased revenues resulted in reduced appropriations in the amount of \$417,000. Most notable were decreases in appropriations for police and criminal justice departments. The shortfall required a fund balance appropriation of \$145,000.

### **Capital Asset and Debt Administration**

At the end of the fiscal year, the Township had over \$65,000,000 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines, net of related accumulated depreciation. The capital assets made up 58 percent of the Township's total assets amount of \$111,954,000. Capital expenditures programs remained at a reduced level for the 2011 fiscal year.

The long-term debt amount of \$33,300,000 is related to the investment in capital assets and a Brownfield Redevelopment project. At the end of the fiscal year, the Township had \$16.0 million in debt in the governmental-type activities while business-type activities had \$10.1 million outstanding, with 78 percent of that amount in the Water and Sewer Fund and \$7.2 million in component unit debt.

### **Economic Factors and Next Year's Budgets and Rates**

The Township's budget for the 2011-2012 fiscal year anticipates significantly reduced operating property tax revenues of \$1,100,000. The Township is experiencing a decline in housing values reflective of the national housing and mortgage crisis. Unfortunately, the Township is experiencing a large number of tax appeals by commercial and industrial property owners. Our expectation for the following year is another measurable decrease in taxable values. The state-wide Tax Reform Act limits growth in taxable value on any individual property to the lesser of inflation or 5 percent.

Water and sewer rates will increase in the 2011 fiscal year by approximately 9.0 percent. The major cause for the rate increase is supplier costs from the Detroit Water and Sewer Department and Wayne County - Rouge Valley Interceptor System.

### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township's finance department.

# Charter Township of Redford

## Statement of Net Assets (Deficit) March 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 19,684,966	\$ 11,034,446	\$ 30,719,412	\$ 1,227,368
Receivables - Net (Note 3)	5,235,007	4,072,524	9,307,531	-
Due from component units	535,225	-	535,225	-
Internal balances	1,295,708	(1,295,708)	-	-
Deposits	625,371	10,372	635,743	-
Prepaid expenses and other assets	362,617	904,971	1,267,588	-
Restricted assets (Notes 2 and 7)	761,495	610,250	1,371,745	-
Assets held for resale	1,129,864	-	1,129,864	-
Inventories and other assets	-	52,851	52,851	-
Due from other governmental units	1,361,055	-	1,361,055	825,310
Capital assets:				
Assets not subject to depreciation (Note 4)	1,343,404	2,551,667	3,895,071	75,690
Assets subject to depreciation (Note 4)	21,705,412	39,622,733	61,328,145	77,316
Unamortized bond issuance costs	161,233	188,987	350,220	188,882
<b>Total assets</b>	<b>54,201,357</b>	<b>57,753,093</b>	<b>111,954,450</b>	<b>2,394,566</b>
<b>Liabilities</b>				
Accounts payable	696,177	188,464	884,641	11,556
Due to other governmental units	10,678	-	10,678	-
Due to primary government	-	-	-	535,225
Accrued liabilities and other	987,158	553,293	1,540,451	514,034
Deferred revenue (Note 3)	9,400	7,267	16,667	-
Other current liabilities	129,022	486,506	615,528	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	135,472	-	135,472	-
Property tax refunds	399,614	-	399,614	-
Current portion of long-term debt (Note 6)	1,764,054	1,203,716	2,967,770	275,000
Due in more than one year:				
Compensated absences	2,527,050	584,769	3,111,819	-
Estimated insurance and other liabilities	2,500,890	-	2,500,890	-
Net other postemployment benefits obligation (Notes 13 and 14)	8,292,187	689,485	8,981,672	-
Long-term debt - Net of current portion (Note 6)	14,227,961	8,899,746	23,127,707	6,885,000
<b>Total liabilities</b>	<b>31,679,663</b>	<b>12,613,246</b>	<b>44,292,909</b>	<b>8,220,815</b>
<b>Net Assets (Deficit)</b>				
Invested in capital assets - Net of related debt	7,818,296	32,070,938	39,889,234	153,006
Restricted for:				
Capital projects	3,374,632	-	3,374,632	-
Debt service	1,192,354	610,250	1,802,604	-
Rubbish	1,903,206	-	1,903,206	-
Grant programs	1,741,842	-	1,741,842	-
Drain	868,364	-	868,364	-
Drug law enforcement	754,342	-	754,342	-
District Court	2,683,957	-	2,683,957	-
Other purposes	315,356	-	315,356	-
Unrestricted	1,869,345	12,458,659	14,328,004	(5,979,255)
<b>Total net assets (deficit)</b>	<b>\$ 22,521,694</b>	<b>\$ 45,139,847</b>	<b>\$ 67,661,541</b>	<b>\$ (5,826,249)</b>

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

# Charter Township of Redford

	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs - Primary government</b>				
Governmental activities:				
General government	\$ 4,733,152	\$ 1,435,965	\$ 27,252	\$ 126,091
District Court	2,175,675	2,256,397	-	-
Public safety	21,474,226	1,284,903	86,792	152,573
Public works	5,122,802	350,982	834,257	275,457
Health and welfare	318,415	30,732	-	125,025
Community and economic development	2,882,805	1,985	2,861,094	238,801
Recreation and culture	747,194	273,066	-	-
Interest on long-term debt	294,477	-	-	-
<b>Total governmental activities</b>	<b>37,748,746</b>	<b>5,634,030</b>	<b>3,809,395</b>	<b>917,947</b>
Business-type activities:				
Water and Sewer Fund	12,272,758	13,267,187	-	-
Golf course	1,173,387	1,192,705	-	-
Senior Housing Fund	487,922	629,553	-	-
Protective inspection	659,045	739,742	-	-
<b>Total business-type activities</b>	<b>14,593,112</b>	<b>15,829,187</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 52,341,858</b>	<b>\$ 21,463,217</b>	<b>\$ 3,809,395</b>	<b>\$ 917,947</b>
Component units:				
Downtown Development Authority	\$ 152,092	\$ 4,119	\$ -	\$ -
Brownfield Redevelopment Financing Authority	2,466,934	5,000	-	-
<b>Total component units</b>	<b>\$ 2,619,026</b>	<b>\$ 9,119</b>	<b>\$ -</b>	<b>\$ -</b>
General revenue (expense):				
Property taxes				
State sources				
Investment income (loss)				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
<b>Total general revenue (expense)</b>				
Transfers				
<b>Change in Net Assets</b>				
<b>Net Assets (Deficit) - Beginning of year (as restated) (Note 16)</b>				
<b>Net Assets (Deficit) - End of year</b>				

## Statement of Activities Year Ended March 31, 2011

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (3,143,844)	\$ -	\$ (3,143,844)	\$ -
80,722	-	80,722	-
(19,949,958)	-	(19,949,958)	-
(3,662,106)	-	(3,662,106)	-
(162,658)	-	(162,658)	-
219,075	-	219,075	-
(474,128)	-	(474,128)	-
(294,477)	-	(294,477)	-
(27,387,374)	-	(27,387,374)	-
-	994,429	994,429	-
-	19,318	19,318	-
-	141,631	141,631	-
-	80,697	80,697	-
-	1,236,075	1,236,075	-
(27,387,374)	1,236,075	(26,151,299)	-
-	-	-	(147,973)
-	-	-	(2,461,934)
-	-	-	(2,609,907)
18,594,051	-	18,594,051	2,527,284
4,786,822	-	4,786,822	-
71,353	(15,595)	55,758	7,995
729,780	-	729,780	-
1,181,732	-	1,181,732	-
14,095	725	14,820	-
25,377,833	(14,870)	25,362,963	2,535,279
75,000	(75,000)	-	-
(1,934,541)	1,146,205	(788,336)	(74,628)
24,456,235	43,993,642	68,449,877	(5,751,621)
<b>\$ 22,521,694</b>	<b>\$ 45,139,847</b>	<b>\$ 67,661,541</b>	<b>\$ (5,826,249)</b>

# Charter Township of Redford

## Governmental Funds Balance Sheet March 31, 2011

	General Fund	Sidewalk Improvement Fund	Community Development Block Grant	Nonmajor Funds	Total
<b>Assets</b>					
Cash and investments	\$ 6,427,356	\$ 816,352	\$ -	\$ 9,342,154	\$ 16,585,862
Receivables (Note 3):					
Property taxes receivable	1,886,090	-	-	388,238	2,274,328
Receivables from sales to customers on account	-	1,270,311	560,103	1,118,505	2,948,919
Accrued interest receivable	9,469	-	-	-	9,469
Other receivables	-	-	-	2,291	2,291
Due from component units	535,225	-	-	-	535,225
Due from other funds (Note 5)	2,245,663	-	-	52,401	2,298,064
Prepaid expenses and other assets	308,300	-	-	-	308,300
Assets held for resale	-	-	-	1,129,864	1,129,864
Restricted assets	-	-	41,342	720,153	761,495
Due from other governmental units (Note 3)	1,034,943	-	151,402	174,710	1,361,055
<b>Total assets</b>	<b>\$ 12,447,046</b>	<b>\$ 2,086,663</b>	<b>\$ 752,847</b>	<b>\$ 12,928,316</b>	<b>\$ 28,214,872</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 364,722	\$ -	\$ 24,461	\$ 297,588	\$ 686,771
Due to other governmental units	10,678	-	-	-	10,678
Due to other funds	-	-	155,824	282,028	437,852
Accrued liabilities and other	840,035	-	12,459	121,109	973,603
Deferred revenue (Note 3)	1,822,429	1,245,040	560,103	1,454,599	5,082,171
Deposits and other liabilities	129,022	-	-	-	129,022
Provision for property tax refunds	325,822	-	-	73,792	399,614
<b>Total liabilities</b>	<b>3,492,708</b>	<b>1,245,040</b>	<b>752,847</b>	<b>2,229,116</b>	<b>7,719,711</b>
<b>Fund Balances</b>					
Reserved for:					
Other purposes (Note 9)	167,960	-	-	-	167,960
Assets held for resale	-	-	-	1,129,865	1,129,865
Dispatch	-	-	-	33,017	33,017
Unreserved - Reported in:					
General Fund - Designated	8,786,378	-	-	-	8,786,378
Special Revenue Funds:					
Designated	-	-	-	717,022	717,022
Undesignated	-	-	-	2,218,428	2,218,428
Debt Service Funds -					
Undesignated	-	-	-	1,144,934	1,144,934
Capital Projects Funds -					
Designated	-	841,623	-	5,455,934	6,297,557
<b>Total fund balances</b>	<b>8,954,338</b>	<b>841,623</b>	<b>-</b>	<b>10,699,200</b>	<b>20,495,161</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,447,046</b>	<b>\$ 2,086,663</b>	<b>\$ 752,847</b>	<b>\$ 12,928,316</b>	<b>\$ 28,214,872</b>

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

# Charter Township of Redford

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets (Deficit) March 31, 2011

<b>Fund Balance Reported in Governmental Funds</b>	\$ 20,495,161
Amounts reported for governmental activities in the statement of net assets (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	23,048,816
Bond issuance costs used in governmental activities are not financial resources and are not reported in the funds	161,233
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	2,259,507
Delinquent personal and real property taxes are expected to be collected over several years and are not available to pay for current year expenditures	2,201,287
Deferred revenue related to grants was not collected within 60 days of year end and is not available to pay for current year expenditures	611,977
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(15,992,015)
Accrued interest is not due and payable in the current period and is not reported in the funds	(752)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(2,662,522)
Net other postemployment benefits obligation is not recorded as a liability in the funds	(8,292,187)
Internal Service Funds are included as part of governmental activities	691,189
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 22,521,694</u></b>

# Charter Township of Redford

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended March 31, 2011

	General Fund	Sidewalk Improvement Fund	Community Development Block Grant Fund	Nonmajor Funds	Total
<b>Revenue</b>					
Property taxes (Note 1)	\$ 15,386,854	\$ -	\$ -	\$ 3,341,603	\$ 18,728,457
Licenses and permits	828,692	-	-	-	828,692
Federal grants	246,051	-	1,121,140	1,950,591	3,317,782
State sources	4,955,339	-	-	189,111	5,144,450
Charges for services	1,396,820	716,482	-	357,021	2,470,323
Fines and forfeitures	2,558,632	77,906	-	336,814	2,973,352
Investment income	35,509	1,617	-	34,227	71,353
Other revenue	1,497,718	-	-	2,405,876	3,903,594
Total revenue	26,905,615	796,005	1,121,140	8,615,243	37,438,003
<b>Expenditures - Current</b>					
General government	4,203,806	-	-	967,447	5,171,253
District Court	2,175,675	-	-	-	2,175,675
Public safety	18,982,468	-	-	874,846	19,857,314
Public works	1,079,047	-	-	3,083,769	4,162,816
Health and welfare	79,732	-	-	272,810	352,542
Community and economic development	138,408	-	1,061,140	1,596,428	2,795,976
Recreation and culture:					
Parks and recreation	262,061	-	-	-	262,061
Parks facilities	322,025	-	-	-	322,025
Senior citizens	82,019	-	-	-	82,019
Cultural	25,544	-	-	-	25,544
Capital outlay	-	398,679	-	98,605	497,284
Debt service	-	-	-	2,028,531	2,028,531
Total expenditures	27,350,785	398,679	1,061,140	8,922,436	37,733,040
<b>Excess of Revenue (Under) Over Expenditures</b>	(445,170)	397,326	60,000	(307,193)	(295,037)
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	28,925	-	-	-	28,925
Transfers in	75,000	-	-	371,846	446,846
Transfers out	(103,171)	-	(60,000)	(208,675)	(371,846)
Total other financing sources (uses)	754	-	(60,000)	163,171	103,925
<b>Net Change in Fund Balances</b>	(444,416)	397,326	-	(144,022)	(191,112)
<b>Fund Balances - Beginning of year</b>	9,398,754	444,297	-	10,843,222	20,686,273
<b>Fund Balances - End of year</b>	<u>\$ 8,954,338</u>	<u>\$ 841,623</u>	<u>\$ -</u>	<u>\$ 10,699,200</u>	<u>\$ 20,495,161</u>

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

# Charter Township of Redford

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended March 31, 2011

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (191,112)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	302,832
Depreciation expense	(1,891,813)
Net book value of asset disposals and adjustments	(14,830)
Revenue reported in the statement of activities does not provide current financial resources and is not reported as revenue in the governmental funds	(153,581)
Governmental funds report bond issuance costs as expenditures in the statement of activities; these costs are allocated over their estimated useful lives as amortization	(13,765)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,734,054
Special assessment revenue is recorded in the statement of activities when the assessment is set; it is not reported in the funds until collected or collectible within 60 days of year end	(511,057)
Decrease in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	1,033,029
Change in other postemployment benefit liability	(1,557,737)
Internal Service Funds are included as part of governmental activities	(670,561)
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ (1,934,541)</b>

# Charter Township of Redford

## Proprietary Funds Statement of Net Assets March 31, 2011

	Enterprise Funds				Governmental Activities
	Water and Sewer Fund	Senior Housing Fund	Nonmajor Enterprise Funds	Total	Proprietary Internal Service Fund
	Fund	Fund	Enterprise Funds	Total	Fund
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 10,085,571	\$ 478,208	\$ 470,667	\$ 11,034,446	\$ 3,099,104
Receivables	3,996,532	-	75,992	4,072,524	-
Due from other funds (Note 5)	-	-	-	-	221,647
Deposits	-	-	10,372	10,372	625,371
Prepaid expenses and other assets	904,971	-	-	904,971	54,317
Inventories and other assets	52,851	-	-	52,851	-
Total current assets	<u>15,039,925</u>	<u>478,208</u>	<u>557,031</u>	<u>16,075,164</u>	<u>4,000,439</u>
Noncurrent assets:					
Restricted assets (Note 7)	610,250	-	-	610,250	-
Capital assets (Note 4)	36,432,180	3,073,379	2,668,841	42,174,400	-
Unamortized bond issuance costs	179,734	9,253	-	188,987	-
Total noncurrent assets	<u>37,222,164</u>	<u>3,082,632</u>	<u>2,668,841</u>	<u>42,973,637</u>	<u>-</u>
Total assets	<u>52,262,089</u>	<u>3,560,840</u>	<u>3,225,872</u>	<u>59,048,801</u>	<u>4,000,439</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	173,135	9,009	6,320	188,464	9,406
Due to other funds	1,161,704	-	134,004	1,295,708	786,151
Accrued liabilities	509,870	40,509	2,914	553,293	12,803
Deferred revenue	-	7,267	-	7,267	-
Other current liabilities	435,906	50,600	-	486,506	-
Current portion of long-term debt	1,010,946	192,770	-	1,203,716	-
Total current liabilities	<u>3,291,561</u>	<u>300,155</u>	<u>143,238</u>	<u>3,734,954</u>	<u>808,360</u>
Noncurrent liabilities:					
Compensated absences	405,547	35,737	143,485	584,769	-
Estimated insurance and other liabilities	-	-	-	-	2,500,890
Net other postemployment benefits obligation (Notes 13 and 14)	642,187	24,444	22,854	689,485	-
Long-term debt - Net of current portion	6,884,927	2,014,819	-	8,899,746	-
Total noncurrent liabilities	<u>7,932,661</u>	<u>2,075,000</u>	<u>166,339</u>	<u>10,174,000</u>	<u>2,500,890</u>
Total liabilities	<u>11,224,222</u>	<u>2,375,155</u>	<u>309,577</u>	<u>13,908,954</u>	<u>3,309,250</u>
<b>Net Assets</b>					
Invested in capital assets - Net of related debt	28,536,307	865,790	2,668,841	32,070,938	-
Restricted - Debt service	610,250	-	-	610,250	-
Unrestricted	11,891,310	319,895	247,454	12,458,659	691,189
Total net assets	<u>\$ 41,037,867</u>	<u>\$ 1,185,685</u>	<u>\$ 2,916,295</u>	<u>\$ 45,139,847</u>	<u>\$ 691,189</u>

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

# Charter Township of Redford

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended March 31, 2011

	Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Senior Housing Fund	Nonmajor Enterprise Funds		Proprietary Internal Service Fund
<b>Operating Revenue</b>					
Charges for services	\$ 13,136,305	\$ 617,553	\$ 1,192,705	\$ 14,946,563	\$ 630,861
Permits	-	-	739,742	739,742	-
Township contributions	-	-	-	-	5,187,436
Charges to other funds	130,882	-	-	130,882	-
Total operating revenue	13,267,187	617,553	1,932,447	15,817,187	5,818,297
<b>Operating Expenses</b>					
Cost of water and sewer	8,474,474	-	-	8,474,474	-
Benefit payments, reinsurance charges, and claim administration	-	-	-	-	5,872,944
Billing and administrative costs	377,000	-	-	377,000	-
General and administrative costs	1,740,395	280,662	22,854	2,043,911	630,861
Cost of services	-	-	1,628,159	1,628,159	-
Depreciation and amortization	1,324,617	106,315	181,419	1,612,351	-
Total operating expenses	11,916,486	386,977	1,832,432	14,135,895	6,503,805
<b>Operating Income (Loss)</b>	1,350,701	230,576	100,015	1,681,292	(685,508)
<b>Nonoperating (Expenses) Revenue</b>					
Investment (loss) income	(18,744)	1,242	1,907	(15,595)	14,947
Interest expense	(356,272)	(100,945)	-	(457,217)	-
Gain on sale of assets	-	725	-	725	-
Other nonoperating revenue	-	12,000	-	12,000	-
Total nonoperating (expenses) revenue	(375,016)	(86,978)	1,907	(460,087)	14,947
<b>Income (Loss) - Before transfers</b>	975,685	143,598	101,922	1,221,205	(670,561)
<b>Transfers Out</b>	-	-	(75,000)	(75,000)	-
<b>Change in Net Assets</b>	975,685	143,598	26,922	1,146,205	(670,561)
<b>Net Assets - Beginning of year</b>	40,062,182	1,042,087	2,889,373	43,993,642	1,361,750
<b>Net Assets - End of year</b>	<u>\$ 41,037,867</u>	<u>\$ 1,185,685</u>	<u>\$ 2,916,295</u>	<u>\$ 45,139,847</u>	<u>\$ 691,189</u>

# Charter Township of Redford

## Proprietary Funds Statement of Cash Flows Year Ended March 31, 2011

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Senior Housing Fund	Nonmajor Enterprise Funds	Proprietary Internal Service Fund
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 12,759,837	\$ 617,553	\$ 1,882,933	\$ -
Receipts from interfund services and reimbursements	130,882	-	-	5,912,870
Payments to suppliers	(7,783,527)	(164,790)	(1,069,205)	(207,125)
Payments to employees	(2,771,592)	(109,678)	(590,530)	(620,343)
Internal activity - Payments to other funds	(101,464)	(32,436)	7,563	482,734
Claims paid	-	-	-	(5,872,944)
Other receipts	-	7,267	13,718	-
Net cash provided by (used in) operating activities	2,234,136	317,916	244,479	(304,808)
<b>Cash Flows from Noncapital Financing Activities -</b>				
Transfers to other funds	-	-	(75,000)	-
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from sales of capital assets	-	725	-	-
Property taxes (restricted for capital or capital debt)	-	-	-	(229,126)
Purchase of capital assets	(405,887)	(33,136)	(12,892)	-
Principal and interest paid on capital debt	(1,340,399)	(299,278)	(60)	-
Net cash used in capital and related financing activities	(1,746,286)	(331,689)	(12,952)	(229,126)
<b>Cash Flows from Investing Activities</b>				
Interest (paid) received on investments	(18,744)	1,242	1,907	14,947
Purchase of investment securities	(1,963,931)	-	-	-
Net cash (used in) provided by investing activities	(1,982,675)	1,242	1,907	14,947
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(1,494,825)	(12,531)	158,434	(518,987)
<b>Cash and Cash Equivalents - Beginning of year</b>	10,226,715	490,739	312,233	3,618,091
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 8,731,890</b>	<b>\$ 478,208</b>	<b>\$ 470,667</b>	<b>\$ 3,099,104</b>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 10,085,571	\$ 478,208	\$ 470,667	\$ 3,099,104
Restricted cash	610,250	-	-	-
Less amounts classified as investments	(1,963,931)	-	-	-
Total cash and cash equivalents	<b>\$ 8,731,890</b>	<b>\$ 478,208</b>	<b>\$ 470,667</b>	<b>\$ 3,099,104</b>

# Charter Township of Redford

## Proprietary Funds Statement of Cash Flows (Continued) Year Ended March 31, 2011

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Senior Housing Fund	Nonmajor Enterprise Funds	Proprietary Internal Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 1,350,701	\$ 230,576	\$ 100,015	\$ (685,508)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	1,324,617	106,315	181,419	-
Changes in assets and liabilities:				
Receivables	(376,468)	7,267	(35,796)	-
Due from others	-	-	-	94,573
Inventories	-	-	4,105	(139,624)
Prepaid and other assets	12,907	-	-	(54,317)
Accounts payable	(532,461)	6,013	11,867	4,855
Deposits	275,536	(32,436)	7,563	482,734
Accrued and other liabilities	179,304	181	(24,694)	(7,521)
Net cash provided by (used in) operating activities	<u>\$ 2,234,136</u>	<u>\$ 317,916</u>	<u>\$ 244,479</u>	<u>\$ (304,808)</u>

There were no significant noncash investing, capital, or financing activities during the year ended March 31, 2011.

# Charter Township of Redford

## Fiduciary Funds Statement of Fiduciary Net Assets March 31, 2011

	Pension and Other Employee Benefit Trust Funds	Agency Fund
<b>Assets</b>		
Cash and investments	\$ 7,409,704	\$ 1,510,816
Investments:		
U.S. government securities	8,356,408	-
Stocks	37,626,562	-
Bonds	12,474,761	-
Real estate investment trust	1,243,357	-
Receivables - Accrued interest receivable	273,171	-
Due from primary government	198,792	-
	<u>67,582,755</u>	<u>\$ 1,510,816</u>
Total assets		
<b>Liabilities</b>		
Accounts payable	27,822	\$ -
Refundable deposits, bonds, etc.	-	1,510,816
Other noncurrent liabilities	282,722	-
	<u>310,544</u>	<u>\$ 1,510,816</u>
Total liabilities		
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	<u>\$ 67,272,211</u>	

# Charter Township of Redford

## Fiduciary Funds Statement of Changes in Fiduciary Net Assets Year Ended March 31, 2011

	Pension and Other Employee Benefit Trust Funds
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 1,940,527
Net increase in fair value of investments	4,005,477
Investment-related expenses	<u>(465,389)</u>
Net investment income	5,480,615
Contributions:	
Employer contributions	8,553,479
Refunds and rebates	<u>202,675</u>
Total contributions	<u>8,756,154</u>
Total additions	14,236,769
<b>Deductions</b>	
Benefit payments	10,513,170
Refunds and withdrawals	846,826
Administrative expenses	<u>90,045</u>
Total deductions	<u>11,450,041</u>
<b>Net Increase in Net Assets Held in Trust</b>	2,786,728
<b>Net Assets Held in Trust for Pension and Other Employee Benefits -     Beginning of year</b>	<u>64,485,483</u>
<b>Net Assets Held in Trust for Pension and Other Employee Benefits -     End of year</b>	<u><u>\$ 67,272,211</u></u>

# Charter Township of Redford

## Component Units Statement of Net Assets (Deficit) March 31, 2011

	Downtown Development Authority	Brownfield Redevelopment Financing Authority	Total
<b>Assets</b>			
Cash and investments	\$ 306,821	\$ 920,547	\$ 1,227,368
Noncurrent assets:			
Due from other governmental units	-	825,310	825,310
Capital assets (Note 4)	153,006	-	153,006
Unamortized bond issuance costs	-	188,882	188,882
Total assets	459,827	1,934,739	2,394,566
<b>Liabilities</b>			
Accounts payable	11,556	-	11,556
Due to primary government	-	535,225	535,225
Accrued liabilities and other:			
Accrued liabilities	-	514,034	514,034
Due within one year	-	275,000	275,000
Due in more than one year - Long-term debt	-	6,885,000	6,885,000
Total liabilities	11,556	8,209,259	8,220,815
<b>Net Assets (Deficit)</b>			
Invested in capital assets - Net of related debt	153,006	-	153,006
Unrestricted	295,265	(6,274,520)	(5,979,255)
Total net assets (deficit)	<b>\$ 448,271</b>	<b>\$ (6,274,520)</b>	<b>\$ (5,826,249)</b>

# Charter Township of Redford

## Component Units Statement of Activities Year Ended March 31, 2011

	Expenses	Net (Expense) Revenue and Changes in Net Assets		Total
		Downtown Development Authority	Brownfield Redevelopment Financing Authority	
Downtown Development Authority - Public Works	\$ 152,092	\$ (147,973)	\$ -	\$ (147,973)
Brownfield Redevelopment Financing Authority:				
Community and economic development	2,108,746	-	(2,103,746)	(2,103,746)
Debt service	358,188	-	(358,188)	(358,188)
Total Brownfield Redevelopment Financing Authority	<u>2,466,934</u>	<u>-</u>	<u>(2,461,934)</u>	<u>(2,461,934)</u>
Total component units	<u>\$ 2,619,026</u>	(147,973)	(2,461,934)	(2,609,907)
General revenue:				
Property taxes		168,230	2,359,054	2,527,284
Investment income		774	7,221	7,995
Total general revenue		<u>169,004</u>	<u>2,366,275</u>	<u>2,535,279</u>
<b>Change in Net Assets</b>		21,031	(95,659)	(74,628)
<b>Net Assets (Deficit)</b>				
- Beginning of year		427,240	(6,178,861)	(5,751,621)
<b>Net Assets (Deficit)</b>				
- End of year	<u>\$ 448,271</u>	<u>\$ (6,274,520)</u>	<u>\$ (5,826,249)</u>	

# Charter Township of Redford

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## Notes to Financial Statements March 31, 2011

### Note I - Summary of Significant Accounting Policies

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

#### **Reporting Entity**

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

#### **Blended Component Units**

The Redford Township Building Authority is governed by a board that is appointed by the Township board. Although it is legally separate from the Township, it is reported in the General Fund as if it were part of the primary government because its sole purpose is to finance and construct the Township's public buildings.

The Redford Township Police and Fire Retirement System has also been blended into the Township's financial statements. The system is governed by a five-member pension board that includes two individuals chosen by the Township board. The system is reported in a trust fund as if it were part of the primary government because of the fiduciary responsibility that the Township retains relative to the operations of the retirement system.

#### **Discretely Presented Component Units**

The Downtown Development Authority (the "DDA") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the district. The DDA's governing body is appointed by the Township board. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township. The DDA does not publish separately issued financial statements. The DDA can be contacted at the Township offices at 15145 Beech Daly Road, Redford Township, Michigan 48239.

# Charter Township of Redford

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## Notes to Financial Statements March 31, 2011

### Note I - Summary of Significant Accounting Policies (Continued)

The Brownfield Redevelopment Financing Authority (the "Authority") was established pursuant to Public Act 381 of 1996. The Authority was created to promote revitalization of environmentally distressed areas within the boundaries of the Township. The Authority's governing body is approved by the Township board. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township. The Authority does not publish separately issued financial statements. The Authority can be contacted at the Township offices at 15145 Beech Daly Road, Redford Township, Michigan 48239.

The Economic Development Corporation (the "EDC") was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township, primarily through loans to eligible businesses. The EDC had no financial activity during the year ended March 31, 2011.

#### Government-wide and Fund Financial Statements

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

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

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## Notes to Financial Statements March 31, 2011

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: 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.

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 Township reports the following major governmental funds:

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

**Sidewalk Improvement Fund** - The Sidewalk Improvement Fund accounts for the construction and improvements to the sidewalks in the Township. Included in the fund are the special assessment receivables and revenues related to the construction, in addition to the construction costs.

**Community Development Block Grant Fund** - The Community Development Block Grant Fund accounts for program expenses and revenues received from the Federal Department of Housing and Urban Development's Block Grant program and related program revenues.

# Charter Township of Redford

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## Notes to Financial Statements March 31, 2011

### Note 1 - Summary of Significant Accounting Policies (Continued)

The Township reports the following major proprietary funds:

**Water and Sewer Fund** - The Water and Sewer Fund accounts for the results of operations for providing water and sewer services to the citizens and businesses of the Township. The fund's primary revenues are generated through user charges from those requesting water and sewer services.

**Senior Housing Fund** - The Senior Housing Fund accounts for the results of operations for providing senior housing facilities to elderly citizens of the Township. The revenues are generated through monthly rental payments made by tenants.

Additionally, the Township reports the following internal service and fiduciary activities:

**Internal Service Funds** - The Internal Service Funds account for the general liability insurance, health insurance, centralized maintenance, and maintenance on vehicles provided to other funds of the Township, primarily on a cost-reimbursement basis.

**Police and Fire Pension Trust Fund** - The Police and Fire Pension Trust Fund accounts for the activities of the police and fire employees' retirement system, which accumulates resources for pension benefit payments to qualified police and fire employees.

**Police and Fire Other Postemployment Benefits Trust Fund** - The Police and Fire Other Postemployment Benefits Trust Fund accumulates resources to fund the Township's obligation to provide healthcare benefits to retirees.

**General Employees' Other Postemployment Benefits Trust Fund** - The General Employees' Other Postemployment Benefits Trust Fund accumulates resources to fund the Township's obligation to provide healthcare benefits to retirees.

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

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

# Charter Township of Redford

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## Notes to Financial Statements March 31, 2011

### Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for 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.

**Agency Fund** - The Agency Fund accounts for monies from the Shamrock Village Brownfield project to partially secure payment on the Brownfield Bonds protecting the Township should there be a default by the developer on the contractual obligations of the development agreement and/or Brownfield Plan.

#### 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 they are added to the county tax rolls.

The Township's 2010 tax is levied and collectible on December 1, 2010 and is recognized as revenue in the year ended March 31, 2011, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2010 taxable valuation of the Township totaled \$1.11 billion (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 4.2306 mills for general operating purposes, 2.961 mills for police and fire operating purposes, 5.85 mills for police and fire pension, 2.5984 mills for solid waste management, 0.807 mills for street lighting, 0.38 mills for police station debt service, and 0.1079 mills for Dial-A-Ride operating purposes. This resulted in \$4.7 million for general operating purposes, \$3.3 million for police and fire operating purposes, \$6.5 million for police and fire pension, \$2.8 million for solid waste management, \$0.8 million for street lighting, \$0.4 million for police station debt service, and \$0.1 million for Dial-A-Ride operating purposes. These amounts are recognized in the respective General, Special Revenue, and Debt Service Funds financial statements as tax revenue.

# Charter Township of Redford

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## Notes to Financial Statements March 31, 2011

### Note I - 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. To the extent that cash from various funds has been pooled, pooled investment income is generally allocated to each fund using a weighted average of balance for the principal.

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

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

**Restricted Assets** - The revenue bonds of the Enterprise Funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of the Charter Township of Redford's water and sewer lines. In addition, unspent bond proceeds have been classified as restricted assets in both the governmental and business-type activities.

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

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads usage rights and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year, although assets purchased under that threshold may be capitalized at the Township's discretion. 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.

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 1 - Summary of Significant Accounting Policies (Continued)

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

Land improvements	7 to 50 years
Road usage rights	15 years
Buildings and improvements	7 to 50 years
Water and sewer facilities	50 to 100 years
Water meters	20 to 60 years
CSO basin	30 years
Vehicles	3 to 10 years
Equipment	5 to 10 years

**Amortization** - Bond issuance costs and discounts recorded in the governmental-type and business-type activities are being amortized over the life of the bonds. In addition, a portion of the purchase price of the golf course has been recorded as goodwill in the Golf Course Fund and is being amortized over 20 years. For the year ended March 31, 2011, amortization of \$13,765 and \$53,229 has been included in the operating expenses of the governmental and business-type activities, respectively, and accumulated amortization totaled \$42,360 and \$2,450,010 for governmental and business-type activities, respectively.

In addition, bond issuance costs in the component units are also being amortized over the life of the bonds. For the year ended March 31, 2011, amortization of \$13,200 has been included in the community development expenses and accumulated amortization totaled \$75,126.

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

# Charter Township of Redford

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## Notes to Financial Statements March 31, 2011

### Note I - Summary of Significant Accounting Policies (Continued)

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

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

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

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

**Comparative Data/Reclassifications** - Comparative data is not included in the Township's financial statements.

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 2 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and cash equivalents	\$ 16,441,179	\$ 8,733,091	\$ 8,920,520	\$ 34,094,790	\$ 532,280
Investments	3,243,787	2,301,355	59,701,088	65,246,230	695,088
Restricted cash and investments	761,495	610,250	-	1,371,745	-
Total designated	<u>\$ 20,446,461</u>	<u>\$ 11,644,696</u>	<u>\$ 68,621,608</u>	<u>\$ 100,712,765</u>	<u>\$ 1,227,368</u>

These amounts are classified into the following deposits and investment categories:

	Primary Government	Component Units
Deposits with financial institutions	\$ 31,582,573	\$ 532,280
Investments:		
U.S. government securities	10,414,601	-
Stocks	37,626,562	-
Bonds	12,474,761	-
Real estate investment trust	1,243,357	-
Short-term funds (2a7-like)	7,363,265	695,088
Petty cash or cash on hand	7,646	-
Total	<u>\$ 100,712,765</u>	<u>\$ 1,227,368</u>

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 law also allows investments outside the State of Michigan when fully insured. 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 Pension, Police and Fire, and General Employees' Trust Funds are 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.

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 2 - Deposits and Investments (Continued)

The Township has designated 10 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Charter Township of Redford's deposits and investment policies are in accordance with statutory authority.

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

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$2,797,728 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. At year end, the component units had no bank deposits that were uninsured and uncollateralized.

**Custodial Credit Risk of Investments** - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. At year end, the Township had no investment securities which were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity.

At year end, the Township had the following investments:

Investment	Fair Value	Weighted Average Maturity (in Years)
U.S. government agency securities (W&S fund)	\$ 1,963,931	10.3
U.S. government agency securities (pension)	8,450,670	22.7
Corporate bonds (pension)	12,474,761	7.2
Total	<u>\$ 22,889,362</u>	

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 2 - Deposits and Investments (Continued)

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

Investment	Fair Value	Rating	Rating Organization
U. S. government securities	\$ 10,414,601	AAA	S&P, Moody's
Corporate bonds (pension)	4,174,383	A	S&P
Corporate bonds (pension)	447,184	A+	S&P
Corporate bonds (pension)	1,622,786	A-	S&P
Corporate bonds (pension)	447,592	AA	S&P
Corporate bonds (pension)	444,960	AA-	S&P
Corporate bonds (pension)	542,565	AAA	S&P
Corporate bonds (pension)	2,139,254	BBB	S&P
Corporate bonds (pension)	1,257,368	BBB+	S&P
Corporate bonds (pension)	1,398,669	BBB-	S&P
Ambassador Capital Management funds	539,797	No rated	
MBIA pooled accounts	692,735	Not rated	
Comerica J-Fund	6,130,733	AI, PI	S&P, Moody's
Total	\$ 30,252,627		
<b>Component Units - Bank Investment Pool</b>	\$ 695,088	AI, PI	S&P, Moody's

**Concentration of Credit Risk** - The Township limits the amount the Township may invest in any one issuer to 5 percent. No more than 5 percent of the Township's investments is invested in any one issuer.

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 3 - Receivables and Deferred Revenue

Receivables as of year end for the Township's individual major funds and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Sidewalk Improvement Fund	Community Development Block Grant	Nonmajor Funds	Total	Water and Sewer Fund	Nonmajor Enterprise Funds	Total	Total	Component Units
Receivables:										
Property taxes receivable	\$ 2,124,974	\$ -	\$ -	\$ 388,238	\$ 2,513,212	\$ -	\$ -	\$ -	\$ 2,513,212	\$ -
Receivables from sales to customers on account	-	1,270,311	560,103	1,118,505	2,948,919	3,996,532	75,992	4,072,524	7,021,443	-
Accrued interest receivable	9,469	-	-	-	9,469	-	-	-	9,469	-
Other receivables	-	-	-	2,291	2,291	-	-	-	2,291	-
Due from other governmental units	1,034,943	-	151,402	174,710	1,361,055	-	-	-	1,361,055	825,310
Less allowance for uncollectibles	(238,884)	-	-	-	(238,884)	-	-	-	(238,884)	-
Net receivables	\$ 2,930,502	\$ 1,270,311	\$ 711,505	\$ 1,683,744	\$ 6,596,062	\$ 3,996,532	\$ 75,992	\$ 4,072,524	\$ 10,668,586	\$ 825,310

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

	Governmental Funds	
	Unavailable	Unearned
Delinquent property taxes	\$ 2,201,287	\$ -
Special assessments	2,259,507	-
Community Development Block Grant	560,103	-
Home Grant	51,874	-
Neighborhood Stabilization Grant	-	5,000
Parks and Recreation	-	4,400
Total	\$ 5,072,771	\$ 9,400

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 4 - Capital Assets

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

	Balance April 1, 2010 (as restated)	Additions	Disposals and Adjustments	Balance March 31, 2011
<b>Governmental Activities</b>				
Capital assets not being depreciated - Land	\$ 1,343,404	\$ -	\$ -	\$ 1,343,404
Capital assets being depreciated:				
Road usage rights *	12,755,044	-	-	12,755,044
Buildings and improvements	16,832,499	85,684	(10,182)	16,908,001
Equipment	340,018	-	-	340,018
Vehicles	3,110,161	77,454	(154,025)	3,033,590
Office equipment	3,041,065	139,694	-	3,180,759
Land improvements	2,024,484	-	-	2,024,484
Furniture and fixtures	58,315	-	-	58,315
Subtotal	<u>38,161,586</u>	<u>302,832</u>	<u>(164,207)</u>	<u>38,300,211</u>
Accumulated depreciation:				
Road usage rights *	2,060,381	852,346	-	2,912,727
Buildings and improvements	7,212,097	404,228	-	7,616,325
Equipment	317,987	5,208	-	323,195
Vehicles	2,433,309	268,560	(149,377)	2,552,492
Office equipment	1,961,565	289,825	-	2,251,390
Land improvements	820,373	69,828	-	890,201
Furniture and fixtures	46,651	1,818	-	48,469
Subtotal	<u>14,852,363</u>	<u>1,891,813</u>	<u>(149,377)</u>	<u>16,594,799</u>
Net capital assets being depreciated	<u>23,309,223</u>	<u>(1,588,981)</u>	<u>(14,830)</u>	<u>21,705,412</u>
Net capital assets	<u>\$ 24,652,627</u>	<u>\$ (1,588,981)</u>	<u>\$ (14,830)</u>	<u>\$ 23,048,816</u>

\* Road usage rights represent the Township's contribution to roads owned and operated by the County, the use of which will be amortized over 15 years.

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 4 - Capital Assets (Continued)

	Balance April 1, 2010	Additions	Disposals and Adjustments	Balance March 31, 2011
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 868,128	\$ -	\$ -	\$ 868,128
Construction in progress	1,656,281	27,258	-	1,683,539
Subtotal	2,524,409	27,258	-	2,551,667
Capital assets being depreciated:				
Water and sewer facilities	32,299,986	263,437	-	32,563,423
Water meters	1,989,162	-	-	1,989,162
Buildings and improvements	8,989,765	12,101	-	9,001,866
Equipment	1,709,503	7,520	-	1,717,023
Vehicles	1,299,919	42,800	(25,737)	1,316,982
CSO basin	18,950,477	45,570	-	18,996,047
Subtotal	65,238,812	371,428	(25,737)	65,584,503
Accumulated depreciation:				
Water and sewer facilities	8,659,494	495,509	-	9,155,003
Water meters	1,800,870	24,427	-	1,825,297
Buildings and improvements	3,932,302	197,997	-	4,130,299
Equipment	1,254,135	137,617	-	1,391,752
Vehicles	890,403	70,370	(25,737)	935,036
CSO basin	7,891,181	633,202	-	8,524,383
Subtotal	24,428,385	1,559,122	(25,737)	25,961,770
Net capital assets being depreciated	40,810,427	(1,187,694)	-	39,622,733
Net capital assets	<u>\$ 43,334,836</u>	<u>\$ (1,160,436)</u>	<u>\$ -</u>	<u>\$ 42,174,400</u>
	Balance April 1, 2010	Reclassifications	Additions	Balance March 31, 2011
<b>Component Units</b>				
Capital assets not being depreciated -				
Land	\$ 165,506	\$ (89,816)	\$ -	\$ 75,690
Capital assets being depreciated:				
Machinery and equipment	5,700	-	-	5,700
Land improvements	-	89,816	-	89,816
Subtotal	5,700	89,816	-	95,516
Accumulated depreciation:				
Machinery and equipment	2,090	-	1,140	3,230
Land improvements	-	-	14,970	14,970
Subtotal	2,090	-	16,110	18,200
Net capital assets	<u>\$ 169,116</u>	<u>\$ -</u>	<u>\$ (16,110)</u>	<u>\$ 153,006</u>

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 4 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 47,613
Public safety	766,039
Public works	965,141
Community and economic development	43,205
Recreation and culture	<u>69,815</u>
Total governmental activities	<u>\$ 1,891,813</u>

Business-type activities:

Water and sewer	\$ 1,297,796
Senior housing	85,278
Golf course	<u>176,048</u>
Golf course	<u>\$ 1,559,122</u>

Depreciation expense of \$16,110 was charged to public works in the Downtown Development Authority.

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
General Fund	Nonmajor governmental funds	\$ 282,028
	Nonmajor enterprise funds	109,004
	Internal service funds	786,151
	Community Development Block Grant Fund	146,824
	Water and Sewer Fund	<u>921,656</u>
	Total General Fund	2,245,663
Nonmajor governmental funds	Community Development Block Grant Fund	9,000
	Water and Sewer Fund	<u>43,401</u>
	Total nonmajor governmental funds	52,401
Internal service funds	Nonmajor enterprise funds	25,000
	Water and Sewer Fund	<u>196,647</u>
	Total internal service funds	<u>221,647</u>
Total		<u><u>\$ 2,519,711</u></u>

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

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

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Nonmajor governmental funds	\$ 103,172
Community Development Block Grant Fund	Nonmajor governmental funds	60,000
Nonmajor governmental funds	Nonmajor governmental funds	208,674
Nonmajor enterprise funds	General Fund (I)	<u>75,000</u>
Total		<u><u>\$ 446,846</u></u>

# **Charter Township of Redford**

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## **Notes to Financial Statements March 31, 2011**

### **Note 6 - Long-term Debt**

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and installment purchase agreements are also general obligations of the government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. The Building Authority bond commitments are limited by the Township's legal ability to levy property taxes.

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 6 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>						
General obligation bonds:						
1991 Refunded Bond - Unlimited Tax Bonds (Police Station):						
Amount of issue - \$4,180,000						
Maturing through 2011	5.00%	-	\$ 585,000	\$ 585,000	\$ -	\$ -
2006 Capital Improvement Bonds:						
Amount of issue - \$2,695,000						
Maturing through 2021	3.75% - 4.00%	\$150,000 - \$200,000	2,095,000	200,000	1,895,000	200,000
2009 Capital Improvement Bonds:						
Amount of issue - \$5,000,000						
Maturing through 2024	4.00% - 4.50%	\$250,000 - \$500,000	5,000,000	250,000	4,750,000	250,000
Building Authority Bonds:						
1998A Fire Station:						
Amount of issue - \$3,000,000						
Maturing through 2018	4.50%	\$175,000 - \$250,000	1,650,000	175,000	1,475,000	175,000
1998B Service Building:						
Amount of issue - \$1,500,000						
Maturing through 2018	4.50%	\$100,000 - \$125,000	900,000	100,000	800,000	100,000
1999 Service Building:						
Amount of issue - \$1,500,000						
Maturing through 2017	4.70% - 5.00%	\$35,000 - \$55,000	290,000	30,000	260,000	35,000
Installment purchase agreements -						
2007 Nursing Home Property:						
Amount of issue - \$600,000						
Maturing through 2012	6.21%	\$600,000	600,000	-	600,000	600,000
2007 Capital Improvement Bonds:						
Lyndon:						
Amount of issue - \$507,461 (part of \$4.5M original issue)						
Maturing through 2022	4.00% - 5.00%	\$30,671 - \$47,400	451,696	30,671	421,025	30,671
Glendale:						
Amount of issue - \$304,486 (part of \$4.5M original issue)						
Maturing through 2022	4.00% - 5.00%	\$18,403 - \$28,441	271,026	18,403	252,623	18,403
2007 Capital Improvement Bond - Roads:						
Amount of issue - \$2,812,401 (part of \$4.5M original issue)						
Maturing through 2022	4.00% - 5.00%	\$169,980 - \$262,697	2,503,347	169,980	2,333,367	169,980
2007 CDBG Bond:						
Amount of issue - \$3,545,000						
Maturing through 2023	4.55% - 5.13%	\$185,000 - \$365,000	3,380,000	175,000	3,205,000	185,000
Total bonds payable			\$ 17,726,069	\$ 1,734,054	\$ 15,992,015	\$ 1,764,054

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>						
General obligation bonds:						
2004 Combined Sewer Overflow Refunding Bonds:						
Amount of issue - \$5,495,000						
Maturing through 2016	2.60% - 3.625%	\$500,000 - \$575,000	\$ 3,235,000	\$ 510,000	\$ 2,725,000	\$ 500,000
1997 (Refunded Bonds) Senior Housing Project:						
Amount of issue - \$2,257,143						
Maturing through 2013	4.60% - 5.10%	\$200,000 - \$245,000	875,000	205,000	670,000	200,000
2004 Refunding Bonds Senior Housing:						
Amount of issue - \$1,695,000						
Maturing through 2018	2.50% - 4.00%	\$10,000 - \$350,000	1,625,000	10,000	1,615,000	10,000
Revenue bonds:						
Water Bond Series 1998-1990 (Refunded Bonds) Revenue and Phase 7:						
Amount of issue - \$4,490,000						
Maturing through 2018	4.40% - 5.005%	\$155,000 - \$205,000	1,385,000	145,000	1,240,000	155,000
2001 Water Supply and Sewage Disposal System Bonds:						
Amount of issue - \$4,200,000						
Maturing through 2020	4.00% - 6.00%	\$225,000 - \$400,000	2,975,000	225,000	2,750,000	225,000
1994 Combined Sewer Overflow (I) State Revolving Fund Debt - Maturing through 2014						
	2.00%	\$17,897 - \$140,000	487,897	75,000	412,897	75,000
2007 Capital Improvement Bonds:						
Water Mains:						
Amount of issue - \$925,642 (part of \$4.5M original issue)						
Maturing through 2022	4.00% - 5.00%	\$50,860 - \$86,462	823,922	55,946	767,976	55,946
Deferred charge on refunding			(94,621)	(17,210)	(77,411)	(17,230)
Total bonds payable			<u>\$ 11,312,198</u>	<u>\$ 1,208,736</u>	<u>\$ 10,103,462</u>	<u>\$ 1,203,716</u>
	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Reductions	Ending Balance	Due Within One Year
<b>Component Unit Activities</b>						
Limited Tax General Obligation Bonds, Series 2007:						
Amount of issue - \$3,805,000						
Maturing through 2026	4.00% - 5.00%	\$175,000 - \$320,000	\$ 3,805,000	\$ 170,000	\$ 3,635,000	\$ 175,000
Limited Tax General Obligation Bonds, Series 2006A:						
Amount of issue - \$3,670,000						
Maturing through 2026	5.15% - 5.70%	\$45,000 - \$400,000	3,625,000	100,000	3,525,000	100,000
Total bonds payable			<u>\$ 7,430,000</u>	<u>\$ 270,000</u>	<u>\$ 7,160,000</u>	<u>\$ 275,000</u>

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 6 - Long-term Debt (Continued)

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

Year Ending March 31	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 1,764,054	\$ 690,328	\$ 2,454,382	\$ 1,220,946	\$ 412,988	\$ 1,633,934	\$ 275,000	\$ 340,113	\$ 615,113
2013	1,249,054	604,484	1,853,538	1,320,946	363,211	1,684,157	305,000	327,075	632,075
2014	1,288,968	552,344	1,841,312	1,411,032	310,655	1,721,687	325,000	312,819	637,819
2015	1,333,968	496,078	1,830,046	1,416,032	252,498	1,668,530	350,000	297,463	647,463
2016	1,448,882	439,791	1,888,673	1,499,015	207,431	1,706,446	350,000	280,438	630,438
2017 - 2021	6,508,550	1,306,258	7,814,808	3,226,450	328,776	3,555,226	2,325,000	1,090,960	3,415,960
2022 - 2026	2,398,539	175,340	2,573,879	86,452	3,458	89,910	3,230,000	416,025	3,646,025
Total	\$ 15,992,015	\$ 4,264,623	\$ 20,256,638	\$ 10,180,873	\$ 1,879,017	\$ 12,059,890	\$ 7,160,000	\$ 3,064,893	\$ 10,224,893

**Interest** - Total interest incurred by the Township for the year was approximately \$1,582,000.

**Future Revenue Pledged for Debt Payments** - The Township has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the water supply and sewage disposal systems. The bonds are payable solely from the net revenue of the water and sewer system. The remaining principal and interest to be paid on the bonds total \$5,203,777.

The Township has pledged a portion of future property tax revenues to repay \$7,160,000 in Brownfield Redevelopment bonds issued in 2006 and 2007 to finance various capital improvements. The bonds are payable solely from the incremental property taxes captured by the Authority, and are projected to produce 100 percent of debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$10,224,893 payable through 2026. For the current year, principal and interest paid and total property tax captures were \$628,188 and \$2,359,054, respectively.

**No Commitment Debt** - Excluded from the basic financial statements are revenue bonds issued by the Economic Development Corporation. The revenue bonds are payable solely from the net revenue derived from the respective leases and are not a general obligation of the Township. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in the Township's financial statements. The information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source. The outstanding balance on all of the bond issues as of March 31, 2011 was \$8,350,000.

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 7 - Restricted Net Assets

Restricted assets consist of the following:

	Governmental Activities	Business-type Activities
Cash and cash equivalents	\$ 761,495	\$ 610,250

The assets are restricted for the following purposes:

	Governmental Activities	Business-type Activities
1998 Revenue Bonds debt	\$ -	\$ 215,250
2001 Revenue Bonds debt	-	395,000
Sewage transmission line construction	-	-
Unspent bond proceeds	761,495	-
Total	\$ 761,495	\$ 610,250

Net assets have been restricted in the amount of \$761,495 in the governmental activities. Net assets in the amount of \$610,250 have been restricted in the business-type activities.

### Note 8 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for workers' compensation claims and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss, torts, and errors and omissions; the Township is self-insured for medical benefits provided to employees. 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 Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 8 - Risk Management (Continued)

The Township estimates the liability for general liability and medical benefit claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the Self-insurance Internal Service Fund. Changes in the estimated liability for the past two fiscal years were as follows:

	General Liability		Medical Claims	
	2011	2010	2011	2010
Unpaid claims - Beginning	\$ 1,730,016	\$ 866,016	\$ 1,000,000	\$ 1,000,000
Incurred claims (including claims incurred but not reported)	1,100,207	1,949,859	4,962,420	5,196,411
Claim payments	(1,329,333)	(1,085,859)	(4,962,420)	(5,196,411)
Unpaid claims - End	<u>\$ 1,500,890</u>	<u>\$ 1,730,016</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

### Note 9 - Fund Balance and Net Asset Reservations and Restrictions

The General Fund has reserved fund balance in the following amounts:

	Governmental Activities
Reserved for vehicle forfeiture	\$ 11,516
Reserved for police impound	43,090
Reserved for Act 302 training	186
Reserved for P.E.G	113,168
Total	<u>\$ 167,960</u>

The General Fund has designated fund balance for working capital needs of \$8,786,378. The working capital designation represents amounts needed to finance Township operations from April 1 until property taxes are collected again in December. Approximately two-thirds or \$10.5 million of the annual property tax levy and, in addition, a percentage of the annual budgeted expenditures, are needed for this purpose.

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 10 - Single-employer Defined Benefit Pension Plan

**Plan Description** - The Police and Fire Pension Plan is a combination of a single-employer defined benefit pension plan and a single-employer defined contribution plan. The defined contribution portion of the plan was set up for the annual employees' contribution. The assets of the defined contribution plan are used to fund the defined benefit pension plan. Therefore, the two plans work together as a defined benefit pension plan. The plan is administered by the Redford Township Police and Fire Employees' Retirement System; this plan covers substantially all police and fire employees of the Township. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. At March 31, 2010, the date of the most recent actuarial valuation, membership consisted of 150 retirees and beneficiaries currently receiving benefits. The plan does not issue a separate financial report.

**Contributions** - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

**Funding Policy** - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units. The Township has assumed the responsibility to contribute 5 percent of employees' covered wages on behalf of the police and fire employees.

**Deferred Retirement Option Plan (DROP)** - In the current year, the Township began offering a DROP plan to those members of the Fire Department that were hired before June 1, 2010 and had at least 20 years of service. Once a member elects to enter the DROP, a valuation of his or her accumulated benefits is performed and the individual DROP account balances will earn interest at a rate of 5 percent per annum. The DROP employees continue working at their current salary level, but for pension plan purposes they stop accruing benefits. A liability has been recorded in the Police and Fire pension plan for those employees that had entered the DROP as of March 31, 2011.

**Annual Pension Cost** - For the year ended March 31, 2011, the Township's annual pension cost of \$3,914,550 for the plan was equal to the Township's required and actual contribution. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 23 years.

	Fiscal Year Ended March 31		
	2011	2010	2009
Annual pension cost (APC)	\$ 3,914,550	\$ 2,964,791	\$ 2,873,014
Percentage of APC contributed	100.0 %	100.0 %	99.6 %
Net pension obligation	-	-	(24,035)

# Charter Township of Redford

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## Notes to Financial Statements March 31, 2011

### **Note 10 - Single-employer Defined Benefit Pension Plan (Continued)**

**Funding Status and Funding Progress** - As of March 31, 2010, the most recent actuarial valuation date, the plan was 62 percent funded. The actuarial accrued liability for benefits was \$100 million, and the actuarial value of assets was \$61 million, resulting in an unfunded actuarial accrued liability of \$38 million. The covered payroll (annual payroll to active employees covered by the plan) was \$7 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 588 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at March 31, 2010 using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.5 investment rate of return, (b) projected salary increases of 4.5 percent per year, attributable to inflation, and (c) additional projected salary increases ranging from 0 percent to 4.40 percent per year, attributable to merit/seniority. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 23 years.

### **Note 11 - Multi-employer Defined Benefit Pension Plan**

**Plan Description** - The Township also participates in the Municipal Employees' Retirement System of Michigan, an agent multiple-employer defined benefit pension plan that covers a substantial number of employees of the Township other than police and fire employees. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Municipal Employees' Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplemental 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 Township's competitive bargaining units and requires a contribution from the employees of 3 percent to 5 percent, which is paid by the Township.

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 11 - Multi-employer Defined Benefit Pension Plan (Continued)

**Annual Pension Cost** - For the year ended March 31, 2011, the Township's annual pension cost of \$1,095,542 for the plan was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2008, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year attributable to inflation, and (c) additional projected salary increases ranging from 0 percent to 8.4 percent per year, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 28 years.

#### Three-year Trend Information

	Fiscal Year Ended March 31		
	2010	2010	2009
Annual pension cost (APC)	\$ 1,095,542	\$ 1,142,477	\$ 1,187,425
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	-	-	-
	Actuarial Valuation as of December 31		
	2010	2009	2008
Actuarial value of assets	\$ 34,512,997	\$ 34,103,281	\$ 33,994,185
Actuarial accrued liability (AAL)			
(entry age)	44,941,630	42,768,340	42,634,099
Unfunded AAL (UAAL)	10,428,633	8,665,059	8,639,914
Funded ratio	77.0 %	80.0 %	80.0 %
Covered payroll	4,268,956	5,488,420	5,750,510
UAAL as a percentage of covered payroll	244.0 %	158.0 %	150.0 %

### Note 12 - Commitments

The Township has entered into a contract with a corporation that will manage the operations of the Glenhurst golf course. Under the terms of this contract, the Township has agreed to pay the corporation from its Golf Course (Enterprise) Fund a minimum fee of \$667,000 between April 1, 2011 and March 31, 2012 for services rendered during calendar year 2011. The Township has agreed to pay additional fees if certain golf course revenue is attained.

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 13 - Other Postemployment Benefits - General Employees

**Plan Description** - The Township provides retiree healthcare benefits to eligible employees and their spouses. Benefits are provided to public safety and general employees and are accounted for separately. Currently, the plans have 451 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

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

**Funding Policy** - The collective bargaining agreements require a premium sharing payment for their healthcare of up to \$1,040 a year. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis).

**Funding Progress** - For the year ended March 31, 2011, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of March 31, 2010. The valuation computes an annual required contribution which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 2,474,269
Interest on the prior year's net OPEB obligation	164,248
Less adjustment to the annual required contribution	<u>(201,421)</u>
Annual OPEB cost	2,437,096
Amounts contributed	<u>(2,067,393)</u>
Increase in net OPEB obligation	369,703
OPEB obligation - Beginning of year	<u>2,737,463</u>
OPEB obligation - End of year	<u>\$ 3,107,166</u>

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Annual OPEB Costs	Employer Contributions		Net OPEB Obligation
				Percentage of ARC Contributed	Percentage OPEB Costs Contributed	
3/31/09	3/31/06	\$ 3,261,088	\$ 3,261,088	60.0%	60.0%	\$ 1,291,517
3/31/10	3/31/06	3,407,837	3,391,501	57.0%	57.0%	2,737,463
3/31/11	3/31/10	2,474,269	2,437,096	84.0%	85.0%	3,107,166

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 13 - Other Postemployment Benefits - General Employees (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
3/31/06	\$ -	\$ 43,388,361	\$ 43,388,361	-	\$ 6,074,730	714.2
3/31/08	412,368	42,630,000	42,217,632	1.0	5,750,510	734.2
3/31/10	824,735	41,871,717	41,046,982	2.0	4,268,956	961.5

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

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

In the March 31, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 13.5 percent initially, reduced by decrements to an ultimate rate of 9 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level percentage of projected payroll over 30 years.

### Note 14 - Other Postemployment Benefits - Police and Fire

**Plan Description** - The Township provides retiree healthcare benefits to eligible employees and their spouses. Benefits are provided to public safety and general employees and accounted for separately. Currently, the plans have 451 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 14 - Other Postemployment Benefits - Police and Fire (Continued)

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

**Funding Policy** - The collective bargaining agreements require a premium sharing payment for their healthcare of up to \$1,040 a year. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis). However, as shown below, the Township has made contributions to advance-fund these benefits for police and fire, as determined by the Township board through annual budget resolutions.

**Funding Progress** - For the year ended March 31, 2011, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of March 31, 2010. The valuation computes an annual required contribution which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation’s computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 3,934,609
Interest on the prior year's net OPEB obligation	274,801
Less adjustment to the annual required contribution	<u>(336,995)</u>
Annual OPEB cost	3,872,415
Amounts contributed	<u>(2,577,919)</u>
Increase in net OPEB obligation	1,294,496
OPEB obligation - Beginning of year	<u>4,580,010</u>
OPEB obligation - End of year	<u><u>\$ 5,874,506</u></u>

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Annual OPEB Costs	Employer Contributions		Net OPEB Obligation
				Percentage of ARC Contributed	Percentage OPEB Costs Contributed	
3/31/09	3/31/06	\$ 4,378,848	\$ 4,378,848	48.0%	48.0%	\$ 2,284,155.0
3/31/10	3/31/06	4,575,896	4,547,004	49.0%	50.0%	4,580,010.0
3/31/11	3/31/10	3,934,609	3,872,415	66.0%	67.0%	5,874,506.0

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 14 - Other Postemployment Benefits - Police and Fire (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
3/31/06	\$ -	\$ 59,892,022	\$ 59,892,022	-	\$ 7,779,088	769.9
3/31/08	1,229,359	61,070,000	59,840,641	2.0	6,743,929	887.3
3/31/10	2,458,718	62,256,519	59,797,801	3.9	6,547,439	913.3

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

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

In the March 31, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 13.5 percent initially, reduced by decrements to an ultimate rate of 9 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level percentage of projected payroll over 30 years.

# Charter Township of Redford

## Notes to Financial Statements March 31, 2011

### Note 15 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the Township's defined benefit pension plan (see Note 10) and the postemployment healthcare plans (see Notes 13 and 14). The plans do not issue separate financial statements:

	Pension Trust	Police and Fire OPEB Trust Fund	General Employees' OPEB Trust Fund	Total
<b>Statement of Net Assets</b>				
Investments	\$ 64,025,454	\$ 2,260,603	\$ 824,735	\$ 67,110,792
Other assets	273,171	198,792	-	471,963
Liabilities	(27,146)	(676)	-	(27,822)
Net assets	<u>\$ 64,271,479</u>	<u>\$ 2,458,719</u>	<u>\$ 824,735</u>	<u>\$ 67,554,933</u>
<b>Statement of Changes in Net Assets</b>				
Investment income	5,943,508	1,396	1,100	5,946,004
Contributions	3,908,161	2,697,739	2,150,254	8,756,154
Benefit payments	(5,919,104)	(2,526,673)	(2,067,393)	(10,513,170)
Other deductions	(1,101,826)	(11,494)	(6,218)	(1,119,538)
Net change in net assets	<u>\$ 2,830,739</u>	<u>\$ 160,968</u>	<u>\$ 77,743</u>	<u>\$ 3,069,450</u>

### Note 16 - Accounting and Reporting Change

During the year, the Township adopted Governmental Accounting Standards Board State No. 51, *Accounting and Financial Reporting for Intangible Assets*. This new statement requires the capitalization of intangible assets in the government-wide statements and was implemented retroactively. This new pronouncement requires the Township to capitalize the cost of county road improvements that the Township pays for and to recognize the cost over the period of years that the road improvement will benefit the Township and its residents. As a result, beginning governmental activities net assets were restated as follows:

	Governmental Activities
Net assets - March 31, 2010 - As previously reported	\$ 13,870,051
Change as a result of GASB No. 51	<u>10,586,184</u>
Net assets - March 31, 2010 - As restated	<u>\$ 24,456,235</u>

# Charter Township of Redford

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## Notes to Financial Statements March 31, 2011

### Note 17 - Upcoming Accounting Pronouncements

The Governmental Accounting Standards Board recently issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. GASB No. 54 eliminates the current use of the terms "reserved" and "designated" in the reporting of fund balance and replaces those terms with five new categories for segregating fund balance. The standard is effective for periods beginning after June 15, 2010 (which would be the Township's fiscal year ending March 31, 2012).

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to Statement No. 14 and Statement No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the statement also clarifies the reporting of equity interests in legally separate organizations. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the Township's 2012-2013 fiscal year.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement will be effective for the Township's 2012-2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level.

## **Required Supplemental Information**

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# Charter Township of Redford

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended March 31, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 15,600,218	\$ 15,680,231	\$ 15,386,854	\$ (293,377)
Licenses and permits	740,200	806,200	828,692	22,492
Federal grants	330,000	173,000	246,051	73,051
State sources	4,682,600	4,884,000	4,955,339	71,339
Charges for services	1,106,400	1,279,865	1,396,820	116,955
Fines and forfeitures	2,999,085	2,480,295	2,558,632	78,337
Investment income	126,800	100,000	35,509	(64,491)
Other revenue	1,915,100	1,556,200	1,601,643	45,443
Total revenue	27,500,403	26,959,791	27,009,540	49,749
<b>Expenditures - Current</b>				
General government:				
Legislative	98,027	131,644	113,019	18,625
Executive	145,188	161,755	160,732	1,023
Accounting	444,299	454,299	464,657	(10,358)
Information systems department	402,185	356,000	371,711	(15,711)
Treasurer	331,901	365,145	365,233	(88)
Assessing	292,760	343,300	402,515	(59,215)
Board of review	7,650	7,650	5,069	2,581
Clerk	384,719	384,719	383,696	1,023
Elections	109,835	88,256	106,353	(18,097)
Buildings and grounds	267,000	240,000	266,006	(26,006)
Attorney	172,000	193,000	177,049	15,951
Civil service	124,610	124,610	137,257	(12,647)
Police and fire civil service	12,850	12,850	9,383	3,467
Public service building maintenance	242,665	215,000	212,840	2,160
General government	1,206,200	1,084,000	1,013,446	70,554
Public education government	60,000	30,000	-	30,000
Marquee maintenance	104,465	111,465	106,958	4,507
Total general government	4,406,354	4,303,693	4,295,924	7,769
District Court:				
District Court costs	1,563,800	1,563,800	1,537,480	26,320
Criminal justice	509,500	444,500	403,311	41,189
Probation	216,820	191,820	208,951	(17,131)
Work program	47,636	40,000	25,933	14,067
Total District Court	2,337,756	2,240,120	2,175,675	64,445

# Charter Township of Redford

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures - Current (Continued)</b>				
Public safety:				
Police	\$ 10,315,577	\$ 10,084,000	\$ 10,451,622	\$ (367,622)
Dispatch	396,767	300,000	292,800	7,200
Fire	7,346,091	7,346,091	7,761,178	(415,087)
School crossing guard	74,696	45,000	42,339	2,661
School resource officer	309,696	309,696	338,402	(28,706)
Transportation	40,000	48,000	49,311	(1,311)
CHP grant	-	180,000	-	180,000
Police JAG grant	-	12,000	-	12,000
Building inspections and related	30,000	47,000	46,816	184
Total public safety	<u>18,512,827</u>	<u>18,371,787</u>	<u>18,982,468</u>	<u>(610,681)</u>
Public works:				
Highways and streets	874,000	853,000	852,833	167
Department of Public Works	295,660	384,660	226,214	158,446
Total public works	<u>1,169,660</u>	<u>1,237,660</u>	<u>1,079,047</u>	<u>158,613</u>
Health and welfare - Animal control	158,170	88,070	79,732	8,338
Community and economic development:				
Redford redevelopment	51,055	54,555	49,527	5,028
Community promotion	7,000	24,000	26,636	(2,636)
Board of Appeals	21,777	12,777	9,873	2,904
Other community and economic development	83,807	65,100	63,425	1,675
Total community and economic development	<u>163,639</u>	<u>156,432</u>	<u>149,461</u>	<u>6,971</u>
Recreation and culture:				
Parks and recreation	303,732	263,732	262,061	1,671
Parks facilities	353,159	334,468	322,025	12,443
Senior citizens	95,785	95,785	82,019	13,766
Cultural	18,000	13,000	25,544	(12,544)
Total recreation and culture	<u>770,676</u>	<u>706,985</u>	<u>691,649</u>	<u>15,336</u>
Total expenditures	<u>27,519,082</u>	<u>27,104,747</u>	<u>27,453,956</u>	<u>(349,209)</u>
<b>Net Change in Fund Balance</b>	(18,679)	(144,956)	(444,416)	(299,460)
<b>Fund Balance - Beginning of year</b>	<u>9,398,754</u>	<u>9,398,754</u>	<u>9,398,754</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 9,380,075</b></u>	<u><b>\$ 9,253,798</b></u>	<u><b>\$ 8,954,338</b></u>	<u><b>\$ (299,460)</b></u>

The Township's budget was adopted on a fund basis. The budget comparison shown above for the General Fund is more detailed than the General Appropriations Act. Information in this schedule is presented for the purpose of additional analysis.

# Charter Township of Redford

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Community Development Block Grant Year Ended March 31, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Program income	\$ 100,813	\$ 100,813	\$ 107,297	\$ 6,484
Federal revenue	1,818,882	1,818,882	1,013,843	(805,039)
Total revenue	1,919,695	1,919,695	1,121,140	(798,555)
<b>Expenditures - Current</b>				
Program year 2009 - B-08-MC-26-0029	719,695	686,992	258,966	428,026
Program year 2010 - B-09-MC-26-0029	1,200,000	1,232,703	862,174	370,529
Total expenditures	1,919,695	1,919,695	1,121,140	798,555
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Township's budget was adopted on a fund basis. The budget comparison shown above for the Community Development Block Grant Fund is more detailed than the General Appropriations Act. Information in this schedule is presented for the purpose of additional analysis.

# Charter Township of Redford

## Required Supplemental Information Pension System Schedule Year Ended March 31, 2011

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
3/31/05	\$ 62,700,000	\$ 77,200,000	\$ 14,500,000	81.2	\$ 6,700,000	216.4
3/31/06	64,400,000	80,900,000	16,500,000	79.6	6,800,000	242.6
3/31/07	68,600,000	83,800,000	15,200,000	81.9	6,700,000	226.9
3/31/08	71,200,000	87,400,000	16,200,000	81.5	6,700,000	241.8
3/31/09	61,100,000	91,900,000	30,800,000	66.5	6,900,000	446.4
3/31/10	61,400,000	99,600,000	38,200,000	61.6	6,500,000	587.7

The schedule of employer contributions is as follows:

Fiscal Year Ended	Annual Required Contribution *	Percentage Contributed
3/31/06	\$ 3,808,649	99.8
3/31/07	4,229,974	99.8
3/31/08	4,742,358	99.8
3/31/09	2,862,162	99.6
3/31/10	2,964,791	100.0
3/31/11	3,914,550	100.0

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

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of March 31, 2010, the latest actuarial valuation, follows:

Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll
Remaining amortization period	23 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5
Projected salary increases	4.5% - 8.9%
* Includes inflation at	4.5%
Cost of living adjustments	None

# Charter Township of Redford

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## Note to Required Supplemental Information Year Ended March 31, 2011

**Budgetary Information** - The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following is a summary of the requirements of this Act according to the State Treasurer's *Bulletin for Audits of Local Units of Government in Michigan* dated April 1982:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. Budgeted expenditures cannot exceed budgeted revenues and fund balance.
3. The budgets must be amended when necessary.
4. Public hearings must be held before budget adoptions.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures must be authorized by a budget before being incurred.

The Township adopts its budget on a fund-total basis for all funds, which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations. The Community Development Block Grant Fund's budget is adopted on a project basis, and does not lapse at year end. A comparison of actual results of operations to the General Fund budget adopted by the Township board is included as required supplemental information. This comparison includes expenditure budget overruns. As of March 31, 2011, the General Fund expenditures exceeded budget expenditures by approximately \$350,000. A comparison of actual results of operations, including budget overruns, to the nonmajor fund budgets as adopted by the Township board is available at the clerk's office for inspection.

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

1. The Township supervisor on or before 75 days prior to the commencement of the fiscal and budgetary year (April 1) shall prepare and submit to the board a complete itemized proposed budget for the next fiscal year.
2. A public hearing on the budget shall be held before its final adoption, at such time and place as the board shall direct, and notice of such public hearing shall be published at least 10 days in advance thereof by the clerk.
3. The board shall, on or before 15 days prior to the commencement of the next fiscal year, adopt a budget for the ensuing fiscal year.

The annual budget is prepared by the Township management and adopted by the Township board; subsequent amendments are approved by the Township board. During the current year, the budget was amended in a legally permissible manner.

# **Charter Township of Redford**

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## **Note to Required Supplemental Information (Continued) Year Ended March 31, 2011**

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except that transfers to/from other funds have been included in revenue and expenditures, rather than as other financing sources (uses), grant revenue to reimburse capital expenditures has been included in expenditures rather than revenue, and reimbursements from other funds for wage expense have been included as other revenue rather than as an offset to expenditures.

The budget statements are presented on the same basis of accounting used in preparing the adopted budget.

## **Other Supplemental Information**

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# Charter Township of Redford

	Special Revenue Funds					Accrued
	Dial-A-Ride	Home Grant	Drug Law Enforcement	Solid Waste Management	911 Dispatch	General Employee Fund
<b>Assets</b>						
Cash and investments	\$ 92,104	\$ 51,874	\$ 597,161	\$ 1,885,676	\$ 143,987	\$ 493,795
Receivables	23,212	-	-	329,472	63,815	-
Due from other funds	43,216	-	-	-	-	9,000
Assets held for resale	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	429	-
<b>Total assets</b>	<b>\$ 158,532</b>	<b>\$ 51,874</b>	<b>\$ 597,161</b>	<b>\$ 2,215,148</b>	<b>\$ 208,231</b>	<b>\$ 502,795</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 1,985	\$ -	\$ 21,129	\$ 241,092	\$ 598	\$ -
Due to other funds	-	-	-	-	-	-
Accrued liabilities and other	6,209	-	20,755	-	8,568	85,577
Deferred revenue	13,640	51,874	-	327,198	-	-
Provision for property tax refunds	2,942	-	-	70,850	-	-
<b>Total liabilities</b>	<b>24,776</b>	<b>51,874</b>	<b>41,884</b>	<b>639,140</b>	<b>9,166</b>	<b>85,577</b>
<b>Fund Balances</b>						
Reserved:						
Assets held for resale	-	-	-	-	-	-
Dispatch	-	-	-	-	33,017	-
Unreserved - Reported in:						
Special Revenue Funds	133,756	-	555,277	1,576,008	166,048	417,218
Debt Service Funds	-	-	-	-	-	-
Capital Projects Funds - Designated	-	-	-	-	-	-
<b>Total fund balances</b>	<b>133,756</b>	<b>-</b>	<b>555,277</b>	<b>1,576,008</b>	<b>199,065</b>	<b>417,218</b>
<b>Total liabilities and fund balances</b>	<b>\$ 158,532</b>	<b>\$ 51,874</b>	<b>\$ 597,161</b>	<b>\$ 2,215,148</b>	<b>\$ 208,231</b>	<b>\$ 502,795</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
March 31, 2011**

Special Revenue Funds			Debt Service Funds					Capital Projects Funds
Energy					Public	Section 108	Public	
Neighborhood Stabilization Grant	Efficiency Community Block Grant	Bell Creek Pedestrian Bridge	Police Station	Road Paving Debt Service	Improvement Debt Service	Loan Debt Service	Improvement 2009	Capital Improvement
\$ 40,062	\$ -	\$ -	\$ 2,075	\$ 249,580	\$ 272,958	\$ 383,184	\$ 237,140	\$ 724,680
-	-	-	47,417	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,129,864	-	-	-	-	-	-	-	-
-	-	105,911	-	-	-	-	-	-
135,091	473	-	-	-	-	-	-	-
<b>\$ 1,305,017</b>	<b>\$ 473</b>	<b>\$ 105,911</b>	<b>\$ 49,492</b>	<b>\$ 249,580</b>	<b>\$ 272,958</b>	<b>\$ 383,184</b>	<b>\$ 237,140</b>	<b>\$ 724,680</b>
\$ 13,566	\$ -	\$ 18,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
161,586	473	-	-	-	-	-	-	-
-	-	-	47,420	-	-	-	-	-
-	-	-	-	-	-	-	-	-
175,152	473	18,768	47,420	-	-	-	-	-
1,129,865	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	87,143	-	-	-	-	-	-
-	-	-	2,072	249,580	272,958	383,184	237,140	-
-	-	-	-	-	-	-	-	724,680
1,129,865	-	87,143	2,072	249,580	272,958	383,184	237,140	724,680
<b>\$ 1,305,017</b>	<b>\$ 473</b>	<b>\$ 105,911</b>	<b>\$ 49,492</b>	<b>\$ 249,580</b>	<b>\$ 272,958</b>	<b>\$ 383,184</b>	<b>\$ 237,140</b>	<b>\$ 724,680</b>

# Charter Township of Redford

	Capital Projects Funds					
	Police Station	Smith Drain	Public Improvement - Storm Water	Glendale Paving - Pinnacle	Lyndon 2 Paving - Shamrock	Marquee Renovation
<b>Assets</b>						
Cash and investments	\$ 231,079	\$ 868,364	\$ 9,823	\$ -	\$ -	\$ -
Receivables	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Assets held for resale	-	-	-	-	-	-
Restricted assets	-	-	-	71,369	106,835	6,889
Due from other governmental units	-	-	8,949	-	-	-
<b>Total assets</b>	<b>\$ 231,079</b>	<b>\$ 868,364</b>	<b>\$ 18,772</b>	<b>\$ 71,369</b>	<b>\$ 106,835</b>	<b>\$ 6,889</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 450	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Accrued liabilities and other	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Provision for property tax refunds	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>450</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>						
Reserved:						
Assets held for resale	-	-	-	-	-	-
Dispatch	-	-	-	-	-	-
Unreserved - Reported in:						
Special Revenue Funds	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-
Capital Projects Funds - Designated	231,079	868,364	18,322	71,369	106,835	6,889
<b>Total fund balances</b>	<b>231,079</b>	<b>868,364</b>	<b>18,322</b>	<b>71,369</b>	<b>106,835</b>	<b>6,889</b>
<b>Total liabilities and fund balances</b>	<b>\$ 231,079</b>	<b>\$ 868,364</b>	<b>\$ 18,772</b>	<b>\$ 71,369</b>	<b>\$ 106,835</b>	<b>\$ 6,889</b>

**Other Supplemental Information  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds  
March 31, 2011**

Capital Projects Funds			Total Nonmajor Governmental Funds
Court Building Improvement	Road Improvement	Road Paving	
\$ 2,654,189	\$ 402,389	\$ 2,034	\$ 9,342,154
-	1,045,118	-	1,509,034
-	-	185	52,401
-	-	-	1,129,864
-	-	429,149	720,153
29,768	-	-	174,710
<b><u>\$ 2,683,957</u></b>	<b><u>\$ 1,447,507</u></b>	<b><u>\$ 431,368</u></b>	<b><u>\$ 12,928,316</u></b>
-	-	-	297,588
-	-	119,969	282,028
-	-	-	121,109
-	1,014,467	-	1,454,599
-	-	-	73,792
-	1,014,467	119,969	2,229,116
-	-	-	1,129,865
-	-	-	33,017
-	-	-	2,935,450
-	-	-	1,144,934
2,683,957	433,040	311,399	5,455,934
2,683,957	433,040	311,399	10,699,200
<b><u>\$ 2,683,957</u></b>	<b><u>\$ 1,447,507</u></b>	<b><u>\$ 431,368</u></b>	<b><u>\$ 12,928,316</u></b>

# Charter Township of Redford

	Special Revenue Funds					Accrued
	Dial-A-Ride	Home Grant	Drug Law Enforcement	Solid Waste Management	911 Dispatch	General Employee Fund
<b>Revenue</b>						
Property taxes	\$ 116,124	\$ -	\$ -	\$ 2,796,489	\$ -	\$ -
Federal grants	-	-	78,447	-	132,190	-
State sources	125,025	-	-	-	6,304	-
Charges for services	30,259	-	-	15,845	310,917	-
Fines and forfeitures	-	-	65,981	-	-	-
Investment income	195	-	3,345	3,395	787	526
Other revenue:						
Special assessments	-	-	-	-	-	-
Other miscellaneous income	47,173	-	-	820	-	977,500
<b>Total revenue</b>	<b>318,776</b>	<b>-</b>	<b>147,773</b>	<b>2,816,549</b>	<b>450,198</b>	<b>978,026</b>
<b>Expenditures - Current</b>						
General government	-	-	-	-	-	967,447
Public safety	-	-	549,794	-	312,625	-
Public works	-	-	-	3,031,490	-	-
Health and welfare	272,810	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	91,448	-
Debt service	-	-	-	-	-	-
<b>Total expenditures</b>	<b>272,810</b>	<b>-</b>	<b>549,794</b>	<b>3,031,490</b>	<b>404,073</b>	<b>967,447</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>45,966</b>	<b>-</b>	<b>(402,021)</b>	<b>(214,941)</b>	<b>46,125</b>	<b>10,579</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	40,742	-	-	-
Transfers out	-	-	-	-	(40,742)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>40,742</b>	<b>-</b>	<b>(40,742)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>45,966</b>	<b>-</b>	<b>(361,279)</b>	<b>(214,941)</b>	<b>5,383</b>	<b>10,579</b>
<b>Fund Balances - Beginning of year</b>	<b>87,790</b>	<b>-</b>	<b>916,556</b>	<b>1,790,949</b>	<b>193,682</b>	<b>406,639</b>
<b>Fund Balances - End of year</b>	<b>\$ 133,756</b>	<b>\$ -</b>	<b>\$ 555,277</b>	<b>\$1,576,008</b>	<b>\$ 199,065</b>	<b>\$ 417,218</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended March 31, 2011**

Special Revenue Funds			Debt Service Funds				
Neighborhood Stabilization Grant	Energy Efficiency Community Block Grant	Bell Creek Pedestrian Bridge	Police Station	Road Paving Debt Service	Public Improvement Debt Service	Section 108 Loan Debt Service	Public Improvement 2009
\$ -	\$ -	\$ -	\$ 428,990	\$ -	\$ -	\$ -	\$ -
1,679,949	60,005	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	412	827	335	420	382	427
-	-	-	-	-	-	-	-
-	-	-	-	181,169	213,091	212,569	227,428
<u>1,679,949</u>	<u>60,005</u>	<u>412</u>	<u>429,817</u>	<u>181,504</u>	<u>213,511</u>	<u>212,951</u>	<u>227,855</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	23,052	-	-	-	-	-
-	-	-	-	-	-	-	-
1,536,423	60,005	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>614,252</u>	<u>282,057</u>	<u>351,307</u>	<u>323,665</u>	<u>457,250</u>
<u>1,536,423</u>	<u>60,005</u>	<u>23,052</u>	<u>614,252</u>	<u>282,057</u>	<u>351,307</u>	<u>323,665</u>	<u>457,250</u>
143,526	-	(22,640)	(184,435)	(100,553)	(137,796)	(110,714)	(229,395)
-	-	-	-	58,385	35,902	60,000	103,172
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	58,385	35,902	60,000	103,172
143,526	-	(22,640)	(184,435)	(42,168)	(101,894)	(50,714)	(126,223)
986,339	-	109,783	186,507	291,748	374,852	433,898	363,363
<u>986,339</u>	<u>-</u>	<u>109,783</u>	<u>186,507</u>	<u>291,748</u>	<u>374,852</u>	<u>433,898</u>	<u>363,363</u>
<b>\$ 1,129,865</b>	<b>\$ -</b>	<b>\$ 87,143</b>	<b>\$ 2,072</b>	<b>\$ 249,580</b>	<b>\$ 272,958</b>	<b>\$ 383,184</b>	<b>\$ 237,140</b>

# Charter Township of Redford

	Capital Projects Funds					
	Capital Improvement	Police Station	Smith Drain	Public Improvement - Storm Water	Glendale Paving - Pinnacle	Lyndon 2 Paving - Shamrock
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-	-	-
State sources	-	-	-	40,708	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	2,958	943	6,063	-	71	149
Other revenue:						
Special assessments	-	-	-	-	-	-
Other miscellaneous income	-	-	-	-	-	-
<b>Total revenue</b>	<b>2,958</b>	<b>943</b>	<b>6,063</b>	<b>40,708</b>	<b>71</b>	<b>149</b>
<b>Expenditures - Current</b>						
General government	-	-	-	-	-	-
Public safety	-	12,427	-	-	-	-
Public works	-	-	-	27,727	-	-
Health and welfare	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Capital outlay	7,157	-	-	-	-	-
Debt service	-	-	-	-	-	-
<b>Total expenditures</b>	<b>7,157</b>	<b>12,427</b>	<b>-</b>	<b>27,727</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(4,199)</b>	<b>(11,484)</b>	<b>6,063</b>	<b>12,981</b>	<b>71</b>	<b>149</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(4,199)</b>	<b>(11,484)</b>	<b>6,063</b>	<b>12,981</b>	<b>71</b>	<b>149</b>
<b>Fund Balances - Beginning of year</b>	<b>728,879</b>	<b>242,563</b>	<b>862,301</b>	<b>5,341</b>	<b>71,298</b>	<b>106,686</b>
<b>Fund Balances - End of year</b>	<b>\$ 724,680</b>	<b>\$ 231,079</b>	<b>\$ 868,364</b>	<b>\$ 18,322</b>	<b>\$ 71,369</b>	<b>\$ 106,835</b>

**Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and  
Changes in Fund Balances (Continued)  
Nonmajor Governmental Funds  
Year Ended March 31, 2011**

Capital Projects Funds				Total Nonmajor Governmental Funds
Marquee Renovation	Court Building Improvement	Road Improvement	Road Paving	
\$ -	\$ -	\$ -	\$ -	\$ 3,341,603
-	-	-	-	1,950,591
-	-	17,074	-	189,111
-	-	-	-	357,021
-	270,833	-	-	336,814
26	9,785	1,113	2,068	34,227
-	-	217,675	-	217,675
-	-	120,101	208,350	2,188,201
26	280,618	355,963	210,418	8,615,243
-	-	-	-	967,447
-	-	-	-	874,846
-	-	1,500	-	3,083,769
-	-	-	-	272,810
-	-	-	-	1,596,428
-	-	-	-	98,605
-	-	-	-	2,028,531
-	-	1,500	-	8,922,436
26	280,618	354,463	210,418	(307,193)
-	-	-	73,645	371,846
-	-	(167,933)	-	(208,675)
-	-	(167,933)	73,645	163,171
26	280,618	186,530	284,063	(144,022)
6,863	2,403,339	246,510	27,336	10,843,222
<b>\$ 6,889</b>	<b>\$ 2,683,957</b>	<b>\$ 433,040</b>	<b>\$ 311,399</b>	<b>\$10,699,200</b>

# Charter Township of Redford

## Other Supplemental Information Combining Statement of Net Assets Nonmajor Enterprise Funds March 31, 2011

	Golf Course	Protective Inspection	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 203,308	\$ 267,359	\$ 470,667
Receivables	-	75,992	75,992
Deposits	10,372	-	10,372
Total current assets	213,680	343,351	557,031
Noncurrent assets - Capital assets	2,668,841	-	2,668,841
Total assets	2,882,521	343,351	3,225,872
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	-	6,320	6,320
Due to other funds	134,004	-	134,004
Accrued liabilities and other	149	2,765	2,914
Total current liabilities	134,153	9,085	143,238
Noncurrent liabilities:			
Compensated absences	-	143,485	143,485
Net other postemployment benefits obligation	-	22,854	22,854
Total noncurrent liabilities	-	166,339	166,339
Total liabilities	134,153	175,424	309,577
<b>Net Assets</b>			
Invested in capital assets	2,668,841	-	2,668,841
Unrestricted	79,527	167,927	247,454
Total net assets	\$ 2,748,368	\$ 167,927	\$ 2,916,295

# Charter Township of Redford

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets Nonmajor Enterprise Funds Year Ended March 31, 2011

	Golf Course	Protective Inspection	Total
<b>Operating Revenue</b>			
Charges for services	\$ 1,192,705	\$ -	\$ 1,192,705
Permits	-	739,742	739,742
Total operating revenue	1,192,705	739,742	1,932,447
<b>Operating Expenses</b>			
General and administrative costs	-	22,854	22,854
Cost of services	991,968	636,191	1,628,159
Depreciation and amortization	181,419	-	181,419
Total operating expenses	1,173,387	659,045	1,832,432
<b>Operating Income</b>	19,318	80,697	100,015
<b>Nonoperating Revenue</b> - Investment income	879	1,028	1,907
<b>Income</b> - Before contributions	20,197	81,725	101,922
<b>Transfers Out</b>	(75,000)	-	(75,000)
<b>Change in Net Assets</b>	(54,803)	81,725	26,922
<b>Net Assets</b> - Beginning of year	2,803,171	86,202	2,889,373
<b>Net Assets</b> - End of year	<u>\$ 2,748,368</u>	<u>\$ 167,927</u>	<u>\$ 2,916,295</u>

# Charter Township of Redford

## Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended March 31, 2011

	Golf Course	Protective Inspection	Total
<b>Cash Flow from Operating Activities</b>			
Receipts from customers	\$ 1,192,705	\$ 690,228	\$ 1,882,933
Payments to suppliers	(1,004,135)	(65,070)	(1,069,205)
Payments to employees	(90)	(590,440)	(590,530)
Internal activity - Payments to other funds	7,563	-	7,563
Other receipts	13,718	-	13,718
Net cash provided by operating activities	209,761	34,718	244,479
<b>Cash Flows from Noncapital Financing Activities -</b>			
Transfers to other funds	(75,000)	-	(75,000)
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of capital assets	(12,892)	-	(12,892)
Principal and interest paid on capital debt	(60)	-	(60)
Net cash used in capital and related financing activities	(12,952)	-	(12,952)
<b>Cash Flows from Investing Activities - Interest received on investments</b>	879	1,028	1,907
<b>Net Increase in Cash and Cash Equivalents</b>	122,688	35,746	158,434
<b>Cash and Cash Equivalents - Beginning of year</b>	80,620	231,613	312,233
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 203,308</b>	<b>\$ 267,359</b>	<b>\$ 470,667</b>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>			
Operating income	\$ 19,318	\$ 80,697	\$ 100,015
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	181,419	-	181,419
Changes in assets and liabilities:			
Receivables	13,718	(49,514)	(35,796)
Inventories	4,105	-	4,105
Accounts payable	(16,272)	28,139	11,867
Due to others	7,563	-	7,563
Accrued and other liabilities	(90)	(24,604)	(24,694)
Net cash provided by operating activities	<b>\$ 209,761</b>	<b>\$ 34,718</b>	<b>\$ 244,479</b>

There were no significant noncash investing, capital, or financing activities during the year ended March 31, 2011.

# Charter Township of Redford

## Other Supplemental Information Combining Statement of Net Assets Internal Service Funds March 31, 2011

	Internal Service	Vehicle Maintenance Internal Service	Central Maintenance Internal Service	Total
<b>Assets - Current assets</b>				
Cash and investments	\$ 2,866,708	\$ 223,419	\$ 8,977	\$ 3,099,104
Due from other funds	175,000	46,647	-	221,647
Deposits	625,371	-	-	625,371
Prepaid expenses and other assets	54,317	-	-	54,317
Total assets	3,721,396	270,066	8,977	4,000,439
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	-	7,151	2,255	9,406
Due to other funds	529,317	256,834	-	786,151
Accrued liabilities and other	-	6,081	6,722	12,803
Total current liabilities	529,317	270,066	8,977	808,360
Noncurrent liabilities - Estimated insurance and other liabilities				
	2,500,890	-	-	2,500,890
Total liabilities	3,030,207	270,066	8,977	3,309,250
<b>Net Assets - Unrestricted</b>	<b>\$ 691,189</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 691,189</b>

# Charter Township of Redford

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets Internal Service Funds Year Ended March 31, 2011

	<u>Internal Service</u>	Vehicle Maintenance <u>Internal Service</u>	Central Maintenance <u>Internal Service</u>	<u>Total</u>
<b>Operating Revenue</b>				
Charges for services	\$ -	\$ 244,946	\$ 385,915	\$ 630,861
Township contributions	<u>5,187,436</u>	<u>-</u>	<u>-</u>	<u>5,187,436</u>
Total operating revenue	5,187,436	244,946	385,915	5,818,297
<b>Operating Expenses</b>				
Benefit payments, reinsurance charges, and claim administration	5,872,944	-	-	5,872,944
General and administrative costs	<u>-</u>	<u>244,946</u>	<u>385,915</u>	<u>630,861</u>
Total operating expenses	<u>5,872,944</u>	<u>244,946</u>	<u>385,915</u>	<u>6,503,805</u>
<b>Operating Loss</b>	(685,508)	-	-	(685,508)
<b>Nonoperating Revenue</b> - Investment income	<u>14,947</u>	<u>-</u>	<u>-</u>	<u>14,947</u>
<b>Change in Net Assets</b>	(670,561)	-	-	(670,561)
<b>Net Assets</b> - Beginning of year	<u>1,361,750</u>	<u>-</u>	<u>-</u>	<u>1,361,750</u>
<b>Net Assets</b> - End of year	<u>\$ 691,189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 691,189</u>

# Charter Township of Redford

## Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended March 31, 2011

	Internal Service	Vehicle Maintenance Internal Service	Central Maintenance Internal Service	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from interfund services and reimbursements	\$ 5,187,436	\$ 339,519	\$ 385,915	\$ 5,912,870
Payments to suppliers	(193,941)	(15,280)	2,096	(207,125)
Payments to employees	-	(229,237)	(391,106)	(620,343)
Internal activity - Payments to other funds	354,317	128,417	-	482,734
Claims paid	(5,872,944)	-	-	(5,872,944)
Net cash (used in) provided by operating activities	(525,132)	223,419	(3,095)	(304,808)
<b>Cash Flows from Capital and Related Financing Activities - Property taxes (restricted for capital or capital debt)</b>				
	(229,126)	-	-	(229,126)
<b>Cash Flows from Investment Activities - Interest received on investments</b>				
	14,947	-	-	14,947
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(739,311)	223,419	(3,095)	(518,987)
<b>Cash and Cash Equivalents - Beginning of year</b>	3,606,019	-	12,072	3,618,091
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 2,866,708</u>	<u>\$ 223,419</u>	<u>\$ 8,977</u>	<u>\$ 3,099,104</u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>				
Operating loss	\$ (685,508)	\$ -	\$ -	\$ (685,508)
Changes in assets and liabilities:				
Due from others	-	94,573	-	94,573
Inventories	(139,624)	-	-	(139,624)
Prepaid and other assets	(54,317)	-	-	(54,317)
Accounts payable	-	2,759	2,096	4,855
Due to others	354,317	128,417	-	482,734
Accrued and other liabilities	-	(2,330)	(5,191)	(7,521)
Net cash (used in) provided by operating activities	<u>\$ (525,132)</u>	<u>\$ 223,419</u>	<u>\$ (3,095)</u>	<u>\$ (304,808)</u>

There were no significant noncash investing, capital, or financing activities during the year ended March 31, 2011.

# Charter Township of Redford

## Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds March 31, 2011

	Pension Trust Fund	Police and Fire OPEB Trust Fund	General Employees' OPEB Trust Fund	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 4,324,366	\$ 2,260,603	\$ 824,735	\$ 7,409,704
Investments:				
U.S. government securities	8,356,408	-	-	8,356,408
Stocks	37,626,562	-	-	37,626,562
Bonds	12,474,761	-	-	12,474,761
Real estate investment trust	1,243,357	-	-	1,243,357
Accrued interest	273,171	-	-	273,171
Due from primary government	-	198,792	-	198,792
Total assets	<u>64,298,625</u>	<u>2,459,395</u>	<u>824,735</u>	<u>67,582,755</u>
<b>Liabilities</b>				
Accounts payable	27,146	676	-	27,822
Other noncurrent liabilities	282,722	-	-	282,722
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	<u><u>\$ 63,988,757</u></u>	<u><u>\$ 2,458,719</u></u>	<u><u>\$ 824,735</u></u>	<u><u>\$ 67,272,211</u></u>

# Charter Township of Redford

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Assets Fiduciary Funds Year Ended March 31, 2011

	Pension Trust Fund	Police and Fire OPEB Trust Fund	General Employees' OPEB Trust Fund	Total
<b>Additions</b>				
Investment income:				
Interest and dividends	\$ 1,938,031	\$ 1,396	\$ 1,100	\$ 1,940,527
Net increase in fair value of investments	4,005,477	-	-	4,005,477
Investment-related expenses	(465,389)	-	-	(465,389)
Net investment income	5,478,119	1,396	1,100	5,480,615
Contributions:				
Employer contributions	3,908,161	2,577,925	2,067,393	8,553,479
Refunds and rebates	-	119,814	82,861	202,675
Net contributions	3,908,161	2,697,739	2,150,254	8,756,154
Total additions	9,386,280	2,699,135	2,151,354	14,236,769
<b>Deductions</b>				
Benefit payments	5,919,104	2,526,673	2,067,393	10,513,170
Refunds and withdrawals	846,826	-	-	846,826
Administrative expenses	72,333	11,494	6,218	90,045
Total deductions	6,838,263	2,538,167	2,073,611	11,450,041
<b>Net Increase</b>	2,548,017	160,968	77,743	2,786,728
<b>Net Assets Held in Trust - Beginning of year</b>	61,440,740	2,297,751	746,992	64,485,483
<b>Net Assets Held in Trust - End of year</b>	<b>\$ 63,988,757</b>	<b>\$ 2,458,719</b>	<b>\$ 824,735</b>	<b>\$ 67,272,211</b>