

WATERVLIEET CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

March 31, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1966, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name WATERVLIET CHARTER TOWNSHIP	County BERRIEN
Fiscal Year End 3/31/07	Opinion Date 5/15/07	Date Audit Report Submitted to State July 17, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

YES NO

Check each applicable box below. (See instructions for further detail.)

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) GERBEL & COMPANY, P.C.		Telephone Number	
Street Address 830 PLEASANT STREET, P.O. BOX 44		City ST. JOSEPH	State Zip MI 49085
Authorizing CPA Signature <i>Robert L. Gerbel CPA</i>	Printed Name Robert L. Gerbel	License Number 3953	

**WATERVLIET CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN**

FINANCIAL REPORT

March 31, 2007

CONTENTS

	<u>Page</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	I-VIII
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets.....	2
Statement of Activities	3
Governmental Funds - Balance Sheet	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	5
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Proprietary Funds - Statement of Net Assets.....	8
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Net Assets	9
Proprietary Funds - Statement of Cash Flows	10
Fiduciary Funds - Statement of Net Assets.....	11
Notes to Financial Statements	12-23
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	24
Police Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	25
Road Maintenance Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual.....	26

CONTENTS - Continued

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION - Continued	
Building Department Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	27
Nonmajor Governmental Funds:	
Description of Funds.....	28
Combining Balance Sheet.....	29
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	30
General Fund:	
Statement of Revenues, Compared to Budget	31
Statement of Expenditures, Compared to Budget.....	32-34
Nonmajor Special Revenue Funds:	
Combining Balance Sheet.....	35
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	36
Fiduciary Funds:	
Agency Funds:	
Combining Balance Sheet.....	37
Statement of Cash Receipts and Disbursements - Trust and Agency Fund	38
Statement of Cash Receipts and Disbursements - Tax Collection Fund	39
Schedule of Indebtedness - Fire Construction Loan	40
Schedule of Indebtedness - Public Service Building Loan.....	41

Using this Annual Report

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government wide financial statements.

Financial Highlights

The Township's combined net assets increased \$14,168 from a year ago-increasing from \$8,146,047 to \$8,160,215. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced an increase in net assets of \$10,346 during the year, while the business-type activities experienced a decrease in net assets of \$3,822.

Overview of the Financial Statements

This report consists of four parts---- *management's discussion and analysis* (this section), the *basic financial statements, required supplementary information*, and an optional section that *presents combining statements* for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts of* the Township government, reporting the Township's operations in more detail than the government-wide statements.

The governmental funds statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short- and long-term financial information about the activities the government operates *like businesses*, such as the sewer system.

Fiduciary fund statements provide information about the financial relationships, in which the Township acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to the required parts of the report, we have included a section with combining statements that provide details about our non-major governmental funds, which are added together and presented in single columns in the basic financial statements. The following table summarizes the major features of the Township's financial statements, including the portion of Township government they cover and the types of information they contain.

The remainder of the overview section of management's discussion and analysis explains the structure and contents of each of the statements

Major Features of Watervliet Township's Government - Wide and Fund Financial Statements

Fund Statements

	Government-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Township government(except fiduciary funds) and the Township's Component units	The activities of the Township that are not proprietary or fiduciary, such as, police ambulance, building, fire, and general operations.	Activities the Township operates similar to private businesses; the sewer system.	Instances in which the Township is the trustee or agent for someone else's resources, such as property tax collections.
Required Financial Statements.	>Statement of net assets. >Statement of activities.	>Balance Sheet >Statement of Revenues expenditures, and changes in fund balances.	>Statement of net assets >Statements of revenues, expenditures, and changes in net assets >Statement of cash flows	>Statement of fiduciary net assets >Statement of changes in fiduciary net assets.
Accounting basis and Measurement focus.	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of assets/liability information	All assets and liabilities, both financial and capital and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term; the Township's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Government-wide Statements

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

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

- * Overtime, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- * To assess the overall health of the Township you need to consider additional nonfinancial factors such as changes in the Township's property tax base and condition of the Township's infrastructure.

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

- * Governmental activities-Most of the Township's basic services are included here, such as general government, public safety, public works, and recreation and culture.
- * Business-type activities-The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's sewer and water systems are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds-not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- * Some funds are required by State law and by bond covenants.
- * The Township Board establishes other funds to control and manage money for a particular purpose (i.e. building) or to show that it is properly using certain taxes and grants (i.e. ambulance monies). The following summarizes the Townships Special Millages:

Millages:

Ambulance	0.34600 voted	collected in 2006 - 0.33850
Roads	2.00000 voted	collected in 2006 - 1.95720
Roads	1.00000 voted	collected in 2006 - 0.95920
Fire Protection	1.00000 voted	collected in 2006 - 0.95920
Police Protection	1.50000 voted	collected in 2006 - 1.46790
Library	0.50000 voted	collected in 2006 - 0.48930
Historical Society	0.25000 voted	collected in 2006 - 0.25000

The Township has the following three kinds of funds:

**Government Funds*-Most of the Township's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations are included in the basic financial statements that explain the relationship (or differences) between them.

**Proprietary Funds*-Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Township's enterprise fund (a type of proprietary fund) is the same as its business-type activities, but provide more detail and additional information, such as cash flows.

**Fiduciary Funds*-The Township is the trustee, or fiduciary, for property tax collections and trailer fees. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's governments-wide financial statements because the Township cannot use these assets to finance its operations.

Financial Analysis Of The Township As A Whole

The Township's combined net assets were \$8,160,215. In a condensed format the following table below shows a breakdown of the net assets:

	Governmental <u>Activities</u> <u>2006/2007</u>	Governmental <u>Activities</u> <u>2005/2006</u>	Business type <u>Activities</u> <u>2006/2007</u>	Business- type <u>Activities</u> <u>2005/2006</u>	<u>Total</u> <u>2006/2007</u>	<u>Total</u> <u>2005/2006</u>
Current assets	\$ 2,718,357	\$ 2,793,051	\$ 492,626	\$ 532,057	\$ 3,210,983	\$ 3,325,108
Capital assets	<u>821,491</u>	<u>844,195</u>	<u>4,515,374</u>	<u>4,468,729</u>	<u>5,336,865</u>	<u>5,312,924</u>
Total Assets	<u>\$ 3,539,848</u>	<u>\$ 3,637,246</u>	<u>\$ 5,008,000</u>	<u>\$ 5,000,786</u>	<u>\$ 8,547,848</u>	<u>\$ 8,638,032</u>
Long-term debt outstanding	\$ 326,800	\$ 355,100	-	-	\$ 326,800	\$ 355,100
Other liabilities	<u>37,629</u>	<u>117,073</u>	<u>23,204</u>	<u>19,812</u>	<u>60,833</u>	<u>136,885</u>
Total Liabilities	<u>\$ 384,429</u>	<u>\$ 472,173</u>	<u>\$ 23,204</u>	<u>\$ 19,812</u>	<u>\$ 387,633</u>	<u>\$ 491,985</u>
Net Assets:						
Investments in capital assets, net of related debt	\$ 466,391	\$ 441,915	\$ 4,515,374	\$ 4,468,729	\$ 4,981,765	\$ 4,910,644
Restricted	64,030	58,653	-	-	64,030	58,653
Unrestricted	<u>2,644,998</u>	<u>2,664,505</u>	<u>469,422</u>	<u>512,245</u>	<u>3,114,420</u>	<u>3,176,750</u>
Total Net Assets	<u>\$ 3,175,419</u>	<u>\$ 3,165,073</u>	<u>\$ 4,984,796</u>	<u>\$ 4,980,974</u>	<u>\$ 8,146,047</u>	<u>\$ 8,160,215</u>

The following table shows the changes of the net assets as of the current date.

	Governmental <u>Activities</u> 2006/2007	Governmental <u>Activities</u> 2005/2006	Business- Type <u>Activities</u> 2006/2007	Business- Type <u>Activities</u> 2005/2006	<u>Total</u> 2006/2007	<u>Total</u> 2005/2006
Program Revenues:						
Charges for services	\$ 254,280	\$ 169,094	\$ 418,932	\$ 372,950	\$ 673,212	\$ 542,044
Capital, grants & contribut.	-	-	85,000	-	85,000	-
General Revenues:						
Property taxes	743,857	623,994	-	-	743,857	623,994
State shared revenues	241,399	241,589	-	-	241,399	241,589
Interest and rentals	77,987	55,025	28,701	14,600	106,688	69,625
Miscellaneous	<u>17,793</u>	<u>26,154</u>	<u>-</u>	<u>-</u>	<u>17,793</u>	<u>26,154</u>
Total Revenues	\$ 1,335,316	\$1,115,856	\$ 532,633	\$ 387,550	\$ 1,867,949	\$ 1,503,406
Expenses:						
General government	355,511	326,751	-	-	355,511	326,751
Public safety	497,830	414,643	-	-	497,830	414,643
Public works	319,691	135,222	-	-	319,691	135,222
Recreation and culture	35,617	9,070	-	-	35,617	9,070
Interest on long-term debt	15,489	16,490	-	-	15,489	16,490
Depreciation, unallocated	22,704	22,616	-	-	22,704	22,616
Sewer	-	-	520,333	490,660	520,333	490,660
Water	-	-	8,478	-	8,478	-
Comm. & econ. develop.	<u>78,128</u>	<u>35,980</u>	<u>-</u>	<u>-</u>	<u>78,128</u>	<u>35,980</u>
Total Expenses	\$ 1,324,970	\$ 960,772	\$ 528,811	\$ 490,660	\$ 1,853,781	\$ 1,451,432
Inc.(dec.) in Net Assets	\$ 10,346	\$ 155,084	\$ 3,822	\$ (103,110)	\$ 14,168	\$ 51,974

The Township's net assets continue to remain healthy. As a result, net assets grew by \$14,168.

Governmental Activities

Total net assets for the governmental activities increased \$10,346 to \$3,175,419.

Unrestricted net assets – the part of net assets that can be used to finance day to day operations, amounted to \$2,644,998 or 83% of total governmental activities net assets.

Net assets invested in capital assets, net of related debt amounted to \$466,391 or 15% of the total governmental activities net assets. The remaining net assets of \$64,030 are restricted for maintenance and upkeep of the cemetery once the Township's General Cemetery Fund has been depleted and is no longer able to produce revenue to support it operation.

Business-Type Activities

The Township's business-type activities consist of the Sewer Fund and the Water Fund. Total net assets for the Sewer Fund business-type activities decreased by \$72,700 resulting in net assets of \$4,908,274. \$4,515,374 or 91% is invested in capital assets and therefore is not available for future spending. The amount of business-type net assets available to finance day-to-day operations is \$392,900.

Business-Type Activities (Cont'd)

The Water Fund business-type activities was funded by a Federal Grant in the amount of \$85,000. Expenses incurred in the amount of \$8,478 resulting in a balance of \$76,522 for day-to-day operations.

The Township's Funds

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 special property tax millage. The Township's major funds for March 31, 2007 included the General Fund, Road Maintenance Fund Police Fund, Sewer Fund, and Fire Protection Millage Fund.

General Fund:

Revenue for the 2006/2007 shows no drastic change. However the expenditures did increase in 1) Legal Services due to becoming a charter township and forming a Joint City and Township Water Authority Board; 2) Postage increase due to additional mailings; 3) Contractual Services to cover ordinance contract with Coloma Township and attain a grant consultant; 4) Insurance & Bonds due to increase in rates; 5) Office Equipment to purchase a new Pitney Bowes postage machine; 6) Crossing Guard allotment for additional guards; 7) Drain at Large for Wilson Dr. at Industrial Park; and 8) Tree Removal for additional work on township property.

Road Maintenance (Public Works) Fund:

The Township shows a large amount of fund balance in the Road Maintenance Fund (218) because in the 2006-2007 fiscal year due to reorganization of the Berrien County Road Department, roadwork was started but not finished and billed. The roads are scheduled for completion in the 2007-2008 fiscal year and will be billed accordingly.

Police Fund:

Expenditures for the 2006/2007 fiscal year reflect an increase due to the purchase of a new patrol car. The budget was amended on 2/19/07 to reflect this change.

Building Fund:

This fund qualified as a major fund during 2006/07 due to an increase in both revenues and expenditures. This was due to an influx of building permits issued. Major permits issued were for a motel and water park, industrial park business and Nature's Cove development on the lake. This budgeted fund was also amended on 2/19/07 showing the changes.

Sewer Fund:

The sewer rate is still \$60.00 per quarter. However, due to repairs and maintenance of older sewer lines and equipment, increases in the Paw Paw Lake Wastewater Treatment plant billings and new sewer line extensions, it is expected that a deficit will be an ongoing thing.

General Fund Budgetary Highlights

On February 19, 2007, the Township Board did amend the budget to take into account events during the year. The total year-end expenditures in the general fund were not available and the nine-month actual expenses did not reflect an increase beyond the budgeted amount. At twelve-month year-end, the General Fund actual revenues were in excess of budget by \$55,719 while expenditures were over budget by \$9,820.

Note: There was an amended budget approved on 2/19/07 to reflect expenses on the nine month report that did exceed the budgeted amount. These funds were Police Protection, Fairview Memorial Cemetery and Construction Fund. The revenues for the Construction Fund also exceeded the budgeted amount and were amended at the same time.

Capital Asset and Debt Administration

At the end of March 31, 2007, the Township had investment in capital assets for its governmental and business-type activities of \$5,336,865. (net of depreciation). This investment includes a broad range of capital assets, including land, buildings and improvements, furniture and equipment, and sewer lines. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statement because of Michigan law, which makes these roads the property of the Berrien County Road Commission, along with the responsibility to maintain them.

	Capital Assets at Year End (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Totals	
	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006
Land	28,775	28,775	-	-	28,775	28,775
Land Improvements	63,681	67,544	-	-	63,681	67,544
Building & Improvements	712,424	726,302	727	754	713,151	727,056
Machinery & Equipment	8,548	9,605	39,431	34,639	47,979	44,244
Vehicles	977	3,320	-	-	977	3,320
Office Equipment	7,086	8,649	-	-	7,086	8,649
Utility Systems			<u>4,475,216</u>	<u>4,433,336</u>	<u>4,475,216</u>	<u>4,433,336</u>
	<u>821,491</u>	<u>844,195</u>	<u>4,515,374</u>	<u>4,468,729</u>	<u>5,336,865</u>	<u>5,312,924</u>

Long-Term Debt

At the end of the current fiscal year, the Township had total debt outstanding of \$355,100.

Fire Station Addition - \$267,000. Matures September 1, 2015

In 2001 the Watervliet Joint Fire Board constructed an addition to the fire station. Since the Fire Board is a joint board, they were not allowed to take out a loan. The Township agreed to enter into a Municipal Purchase Contract to assist in the financing of the new addition. To enable the Township to enter into the Municipal Purchase Contract, the Fire Board and the City of Watervliet transferred title of the Fire Board real property to the Township by quitclaim deed. As payments on the contract become due, the Fire Board forwards the payments to the Township.

Public Service Building - \$88,100. Matures September 1, 2017

Medic 1 Ambulance occupies the Public Service Building. On August 8, 2002, Watervliet Township entered into a lease agreement with Medic 1 Ambulance. The lease commenced on February 1, 2003. The initial term of the lease is fifteen years. Medic 1 Ambulance will pay \$828 a month as rent the first five years of the lease, \$910 a month as rent for the second five years of the lease, and \$1,001 a month as rent for the third five years of the lease. The amount of rent that is being charged is more than sufficient to cover the loan payments.

Economic Factors and Next Year's Budgets and Rates

The Township anticipates revenues over expenditures in the governmental funds. Expenditures in excess of revenues are expected in the Sewer Fund. Rates are expected to remain the same for the 2007-2008 fiscal year.

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 clerk's office.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

May 15, 2007

INDEPENDENT AUDITOR'S REPORT

To the Township Board
Watervliet Charter Township
Watervliet, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Watervliet Charter Township, as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

The management's discussion and analysis and budgetary comparison information on pages I through VIII and 24 through 27 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Watervliet Charter Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gerbel & Company, P.C.

Right. On time.

WATERVLIET CHARTER TOWNSHIP
Statement of Net Assets
March 31, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 1,949,367	\$ 444,111	\$ 2,393,478
Receivables	754,643	47,884	802,527
Due from fiduciary funds	13,457	-	13,457
Prepaid expenses	890	631	1,521
Capital assets (net of related depreciation):			
Nondepreciable assets:			
Land	28,775	-	28,775
Depreciable assets:			
Buildings and improvements	712,424	727	713,151
Land improvements	63,681	-	63,681
Machinery and equipment	8,548	39,431	47,979
Vehicles	977	-	977
Office equipment	7,086	-	7,086
Utility systems	-	4,475,216	4,475,216
	\$ 3,539,848	\$ 5,008,000	\$ 8,547,848
Total Assets			
Liabilities			
Accounts payable	\$ 9,043	\$ 23,204	\$ 32,247
Payroll liabilities	286	-	286
Noncurrent liabilities:			
Due within one year	28,300	-	28,300
Due in more than one year	326,800	-	326,800
	\$ 364,429	\$ 23,204	\$ 387,633
Total Liabilities			
Net Assets			
Invested in capital asset, net of related debt	\$ 466,391	\$ 4,515,374	\$ 4,981,765
Restricted	64,030	-	64,030
Unrestricted	2,644,998	469,422	3,114,420
	\$ 3,175,419	\$ 4,984,796	\$ 8,160,215
TOTAL NETS ASSETS			

WATERVLIET CHARTER TOWNSHIP
Statement of Activities
For the Year Ended March 31, 2007

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:				
Governmental Activities:				
General government	\$ 355,511	\$ 21,802	\$ -	\$ -
Public safety	497,830	184,255	-	-
Public works	319,691	47,023	-	-
Community and economic development	78,128	1,200	-	-
Recreation and cultural	35,617	-	-	-
Interest on long-term debt	15,489	-	-	-
Depreciation, unallocated	22,704	-	-	-
Total Governmental Activities	\$ 1,324,970	\$ 254,280	\$ -	\$ -
Business-Type Activities				
Sewer Fund	\$ 520,333	\$ 418,932	\$ -	\$ -
Water Fund	8,478	-	-	85,000
Total Business-Type Activities	\$ 528,811	\$ 418,932	\$ -	\$ 85,000
Total Primary Government	\$ 1,853,781	\$ 673,212	\$ -	\$ 85,000
General revenues:				
Property taxes				
State revenue sharing				
Interest				
Other revenue				
Transfers				
Total General Revenues				
Change in Net Assets				
Net Assets - Beginning of Year				
NET ASSETS - END OF YEAR				

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue and
Changes in Net Assets
Primary Government**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (333,709)	\$ -	\$ (333,709)
(313,575)	-	(313,575)
(272,668)	-	(272,668)
(76,928)	-	(76,928)
(35,617)	-	(35,617)
(15,489)	-	(15,489)
<u>(22,704)</u>	<u>-</u>	<u>(22,704)</u>
\$ (1,070,690)	\$ -	\$ (1,070,690)
\$ -	\$ (101,401)	\$ (101,401)
<u>-</u>	<u>76,522</u>	<u>76,522</u>
\$ -	\$ (24,879)	\$ (24,879)
\$ (1,070,690)	\$ (24,879)	\$ (1,095,569)
\$ 743,857	\$ -	\$ 743,857
241,399	-	241,399
77,987	28,701	106,688
17,793	-	17,793
<u>-</u>	<u>-</u>	<u>-</u>
\$ 1,081,036	\$ 28,701	\$ 1,109,737
\$ 10,346	\$ 3,822	\$ 14,168
<u>3,165,073</u>	<u>4,980,974</u>	<u>8,146,047</u>
<u>\$ 3,175,419</u>	<u>\$ 4,984,796</u>	<u>\$ 8,160,215</u>

**WATERVLIET CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
Balance Sheet
March 31, 2007**

	<u>General Fund</u>	<u>Police Fund</u>	<u>Road Maintenance Fund</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,010,594	\$ 134,091	\$ 590,992
Receivables:			
Accounts	19,419	-	-
Taxes	4,750	11,577	23,003
Loans	-	-	350,000
Due from other funds	13,457	-	-
Land contract	-	-	-
Prepaid expenses	890	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Current Assets	<u>\$ 1,049,110</u>	<u>\$ 145,668</u>	<u>\$ 963,995</u>
TOTAL ASSETS	<u>\$ 1,049,110</u>	<u>\$ 145,668</u>	<u>\$ 963,995</u>
Liabilities and Fund Balances			
Current Liabilities:			
Accounts payable	\$ 2,730	\$ -	\$ -
Payroll liabilities	286	-	-
Deferred revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Current Liabilities	<u>\$ 3,016</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 3,016</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:			
Reserved for:			
Restricted purposes	\$ -	\$ -	\$ -
Unreserved, reported in			
General Fund	1,046,094	-	-
Special Revenue	-	145,668	963,995
Capital Projects	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>\$ 1,046,094</u>	<u>\$ 145,668</u>	<u>\$ 963,995</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,049,110</u>	<u>\$ 145,668</u>	<u>\$ 963,995</u>

The accompanying notes are an integral part of these financial statements.

Building Department Fund	Other Governmental Funds	Total Governmental Funds
\$ 35,173	\$ 178,517	\$ 1,949,367
-	-	19,419
-	15,743	55,073
-	-	350,000
-	-	13,457
-	63,151	63,151
-	-	890
<u>\$ 35,173</u>	<u>\$ 257,411</u>	<u>\$ 2,451,357</u>
<u>\$ 35,173</u>	<u>\$ 257,411</u>	<u>\$ 2,451,357</u>
\$ 6,313	\$ -	\$ 9,043
-	-	286
<u>-</u>	<u>63,151</u>	<u>63,151</u>
<u>\$ 6,313</u>	<u>\$ 63,151</u>	<u>\$ 72,480</u>
<u>\$ 6,313</u>	<u>\$ 63,151</u>	<u>\$ 72,480</u>
\$ -	\$ 64,030	\$ 64,030
-	-	1,046,094
28,860	130,318	1,268,841
<u>-</u>	<u>(88)</u>	<u>(88)</u>
<u>\$ 28,860</u>	<u>\$ 194,260</u>	<u>\$ 2,378,877</u>
<u>\$ 35,173</u>	<u>\$ 257,411</u>	<u>\$ 2,451,357</u>

WATERVLIET CHARTER TOWNSHIP
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Assets
For the Year Ended March 31, 2007

Fund balances of governmental funds	\$ 2,378,877
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Governmental funds report outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives.	821,491
Long-term liabilities are not due and payable in the current period nor are they reflected as reductions to debt in the funds.	(355,100)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>330,151</u>
Net Assets of Governmental Activities	<u>\$ 3,175,419</u>

**WATERVLIET CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended March 31, 2007**

	<u>General Fund</u>	<u>Police Funds</u>	<u>Road Maintenance Fund</u>
Revenues:			
Taxes	\$ 68,779	\$ 154,075	\$ 307,046
Licenses and permits	12,952	-	-
State grants	241,399	-	-
Charges for services	51,973	-	-
Interest	64,597	-	6,733
Rents	40,256	-	-
Other revenue	<u>17,193</u>	<u>-</u>	<u>600</u>
Total Revenues	<u>\$ 497,149</u>	<u>\$ 154,075</u>	<u>\$ 314,379</u>
Expenditures:			
General government	\$ 343,555	\$ -	\$ -
Public safety	10,180	207,293	-
Public works	14,269	-	305,422
Recreation and cultural	6,140	-	-
Other	35,617	-	-
Debt service	<u>41,489</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 451,250</u>	<u>\$ 207,293</u>	<u>\$ 305,422</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 45,899</u>	<u>\$ (53,218)</u>	<u>\$ 8,957</u>
Other Financing Sources (Uses):			
Proceeds from sale of building	\$ -	\$ -	\$ -
Operating transfers in (out)	<u>(15,000)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>\$ (15,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ 30,899	\$ (53,218)	\$ 8,957
Fund Balances, Beginning of Year	<u>1,015,195</u>	<u>198,886</u>	<u>955,038</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,046,094</u>	<u>\$ 145,668</u>	<u>\$ 963,995</u>

The accompanying notes are an integral part of these financial statements.

Building Department Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 213,957	\$ 743,857
163,999	-	176,951
-	-	241,399
-	5,100	57,073
-	6,657	77,987
-	-	40,256
-	-	17,793
<u>\$ 163,999</u>	<u>\$ 225,714</u>	<u>\$ 1,355,316</u>
\$ -	\$ 11,956	\$ 355,511
151,128	129,229	497,830
-	-	319,691
-	71,988	78,128
-	-	35,617
-	-	41,489
<u>\$ 151,128</u>	<u>\$ 213,173</u>	<u>\$ 1,328,266</u>
<u>\$ 12,871</u>	<u>\$ 12,541</u>	<u>\$ 27,050</u>
\$ -	\$ 1,950	\$ 1,950
-	15,000	-
<u>\$ -</u>	<u>\$ 16,950</u>	<u>\$ 1,950</u>
\$ 12,871	\$ 29,491	\$ 29,000
<u>15,989</u>	<u>164,769</u>	<u>2,349,877</u>
<u>\$ 28,860</u>	<u>\$ 194,260</u>	<u>\$ 2,378,877</u>

WATERVLIET CHARTER TOWNSHIP
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2007

Net change in fund balances - total governmental funds	\$	29,000
Amounts reported for <i>governmental activities</i> in the statement of activities.		
Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives. This is the amount by which capital outlays exceeded depreciation in the current period.		(22,704)
Long-term liabilities are not due and payable in the current period nor are they reflected as reductions in the funds.		26,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		<u>(21,950)</u>
Change in Net Assets of Governmental Funds	\$	<u>10,346</u>

**WATERVLIET CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 Statement of Net Assets
 March 31, 2007**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 367,589	\$ 76,522	\$ 444,111
Accounts receivables	42,117	-	42,117
Delinquent sanitation charges	5,767	-	5,767
Prepaid insurance	631	-	631
	<u> </u>	<u> </u>	<u> </u>
Total Current Assets	\$ 416,104	\$ 76,522	\$ 492,626
Noncurrent Assets:			
Building and improvements	\$ 1,080	\$ -	\$ 1,080
Plant interceptors	1,612,787	-	1,612,787
Sewer collection mains	5,767,174	-	5,767,174
Equipment	208,630	-	208,630
Accumulated depreciation	(3,074,297)	-	(3,074,297)
	<u> </u>	<u> </u>	<u> </u>
Total Noncurrent Assets	\$ 4,515,374	\$ -	\$ 4,515,374
TOTAL ASSETS	<u>\$ 4,931,478</u>	<u>\$ 76,522</u>	<u>\$ 5,008,000</u>
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$ 23,204	\$ -	\$ 23,204
	<u> </u>	<u> </u>	<u> </u>
Total Current Liabilities	\$ 23,204	\$ -	\$ 23,204
Total Liabilities	<u>\$ 23,204</u>	<u>\$ -</u>	<u>\$ 23,204</u>
Net Assets:			
Invested in capital assets, net of related debt	\$ 4,515,374	\$ -	\$ 4,515,374
Unrestricted	392,900	76,522	469,422
	<u> </u>	<u> </u>	<u> </u>
Total Net Assets	\$ 4,908,274	\$ 76,522	\$ 4,984,796
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,931,478</u>	<u>\$ 76,522</u>	<u>\$ 5,008,000</u>

**WATERVLIET CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 Statement of Revenues, Expenses, and
 Changes in Net Assets
 For the Year Ended March 31, 2007**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 418,932	\$ -	\$ 418,932
Operating Expenses:			
Plant interceptor operating expenses	\$ 179,301	\$ -	\$ 179,301
Salaries and wages	61,637	-	61,637
Retirement	1,840	-	1,840
Payroll taxes	4,715	-	4,715
Supplies	2,500	-	2,500
Professional services	41,638	8,423	50,061
Insurance	20,633	-	20,633
Utilities	12,342	-	12,342
Contractual services	770	-	770
Depreciation	130,963	-	130,963
Transportation	1,730	55	1,785
Repairs and maintenance	20,832	-	20,832
Miscellaneous	29,355	-	29,355
Capital outlay	12,077	-	12,077
 Total Operating Expenses	 \$ 520,333	 \$ 8,478	 \$ 528,811
 Operating Loss	 \$ (101,401)	 \$ (8,478)	 \$ (109,879)
Nonoperating Revenue (Expense):			
Interest revenue	\$ 28,701	\$ -	\$ 28,701
Federal grant	-	85,000	85,000
 Total Nonoperating Revenue (Expense)	 \$ 28,701	 \$ 85,000	 \$ 113,701
 Change in Net Assets	 \$ (72,700)	 \$ 76,522	 \$ 3,822
 Total Net Assets, Beginning of Year	 4,980,974	 -	 4,980,974
 TOTAL NET ASSETS, END OF YEAR	 \$ 4,908,274	 \$ 76,522	 \$ 4,984,796

**WATERVLIET CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 Statement of Cash Flows
 For the Year Ended March 31, 2007**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash receipts from customers	\$ 403,749	\$ -	\$ 403,749
Payments to employees	(61,637)	-	(61,637)
Payments of benefits on behalf of employees	(6,555)	-	(6,555)
Payments to suppliers	<u>(317,786)</u>	<u>(8,478)</u>	<u>(326,264)</u>
Net cash provided (used) by operating activities	<u>\$ 17,771</u>	<u>\$ (8,478)</u>	<u>\$ 9,293</u>
Cash Flows From Capital and Related Financing Activities:			
Federal grant	\$ -	\$ 85,000	\$ 85,000
Purchase of fixed assets	<u>(177,608)</u>	<u>-</u>	<u>(177,608)</u>
Net cash provided (used) by capital and related financing activities	<u>\$ (177,608)</u>	<u>\$ 85,000</u>	<u>\$ (92,608)</u>
Cash Flows From Investing Activities:			
Interest income	<u>\$ 28,701</u>	<u>\$ -</u>	<u>\$ 28,701</u>
Net cash provided (used) by investing activities	<u>\$ 28,701</u>	<u>\$ -</u>	<u>\$ 28,701</u>
Net Increase (decrease) in cash and cash equivalents	\$ (131,136)	\$ 76,522	\$ (54,614)
Cash Balance, Beginning of the Year	<u>498,725</u>	<u>-</u>	<u>498,725</u>
CASH BALANCE, END OF THE YEAR	<u>\$ 367,589</u>	<u>\$ 76,522</u>	<u>\$ 444,111</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ (101,401)</u>	<u>\$ (8,478)</u>	<u>\$ (109,879)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 130,963	\$ -	\$ 130,963
(Increase) decrease in:			
Accounts receivable	(15,183)	-	(15,183)
Delinquent sanitation charges	-	-	-
Increase (decrease) in:			
Accounts payable	3,392	-	3,392
Payroll liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total adjustments	<u>\$ 119,172</u>	<u>\$ -</u>	<u>\$ 119,172</u>
Net cash provided (used) by operating activities	<u>\$ 17,771</u>	<u>\$ (8,478)</u>	<u>\$ 9,293</u>

**WATERVLIET CHARTER TOWNSHIP
FIDUCIARY FUNDS
Statement of Net Assets
March 31, 2007**

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 14,917
Due from other governments	<u>-</u>
TOTAL ASSETS	<u>\$ 14,917</u>
Liabilities	
Due to other funds	\$ 13,457
Due to other governmental units	<u>1,460</u>
TOTAL LIABILITIES	<u>\$ 14,917</u>

WATERVLIET CHARTER TOWNSHIP
Notes to Financial Statements
March 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by Watervliet Charter Township, Michigan, conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below:

A. Reporting Entity

In evaluating how to define the Township's reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Township's reporting entity.

Coloma Watervliet Area Economic Development Corporation. This potential component unit is disclosed as a jointly governed organization because the Township has one representative on the regional council of government and does not have an ongoing financial interest in or a financial responsibility for the corporation. See Note 4 for further information on the jointly governed organization.

Watervliet Joint Cemetery, Watervliet Joint Fire Board, Watervliet Joint Airport, and Paw Paw Lake Joint Sewage Board. These potential component units are disclosed as joint ventures because the Township; (1) selects governing authority, (2) approves the budget, (3) is responsible for fund deficits, and (4) provides subsidies. See Note 5 for further information on the joint ventures.

B. Government-Wide and Fund Financial Statements

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

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

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 funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

WATERVLIET CHARTER TOWNSHIP
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenues 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Watervliet Township reports the following major governmental funds:

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

The **Police Fund** is used to account for police services.

The **Road Maintenance Fund** is used to account for the repairs, maintenance and general upkeep of the Township's roads.

The **Building Department Fund** is used to account for revenues collected and monies expended for the purpose of funding planning, zoning and inspection functions.

Watervliet Charter Township reports the following major proprietary fund:

The **Sewer Operating Fund** accounts for the activities related to the Township's share of the Paw Paw Lake Wastewater Treatment Plant's sanitary collections system and wastewater treatment.

WATERVLIET CHARTER TOWNSHIP
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued

Additionally, Watervliet Charter Township reports the following fund type:

The **Agency Funds** are used to account for assets as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Sewer Fund and other functions and segments. Elimination of these charges would distort the direct costs and program revenues for the functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgetary Data

Prior to an annual meeting the Supervisor submits, to the Board of Trustees, a proposed operating budget for the fiscal year commencing April 1. The budget includes proposed expenditures and the means of financing them.

A public hearing is conducted before final adoption by the Board of Trustees.

The budget is formally accepted in summary form at the annual budget meeting.

The Supervisor and Clerk are authorized to transfer budgeted amounts between departments within a fund; however, any revisions that alter total expenditures of any fund must be approved by the Board of Trustees.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by Watervliet Charter Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

WATERVLIET CHARTER TOWNSHIP
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Capital Assets - Continued

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings	25-50 years
Equipment	5-15 years
Vehicles	3-12 years
Utility Systems	10-40 years
Land Improvements	15-25 years

F. Long-Term Liabilities

In the government-wide financial statements and 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 and business-type activities or proprietary fund type statements of net assets. The Township does not currently have any bonded debt; however, if they were to issue a bond, the bond premium or discount, as well as issuance costs, would be deferred and amortized over the life of the bonds using straight-line amortization. Bonds payable would be reported net of the applicable bond premium or discount. Bond issuance costs would be reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types would 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 would be reported as other financing sources. Bond discounts would be reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, would be reported as debt service.

G. Property Taxes

Township property taxes are levied on December 1 and are payable without penalty through February 28. The Township bills and collects its own property taxes and also taxes for the County and several school districts within its jurisdiction. Collections and remittances of all taxes are accounted for in the Current Tax Agency Fund. Township property tax revenues are recognized as revenues in the calendar year following the levy date.

WATERVLIET CHARTER TOWNSHIP
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Cash Flows Statement

For purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments, with a maturity of six months or less when purchased, to be cash equivalents.

I. Investments

Investments are stated at cost or amortized cost, which approximates market.

All highly liquid investments (including restricted assets) with a maturity of one year or less when purchased are defined as cash equivalents.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and Short-term Investments – The Township is authorized to invest in certificates of deposit, savings accounts and deposit accounts. The Township is also authorized to invest in bonds, securities, and other obligations of the United States, or an agency whose principal and interest is fully guaranteed by the United States. The Township is authorized to invest in commercial paper within the two highest classifications and maturities not more than 270 days after the date of purchase. Act 217, PA 1982 states that the Township's deposits, which include cash and certificates of deposit, are carried at cost and must be invested in accounts of federally insured banks, insured credit unions, savings and loan associations and bonds and other direct obligations of the associations and bonds and other direct obligations of the United States. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. The Township's deposits are in accordance with statutory authority at March 31, 2007.

Long-term Investments – The Township's policy does not address investments other than short-term highly liquid assets.

Interest Rate Risk – It is the objective of the Township to maintain safety of principal of its funds, maintain a diversified portfolio, maintain sufficient liquidity to meet operating requirements, and to obtain a market average rate of return. The Township is not exposed to interest rate risk.

All certificates of deposit with maturities less than one year are classified as cash and cash equivalents.

Custodial Credit Risk – The Township is authorized to invest in pre-qualifying financial institutions, brokers, dealers, intermediaries, and advisors with whom the Township will do business. The portfolio will be diversified so that the impact on the investment portfolio resulting from losses on individual securities will be minimized. As of March 31, 2007, the Township's funds were deposited in three institutions meeting the above requirements. As of March 31, 2007, \$2,125,600 of the government's bank balance of \$2,425,600 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized: \$2,125,600

WATERVLIET CHARTER TOWNSHIP
Notes to Financial Statements
March 31, 2007

NOTE 3 - JOINT VENTURES

Watervliet Joint Cemetery

The Watervliet Joint Cemetery's purpose is to maintain and sell the lots of the city-township cemetery. The Watervliet Joint Cemetery's Board of Trustees is comprised of three trustees appointed by the City of Watervliet and three trustees appointed by Watervliet Charter Township.

Any and all costs incidental to the maintenance and operation of the Watervliet Joint Cemetery, which are not covered by sales of lots, are shared equally by the City of Watervliet and Watervliet Charter Township. Watervliet Charter Township's contribution for the year ending March 31, 2007 totals \$5,000.

There are no audited financial statements available for review.

Watervliet Joint Fire Board

The Watervliet Joint Fire Board's purpose is to supervise, operate, maintain and provide fire service for the City of Watervliet and Watervliet Charter Township. The Watervliet Joint Fire Board's Board of Trustees is comprised of three trustees appointed by the City of Watervliet and three trustees appointed by Watervliet Charter Township.

Any and all costs incidental to the maintenance and operation of the Watervliet Joint Fire Board are shared by the City of Watervliet and Watervliet Charter Township. Watervliet Charter Township's contribution for the year ending March 31, 2007 totals \$103,764.

A copy of the March 31, 2006 audited financial statements is available for review at the Township Hall.

Watervliet Joint Airport

The Watervliet Joint Airport's purpose is to further public interest and aeronautical progress at the airport jointly owned by the City of Watervliet and the Township of Watervliet, and known as Watervliet Municipal Airport. The board consists of six members, three from each Local Unit.

The Township of Watervliet and the City of Watervliet contribute equal shares toward the maintenance and operation of the airport and aeronautical facilities, and revenues in excess of the expense of maintaining and operating the facility are to be equally divided between the two municipalities. Watervliet Charter Township's contribution for the year ending March 31, 2007 totals \$4,500.

There are no audited financial statements available for review.

Paw Paw Lake Joint Sewage Board

The Paw Paw Lake Joint Sewage Board's purpose is to control, manage, and operate the Paw Paw Lake Area Wastewater Plant. The board consists of eight appointed members; two from each Participating Municipality. The municipalities that participate in the sewage disposal contract include the Township of Watervliet, the City of Watervliet, the Township of Coloma, and the City of Coloma.

Watervliet Charter Township is billed monthly by the Paw Paw Lake Area Wastewater Plant at a per gallon rate that is based upon the Board's operating expenses plus expenditures for properties for the fiscal year. Total costs to Watervliet Charter Township for the year ended March 31, 2007 equaled \$179,301.

A copy of the most recent audited financial statements for the fiscal year ending March 31, 2006, is available for review at the Township Hall.

WATERVLIET CHARTER TOWNSHIP
Notes to Financial Statements
March 31, 2007

NOTE 4 - JOINTLY GOVERNED ORGANIZATIONS

Coloma Watervliet Area Economic Development Corporation

The Township and City of Watervliet, the Township and City of Coloma, and the Township of Bainbridge participate jointly in the operation of the Coloma Watervliet Area Economic Development Corporation. The Corporation is organized for the specific and primary purpose of furthering the common interests of the Greater Coloma Watervliet Area by promoting the retention and growth of commercial and industrial enterprises.

The funds required are allocated among the Participating Municipalities according to a formula approved by the board of directors. The formula contains a per capita, real property tax valuation to assure equality among the five Participating Municipalities.

Watervliet Charter Township's appropriation to the Coloma Watervliet Area Economic Development Corporation for the fiscal year ended March 31, 2007 was \$17,619.

NOTE 5 - CAPITAL ASSETS

Capital assets activities for the year ended March 31, 2007 were as follows:

	<u>Balance</u> <u>April 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2007</u>
Governmental Activities				
Land	\$ 28,775	\$ -	\$ -	\$ 28,775
Buildings and Improvements	\$ 791,625	\$ -	\$ -	\$ 791,625
Land Improvements	101,588	-	-	101,588
Machinery and Equipment	22,574	-	-	22,574
Vehicles	11,717	-	-	11,717
Office Equipment	18,621	-	-	18,621
Subtotal	\$ 946,125	\$ -	\$ -	\$ 946,125
Less: Accumulated Depreciation	(130,705)	(22,704)	-	(153,409)
Total Capital Assets Other Than Land	\$ 815,420	\$ (22,704)	\$ -	\$ 792,716

WATERVLIET CHARTER TOWNSHIP
Notes to Financial Statements
March 31, 2007

NOTE 5 - CAPITAL ASSETS - Continued

Governmental activities depreciation for fiscal year ended March 31, 2007 amounted to \$22,704. The Township determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions. Accordingly, all governmental depreciation is reported as unallocated on the Statement of Activities.

	<u>Balance</u> <u>April 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2007</u>
Business Activities				
Buildings and Improvements	\$ 1,080	\$ -	\$ -	\$ 1,080
Machinery and Equipment	99,127	14,449	-	113,576
Vehicles	34,574	-	-	34,574
Utility Systems	7,216,800	163,159	-	7,379,959
Office Equipment	<u>60,482</u>	<u>-</u>	<u>-</u>	<u>60,482</u>
Subtotal	\$ 7,412,063	\$ 177,608	\$ -	\$ 7,589,671
Less: Accumulated Depreciation	<u>(2,943,334)</u>	<u>(130,963)</u>	<u>-</u>	<u>(3,074,297)</u>
Total Capital Assets	<u>\$ 4,468,729</u>	<u>\$ 46,645</u>	<u>\$ -</u>	<u>\$ 4,515,374</u>

NOTE 6 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the primary government for the year ended March 31, 2007:

	<u>Municipal</u> <u>Purchase</u> <u>Contracts</u>
As of April 1, 2006	\$ 381,100
Additions	-
(Reductions)	<u>(26,000)</u>
As of March 31, 2007	<u>\$ 355,100</u>

WATERVLIET CHARTER TOWNSHIP
Notes to Financial Statements
March 31, 2007

NOTE 6 - CHANGES IN LONG-TERM DEBT - Continued

Long-term debt at March 31, 2007 is comprised of the following individual issues:

	<u>Balance</u> <u>April 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>March 31, 2007</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities -					
Primary Activities					
\$360,000 2000 municipal purchase contract (refinanced in 2005) with Fifth Third Bank due in annual installments of \$16,000 to \$36,000 through September 1, 2015; interest at 4.325% - General Fund	\$ 287,000	\$ -	\$ 20,000	\$ 267,000	\$ 22,000
\$110,000 municipal purchase contract with Fifth Third Bank due in annual installments of \$5,300 to \$10,000 through September 1, 2017; interest at 3.87% - General Fund	<u>94,100</u>	<u>-</u>	<u>6,000</u>	<u>88,100</u>	<u>6,300</u>
Total Primary Government	<u>\$ 381,100</u>	<u>\$ -</u>	<u>\$ 26,000</u>	<u>\$ 355,100</u>	<u>\$ 28,300</u>

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

<u>Year Ending</u> <u>March 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 28,300	\$ 14,377	\$ 42,677
2009	30,600	13,155	43,755
2010	33,000	11,824	44,824
2011	35,300	10,388	45,688
2012	37,600	8,849	46,449
2013-2017	<u>190,300</u>	<u>18,824</u>	<u>209,124</u>
Total	<u>\$ 355,100</u>	<u>\$ 77,417</u>	<u>\$ 432,517</u>

WATERVLIET CHARTER TOWNSHIP
Notes to Financial Statements
March 31, 2007

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Trust and Agency Current Tax	\$ 1,196 <u>12,261</u>
	Total	<u>\$ 13,457</u>

NOTE 8 - RECEIVABLES

Receivables at year end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Taxes	\$ 55,073	\$ -
Accounts	19,419	47,884
Notes:		
Land Contract	63,151	-
Joint Fire Board	267,000	-
Berrien County Road Commission	<u>350,000</u>	<u>-</u>
Total	<u>\$ 754,643</u>	<u>\$ 47,884</u>

NOTE 9 - RISK MANAGEMENT

The Township carries insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in the past fiscal year.

NOTE 10 - RESERVED FUND BALANCES

The fund balance in the Cemetery Perpetual Care Fund has been designated reserved. It is restricted for the purpose of continuing maintenance and upkeep of the cemetery once the General Cemetery Fund's fund balance has been depleted and is no longer able to produce revenue to support its operation.

WATERVLIET CHARTER TOWNSHIP
Notes to Financial Statements
March 31, 2007

NOTE 11 - EXPENDITURES OVER BUDGET

P.A. 621 of 1978 Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved General Fund and Police Fund budgets of the Township were adopted at the department level. During the year ended March 31, 2007, the Township incurred expenditures in certain budgetary functions, which were in excess of the amount appropriated as follows:

	<u>Activity</u> <u>Appropriation</u>		<u>Activity</u> <u>Expenditures</u>		<u>Negative</u> <u>Budget Activity</u>
General Fund:					
General government	\$ 314,751	\$	343,555	\$	(28,804)
Legislative	7,690		10,180		(2,490)
Public safety	6,500		14,269		(7,769)
Public works	35,492		35,617		(125)
Police Fund:					
Public safety	\$ 202,488	\$	207,293	\$	(4,805)
Road Maintenance Fund:					
Public works	\$ 287,009	\$	305,422	\$	(18,413)
Building Department Fund:					
Public Safety	\$ 127,161	\$	151,128	\$	(23,967)

NOTE 12 - FUND DEFICIT

The Township's Improvement Fund has a fund deficit. During the March 31, 2001 fiscal year, the Township completed construction on a new Township Hall located on M-140 in the Township. The Township has sold the old building on land contract. The proceeds from the sale of the building will reduce and eventually eliminate the deficit.

NOTE 13 - FIRE CONSTRUCTION LOAN

In 2001 the Watervliet Joint Fire Board constructed an addition to the fire station. Since the Fire Board is a joint board, they were not allowed to take out a loan. The Township agreed to enter into a Municipal Purchase Contract to assist in the financing of the new addition. To enable the Township to enter into the Municipal Purchase Contract, the Fire Board and the City of Watervliet transferred title of the Fire Board real property to the Township by quitclaim deed. As payments on the contract become due, the Fire Board forwards the payments to the Township. The obligation to pay the loan has been included in the Township's Long-Term Debt (Note 6), and the Fire Board's obligation to the Township has been included on the Statement of Net Assets as a loan receivable. When the contract is paid in full the Township will reconvey the property to the Fire Board by quitclaim deed.

WATERVLIET CHARTER TOWNSHIP
Notes to Financial Statements
March 31, 2007

NOTE 14 - OPERATING LEASE

On August 8, 2002, Watervliet Charter Township entered into a lease agreement with Medic 1 Ambulance. The lease commenced on February 1, 2003. Medic 1 Ambulance is leasing approximately 760 square feet of living area and one stall garage of approximately 793 square feet. The initial term of the lease is fifteen years. Medic 1 Ambulance will pay \$828 a month as rent the first five years of the lease, \$910 a month as rent for the second five years of the lease, and \$1,001 a month as rent for the third five years of the lease.

**WATERVLIET CHARTER TOWNSHIP
GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended March 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues:				
Taxes	\$ 67,469	\$ 67,469	\$ 68,779	\$ 1,310
Licenses and permits	13,000	13,000	12,952	(48)
State grants	204,300	204,300	241,399	37,099
Charges for services	59,750	59,750	51,973	(7,777)
Interest	81,911	40,000	64,597	24,597
Rents	-	41,911	40,256	(1,655)
Other revenue	<u>15,000</u>	<u>15,000</u>	<u>17,193</u>	<u>2,193</u>
 Total Revenues	 <u>\$ 441,430</u>	 <u>\$ 441,430</u>	 <u>\$ 497,149</u>	 <u>\$ 55,719</u>
 Expenditures:				
General government	\$ 314,751	\$ 314,751	\$ 343,555	\$ (28,804)
Public safety	7,690	7,690	10,180	(2,490)
Public works	6,500	6,500	14,269	(7,769)
Recreation and cultural	59,000	35,508	6,140	29,368
Other	12,000	35,492	35,617	(125)
Debt service	<u>41,489</u>	<u>41,489</u>	<u>41,489</u>	<u>-</u>
 Total Expenditures	 <u>\$ 441,430</u>	 <u>\$ 441,430</u>	 <u>\$ 451,250</u>	 <u>\$ (9,820)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 \$ -	 \$ -	 \$ 45,899	 \$ 45,899
 Other Financing Sources (Uses):				
Operating transfers out	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>
 Net Change in Fund Balance	 \$ -	 \$ -	 \$ 30,899	 \$ 30,899
 Fund Balance, Beginning of Year	 <u>1,015,195</u>	 <u>1,015,195</u>	 <u>1,015,195</u>	 <u>-</u>
 FUND BALANCE, END OF YEAR	 <u>\$ 1,015,195</u>	 <u>\$ 1,015,195</u>	 <u>\$ 1,046,094</u>	 <u>\$ 30,899</u>

**WATERVLIET CHARTER TOWNSHIP
POLICE FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended March 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 144,450	\$ 144,450	\$ 154,075	\$ 9,625
Total Revenues	<u>\$ 144,450</u>	<u>\$ 144,450</u>	<u>\$ 154,075</u>	<u>\$ 9,625</u>
Expenditures:				
Public Safety:				
Professional and contractual services	\$ 151,488	\$ 175,488	\$ 180,799	\$ (5,311)
Equipment	<u>-</u>	<u>27,000</u>	<u>26,494</u>	<u>506</u>
Total Expenditures	<u>\$ 151,488</u>	<u>\$ 202,488</u>	<u>\$ 207,293</u>	<u>\$ (4,805)</u>
Net Change in Fund Balance	\$ (7,038)	\$ (58,038)	\$ (53,218)	\$ 4,820
Fund Balance, Beginning of Year	<u>198,886</u>	<u>198,886</u>	<u>198,886</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 191,848</u>	<u>\$ 140,848</u>	<u>\$ 145,668</u>	<u>\$ 4,820</u>

**WATERVLIET CHARTER TOWNSHIP
ROAD MAINTENANCE FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended March 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Taxes	\$ 287,009	\$ 287,009	\$ 307,046	\$ 20,037
Interest	-	-	6,733	6,733
Miscellaneous revenue	-	-	600	600
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 287,009</u>	<u>\$ 287,009</u>	<u>\$ 314,379</u>	<u>\$ 27,370</u>
Expenditures:				
Public Works:				
Professional services	\$ 270,009	\$ 270,009	\$ 296,969	\$ (26,960)
Repairs and maintenance	12,000	12,000	3,453	8,547
Road matching funds	5,000	5,000	5,000	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 287,009</u>	<u>\$ 287,009</u>	<u>\$ 305,422</u>	<u>\$ (18,413)</u>
Net Change in Fund Balance	\$ -	\$ -	\$ 8,957	\$ 8,957
Fund Balance, Beginning of Year	<u>955,038</u>	<u>955,038</u>	<u>955,038</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 955,038</u></u>	<u><u>\$ 955,038</u></u>	<u><u>\$ 963,995</u></u>	<u><u>\$ 8,957</u></u>

**WATERVLIET CHARTER TOWNSHIP
BUILDING DEPARTMENT FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended March 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Licenses and permits:				
Building permits	\$ 34,000	\$ 82,000	\$ 85,483	\$ 3,483
Electrical permits	9,500	18,500	24,425	5,925
Plumbing permits	5,000	9,000	10,509	1,509
Mechanical permits	8,300	11,300	15,081	3,781
Building plan review	<u>8,000</u>	<u>8,000</u>	<u>28,501</u>	<u>20,501</u>
Total Revenues	<u>\$ 64,800</u>	<u>\$ 128,800</u>	<u>\$ 163,999</u>	<u>\$ 35,199</u>
Expenditures:				
Public Safety:				
Professional services	\$ 100	\$ 100	\$ 262	\$ (162)
Building inspector	25,500	60,500	63,774	(3,274)
Payroll taxes	2,149	2,149	4,879	(2,730)
Electrical inspector	7,600	14,600	21,134	(6,534)
Plumbing inspector	4,452	7,452	8,933	(1,481)
Mechanical inspector	8,300	11,300	15,081	(3,781)
Plan review	7,760	24,760	32,713	(7,953)
Education	900	900	708	192
Office equipment	2,150	2,150	2,250	(100)
Public utilities	1,500	1,500	1,191	309
Miscellaneous	<u>1,750</u>	<u>1,750</u>	<u>203</u>	<u>1,547</u>
Total Expenditures	<u>\$ 62,161</u>	<u>\$ 127,161</u>	<u>\$ 151,128</u>	<u>\$ (23,967)</u>
Net Change in Fund Balance	\$ 2,639	\$ 1,639	\$ 12,871	\$ 11,232
Fund Balance, Beginning of Year	<u>15,989</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 18,628</u>	<u>\$ 1,639</u>	<u>\$ 12,871</u>	<u>\$ 11,232</u>

**WATERVLIET CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Description of Funds**

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Ambulance Fund - This fund is used to account for revenues collected and monies expended for the purpose of maintaining ambulance service to the community.

Cemetery General Fund - This fund is used to account for revenues collected and monies expended for the purpose of maintaining the cemetery.

Cemetery Perpetual Care Fund - This fund is used to account for revenues collected and monies expended for the purpose of providing for continued operations of the cemetery after funds from the Cemetery General Fund have been exhausted.

Fire Millage Fund - This fund is used to account for revenues collected and monies expended for the purpose of maintaining fire response service to the community.

Brownfield Redevelopment Fund - This fund is used to account for revenues collected and monies expended for the purpose of Brownfield redevelopment.

Library Millage Fund - This fund is used to account for revenues collected and monies expended for the purpose of providing library services to the community.

Museum and Historical Society Millage Fund – This fund is used to account for revenues collected and monies expended for the purpose of maintaining operations of the North Berrien County Museum and Historical Society.

**WATERVLIET CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
March 31, 2007**

	<u>Special Revenue</u>	<u>Improvement Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 178,605	\$ (88)	\$ 178,517
Delinquent tax receivable	15,743	-	15,743
Land contract	<u>-</u>	<u>63,151</u>	<u>63,151</u>
 Total Current Assets	 <u>\$ 194,348</u>	 <u>\$ 63,063</u>	 <u>\$ 257,411</u>
 TOTAL ASSETS	 <u>\$ 194,348</u>	 <u>\$ 63,063</u>	 <u>\$ 257,411</u>
 Liabilities and Fund Balances			
Current Liabilities:			
Deferred revenue	\$ -	\$ 63,151	\$ 63,151
 Total Current Liabilities	 <u>\$ -</u>	 <u>\$ 63,151</u>	 <u>\$ 63,151</u>
 Total Liabilities	 <u>\$ -</u>	 <u>\$ 63,151</u>	 <u>\$ 63,151</u>
 Fund Balances:			
Reserved for:			
Restricted purposes	\$ 64,030	\$ -	\$ 64,030
Unreserved, reported in:			
Special revenue	130,318	-	130,318
Capital projects	<u>-</u>	<u>(88)</u>	<u>(88)</u>
 Total Fund Balances	 <u>\$ 194,348</u>	 <u>\$ (88)</u>	 <u>\$ 194,260</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 194,348</u>	 <u>\$ 63,063</u>	 <u>\$ 257,411</u>

**WATERVLIET CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended March 31, 2007**

	<u>Special Revenue</u>	<u>Improvement Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Taxes	\$ 213,957	\$ -	\$ 213,957
Charges for services	5,100	-	5,100
Interest	<u>4,407</u>	<u>2,250</u>	<u>6,657</u>
 Total Revenues	 <u>\$ 223,464</u>	 <u>\$ 2,250</u>	 <u>\$ 225,714</u>
 Expenditures			
General government	\$ 11,956	\$ -	\$ 11,956
Public safety	129,229	-	129,229
Recreation and culture	<u>71,998</u>	<u>-</u>	<u>71,998</u>
 Total Expenditures	 <u>\$ 213,183</u>	 <u>\$ -</u>	 <u>\$ 213,183</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 10,281</u>	 <u>\$ 2,250</u>	 <u>\$ 12,531</u>
 Other Financing Sources (Uses):			
Proceeds from sale of building	\$ -	\$ 1,950	\$ 1,950
Operating transfers in (out)	<u>15,000</u>	<u>-</u>	<u>15,000</u>
 Total Other Financing Sources (Uses)	 <u>\$ 15,000</u>	 <u>\$ 1,950</u>	 <u>\$ 16,950</u>
 Net Change in Fund Balance	 <u>\$ 25,281</u>	 <u>\$ 4,200</u>	 <u>\$ 29,481</u>
Fund Balance, Beginning of Year	<u>169,057</u>	<u>(4,288)</u>	<u>164,769</u>
 FUND BALANCE, END OF YEAR	 <u>\$ 194,338</u>	 <u>\$ (88)</u>	 <u>\$ 194,250</u>

**WATERVLIET CHARTER TOWNSHIP
GENERAL FUND
Statement of Revenues, Compared to Budget
For the Year Ended March 31, 2007
With Comparative Actual Amounts for the Year Ended March 31, 2006**

	<u>2007</u>		<u>Variance - Positive (Negative)</u>	<u>2006 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Taxes:				
Current tax collections	\$ 59,269	\$ 58,664	\$ (605)	\$ 55,222
Delinquent taxes	7,000	8,919	1,919	9,535
Trailer fees	<u>1,200</u>	<u>1,196</u>	<u>(4)</u>	<u>1,270</u>
Total Taxes	<u>\$ 67,469</u>	<u>\$ 68,779</u>	<u>\$ 1,310</u>	<u>\$ 66,027</u>
Licenses and permits:				
Other licenses and fees	<u>\$ 13,000</u>	<u>\$ 12,952</u>	<u>\$ (48)</u>	<u>\$ 15,542</u>
State Grants	<u>\$ 204,300</u>	<u>\$ 241,399</u>	<u>\$ 37,099</u>	<u>\$ 243,911</u>
Charges for services:	<u>\$ 59,750</u>	<u>\$ 51,973</u>	<u>\$ (7,777)</u>	<u>\$ 54,816</u>
Interest	<u>\$ 40,000</u>	<u>\$ 64,597</u>	<u>\$ 24,597</u>	<u>\$ 32,452</u>
Rents	<u>\$ 41,911</u>	<u>\$ 40,256</u>	<u>\$ (1,655)</u>	<u>\$ 41,561</u>
Other revenue	<u>\$ 15,000</u>	<u>\$ 17,193</u>	<u>\$ 2,193</u>	<u>\$ 18,427</u>
TOTAL REVENUES	<u>\$ 441,430</u>	<u>\$ 497,149</u>	<u>\$ 55,719</u>	<u>\$ 472,736</u>

**WATERVLIET CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2007
With Comparative Actual Amounts for the Year Ended March 31, 2006**

	<u>2007</u>		<u>Variance - Positive (Negative)</u>	<u>2006 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
General Government:				
Township Board:				
Salaries	\$ 5,000	\$ 6,361	\$ (1,361)	\$ 6,184
Payroll taxes	515	486	29	473
Contributions - Other:				
City cemetery	5,000	5,000	-	5,000
Airport	4,500	4,500	-	4,500
Airport insurance and bonds	2,570	2,569	1	1,285
Audit fees	6,000	6,791	(791)	9,974
Education and training	3,700	6,716	(3,016)	10,230
Data processing	6,000	6,047	(47)	6,101
Total Township Board	<u>\$ 33,285</u>	<u>\$ 38,470</u>	<u>\$ (5,185)</u>	<u>\$ 43,747</u>
Supervisor:				
Salaries	\$ 17,371	\$ 17,371	\$ -	\$ 16,543
Payroll taxes	1,284	1,467	(183)	1,434
Fringe benefits	-	1,800	(1,800)	2,200
Total Supervisor	<u>\$ 18,655</u>	<u>\$ 20,638</u>	<u>\$ (1,983)</u>	<u>\$ 20,177</u>
Assessor and Board of Review:				
Salaries and wages	\$ 31,420	\$ 25,510	\$ 5,910	\$ 24,029
Payroll taxes	773	291	482	242
Total Assessor and Board of Review	<u>\$ 32,193</u>	<u>\$ 25,801</u>	<u>\$ 6,392</u>	<u>\$ 24,271</u>
Clerk:				
Salaries and wages	\$ 16,401	\$ 16,401	\$ -	\$ 15,620
Payroll taxes	1,270	1,255	15	1,194
Total Clerk	<u>\$ 17,671</u>	<u>\$ 17,656</u>	<u>\$ 15</u>	<u>\$ 16,814</u>
Treasurer:				
Salaries and wages	\$ 16,401	\$ 16,401	\$ -	\$ 15,620
Payroll taxes	1,270	1,255	15	1,194
Total Treasurer	<u>\$ 17,671</u>	<u>\$ 17,656</u>	<u>\$ 15</u>	<u>\$ 16,814</u>

**WATERVLIET CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2007
With Comparative Actual Amounts for the Year Ended March 31, 2006**

	<u>2007</u>		<u>Variance - Positive (Negative)</u>	<u>2006 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
General Government - continued:				
Administrative and Office:				
Salaries and wages	\$ 65,000	\$ 69,888	\$ (4,888)	\$ 63,675
Payroll taxes	4,972	5,451	(479)	4,912
Retirement	1,950	1,409	541	999
Office supplies	5,500	7,915	(2,415)	6,043
Professional services	10,000	15,565	(5,565)	28,162
Legal fees	15,000	21,972	(6,972)	16,874
Transportation	2,500	3,036	(536)	2,790
Utilities	10,000	9,748	252	9,312
Printing and publishing	5,500	5,139	361	6,656
Insurance and bonds	16,000	20,633	(4,633)	17,786
Repairs and maintenance	15,000	8,335	6,665	15,221
Contract services	10,000	19,800	(9,800)	10,570
Consultant fees	5,500	7,109	(1,609)	5,620
Storage rental	1,200	-	1,200	1,200
Equipment	3,500	6,867	(3,367)	3,120
Contingency	10,500	3,677	6,823	10,574
Miscellaneous	7,000	9,632	(2,632)	4,163
Fringe benefits	-	1,373	(1,373)	538
	<u>\$ 189,122</u>	<u>\$ 217,549</u>	<u>\$ (28,427)</u>	<u>\$ 208,215</u>
Elections:				
Salaries - temporary employees	\$ -	\$ 550	\$ (550)	\$ -
Payroll taxes	-	42	(42)	-
Transportation	250	390	(140)	70
Office supplies	200	483	(283)	135
Professional fees	2,000	3,236	(1,236)	966
Printing and publishing	1,100	414	686	-
Repairs and maintenance - supplies	50	3	47	-
Equipment	1,954	-	1,954	2,280
Miscellaneous	600	667	(67)	166
	<u>\$ 6,154</u>	<u>\$ 5,785</u>	<u>\$ 369</u>	<u>\$ 3,617</u>
Total Elections	<u>\$ 6,154</u>	<u>\$ 5,785</u>	<u>\$ 369</u>	<u>\$ 3,617</u>
Total General Government	<u>\$ 314,751</u>	<u>\$ 343,555</u>	<u>\$ (28,804)</u>	<u>\$ 333,655</u>

**WATERVLIET CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2007
With Comparative Actual Amounts for the Year Ended March 31, 2006**

	<u>2007</u>			<u>2006 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	
Public Safety:				
Salaries and Wages:				
Planning Commission	\$ 2,000	\$ 3,450	\$ (1,450)	\$ 3,240
Board of Appeals	500	2,545	(2,045)	2,185
Payroll taxes	190	459	(269)	415
Crossing guard policing	<u>5,000</u>	<u>3,726</u>	<u>1,274</u>	<u>3,642</u>
Total Public Safety	<u>\$ 7,690</u>	<u>\$ 10,180</u>	<u>\$ (2,490)</u>	<u>\$ 9,482</u>
Public Works:				
Highways and Streets:				
Tree removal	\$ 2,500	\$ 6,600	\$ (4,100)	\$ 2,200
Street lights	2,500	2,576	(76)	2,525
Drains at large	<u>1,500</u>	<u>5,093</u>	<u>(3,593)</u>	<u>1,592</u>
Total Public Works	<u>\$ 6,500</u>	<u>\$ 14,269</u>	<u>\$ (7,769)</u>	<u>\$ 6,317</u>
Recreation and Cultural:				
Parks and Recreation:				
Repair and maintenance	\$ 1,000	\$ 100	\$ 900	\$ 786
Aid to other government	5,000	5,000	-	2,500
Professional services	<u>29,508</u>	<u>1,040</u>	<u>28,468</u>	<u>28,661</u>
Total Recreation and Cultural	<u>\$ 35,508</u>	<u>\$ 6,140</u>	<u>\$ 29,368</u>	<u>\$ 31,947</u>
Debt:				
Principal on loan	\$ 26,000	\$ 26,000	\$ -	\$ 23,600
Interest on loan	<u>15,489</u>	<u>15,489</u>	<u>-</u>	<u>16,490</u>
Total Debt	<u>\$ 41,489</u>	<u>\$ 41,489</u>	<u>\$ -</u>	<u>\$ 40,090</u>
Capital Outlay	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ -</u>
Other	<u>\$ 32,492</u>	<u>\$ 35,617</u>	<u>\$ (3,125)</u>	<u>\$ 32,492</u>
TOTAL EXPENDITURES	<u>\$ 441,430</u>	<u>\$ 451,250</u>	<u>\$ (9,820)</u>	<u>\$ 453,983</u>

**WATERVLIET CHARTER TOWNSHIP
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
March 31, 2007**

	<u>Ambulance Fund</u>	<u>General Cemetery Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Fire Millage Fund</u>
ASSETS				
Cash in bank	\$ 99,583	\$ 485	\$ 64,030	\$ -
Delinquent tax receivable	<u>2,349</u>	<u>-</u>	<u>-</u>	<u>7,565</u>
TOTAL ASSETS	<u>\$ 101,932</u>	<u>\$ 485</u>	<u>\$ 64,030</u>	<u>\$ 7,565</u>
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Payroll liabilities	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:				
Reserved	\$ -	\$ -	\$ 64,030	\$ -
Unreserved	<u>101,932</u>	<u>485</u>	<u>-</u>	<u>7,565</u>
Total Fund Balances	<u>\$ 101,932</u>	<u>\$ 485</u>	<u>\$ 64,030</u>	<u>\$ 7,565</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 101,932</u>	<u>\$ 485</u>	<u>\$ 64,030</u>	<u>\$ 7,565</u>

Brownfield Redevelopment Fund	Library Millage Fund	Historical Museum Millage Fund	Total
\$ 14,507	\$ -	\$ -	\$ 178,605
<u>-</u>	<u>3,858</u>	<u>1,971</u>	<u>15,743</u>
\$ 14,507	\$ 3,858	\$ 1,971	\$ 194,348
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ 64,030
<u>14,507</u>	<u>3,858</u>	<u>1,971</u>	<u>130,318</u>
\$ 14,507	\$ 3,858	\$ 1,971	\$ 194,348
<u>14,507</u>	<u>3,858</u>	<u>1,971</u>	<u>194,348</u>

**WATERVLIET CHARTER TOWNSHIP
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended March 31, 2007**

	<u>Ambulance Fund</u>	<u>Cemetery General Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Fire Millage Fund</u>
Revenues:				
Taxes	\$ 35,201	\$ -	\$ -	\$ 100,939
Charges for services	-	2,550	2,550	-
Interest	<u>1,473</u>	<u>-</u>	<u>2,827</u>	<u>4</u>
Total Revenues	<u>\$ 36,674</u>	<u>\$ 2,550</u>	<u>\$ 5,377</u>	<u>\$ 100,943</u>
Expenditures:				
General Government:				
Maintenance	\$ -	\$ 1,668	\$ -	\$ -
Professional services	-	9,280	-	-
Utilities	-	412	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Government	<u>\$ -</u>	<u>\$ 11,360</u>	<u>\$ -</u>	<u>\$ -</u>
Public Safety:				
Ambulance service	\$ 25,465	\$ -	\$ -	\$ -
Fire protection service	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,764</u>
Total Public Safety	<u>\$ 25,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,764</u>
Recreation and Culture:				
Library services	\$ -	\$ -	\$ -	\$ -
Museum services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Recreation and Culture	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 25,465</u>	<u>\$ 11,360</u>	<u>\$ -</u>	<u>\$ 103,764</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 11,209</u>	<u>\$ (8,810)</u>	<u>\$ 5,377</u>	<u>\$ (2,821)</u>
Other Financing Sources (Uses):				
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 11,209</u>	<u>\$ (8,810)</u>	<u>\$ 5,377</u>	<u>\$ (2,821)</u>
Fund Balance, Beginning of Year	<u>90,723</u>	<u>9,295</u>	<u>58,653</u>	<u>10,386</u>
FUND BALANCE, END OF YEAR	<u>\$ 101,932</u>	<u>\$ 485</u>	<u>\$ 64,030</u>	<u>\$ 7,565</u>

Brownfield Redevelopment Fund	Library Millage Fund	Historical Museum Millage Fund	Total
\$ -	\$ 51,505	\$ 26,312	\$ 213,957
-	-	-	5,100
<u>103</u>	<u>-</u>	<u>-</u>	<u>4,407</u>
\$ <u>103</u>	\$ <u>51,505</u>	\$ <u>26,312</u>	\$ <u>223,464</u>
\$ -	\$ -	\$ -	\$ 1,668
-	-	-	9,280
-	-	-	412
<u>596</u>	<u>-</u>	<u>-</u>	<u>596</u>
\$ <u>596</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>11,956</u>
\$ -	\$ -	\$ -	\$ 25,465
-	-	-	103,764
\$ -	\$ -	\$ -	\$ 129,229
\$ -	\$ 47,647	\$ -	\$ 47,647
-	-	24,341	24,341
\$ -	\$ 47,647	\$ 24,341	\$ 71,988
\$ <u>596</u>	\$ <u>47,647</u>	\$ <u>24,341</u>	\$ <u>213,173</u>
\$ (493)	\$ 3,858	\$ 1,971	\$ 10,291
<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
\$ 14,507	\$ 3,858	\$ 1,971	\$ 25,291
-	-	-	169,057
\$ <u>14,507</u>	\$ <u>3,858</u>	\$ <u>1,971</u>	\$ <u>194,348</u>

**WATERVLIET CHARTER TOWNSHIP
 AGENCY FUNDS
 Combining Balance Sheet
 March 31, 2007**

	<u>Tax Collection Fund</u>	<u>Trust and Agency Fund</u>	<u>Total</u>
ASSETS			
Cash in bank	\$ 12,061	\$ 2,656	\$ 14,717
Cash on hand	<u>200</u>	<u>-</u>	<u>200</u>
TOTAL ASSETS	<u>\$ 12,261</u>	<u>\$ 2,656</u>	<u>\$ 14,917</u>
 LIABILITIES			
Due to other funds	\$ 12,261	\$ 1,196	\$ 13,457
Due to other governmental units	<u>-</u>	<u>1,460</u>	<u>1,460</u>
TOTAL LIABILITIES	<u>\$ 12,261</u>	<u>\$ 2,656</u>	<u>\$ 14,917</u>

WATERVLIET CHARTER TOWNSHIP
Statement of Cash Receipts and Disbursements - Trust and Agency Fund
For the Year Ended March 31, 2007

Receipts:	
Trailer fees	\$ 7,176
	<u>7,176</u>
Total Receipts	\$ 7,176
Disbursements:	
Other funds	\$ 712
Other governments	<u>8,080</u>
	<u>8,792</u>
Total Disbursements	\$ 8,792
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ (1,616)
Cash at beginning of year	<u>4,272</u>
CASH AT END OF YEAR	<u>\$ 2,656</u>

WATERVLIET CHARTER TOWNSHIP
Statement of Cash Receipts and Disbursements - Tax Collection Fund
For the Year Ended March 31, 2007

Receipts:		
Current property tax collections	\$ 3,380,121	
Interest	<u>6,389</u>	
Total Receipts		\$ 3,386,510
 Disbursements:		
Public schools	\$ 1,094,366	
Berrien County	1,182,272	
Other funds	627,070	
Berrien County I.S.D.	230,875	
Lake Michigan College	174,489	
Watervliet District Library	47,647	
Other	<u>26,644</u>	
Total Disbursements		<u>3,383,363</u>
Receipts Over (Under) Disbursements		\$ 3,147
Cash at beginning of year		<u>9,114</u>
CASH AT END OF YEAR		<u>\$ 12,261</u>

WATERLIET CHARTER TOWNSHIP
Schedule of Indebtedness - Fire Construction Loan
For the Year Ended March 31, 2007

Watervliet Charter Township entered into a Municipal Purchase Contract to finance an addition to the Fire Station in the amount of \$360,000 on September 8, 2000, with interest at 5.67%. The contract was refinanced in September of 2004, with a new interest rate at 4.325%. Schedule of indebtedness is as follows:

<u>Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date of Payment</u>	<u>Annual Principal Requirement</u>	<u>Interest Payable</u>
9/8/00	\$ 360,000	4.325%	9/1/2007	\$ 22,000	\$ 5,774
			3/1/2008	-	5,298
			9/1/2008	24,000	5,298
			3/1/2009	-	4,779
			9/1/2009	26,000	4,779
			3/1/2010	-	4,217
			9/1/2010	28,000	4,217
			3/1/2011	-	3,611
			9/1/2011	30,000	3,611
			3/1/2012	-	2,963
			9/1/2012	32,000	2,963
			3/1/2013	-	2,271
			9/1/2013	34,000	2,271
			3/1/2014	-	1,535
			9/1/2014	35,000	1,535
			3/1/2015	-	779
			9/1/2015	36,000	778
				<u>\$ 267,000</u>	<u>\$ 56,679</u>

WATERVLIET CHARTER TOWNSHIP
Schedule of Indebtedness - Public Service Building Loan
For the Year Ended March 31, 2007

Wartervliet Township entered into an Installment Purchase Agreement to finance construction of a Public Service Building in the amount of \$110,000 on September 4, 2002. Schedule of indebtedness is as follows:

<u>Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date of Payment</u>	<u>Annual Principal Requirement</u>	<u>Interest Payable</u>
9/4/2002	\$ 110,000	3.87%	9/1/2007	\$ 6,300	\$ 1,706
			3/1/2008	-	1,599
			9/1/2008	6,600	1,599
			3/1/2009	-	1,479
			9/1/2009	7,000	1,479
			3/1/2010	-	1,349
			9/1/2010	7,300	1,349
			3/1/2011	-	1,211
			9/1/2011	7,600	1,211
			3/1/2012	-	1,064
			9/1/2012	8,000	1,064
			3/1/2013	-	906
			9/1/2013	8,300	906
			3/1/2014	-	743
			9/1/2014	8,600	743
			3/1/2015	-	571
			9/1/2015	9,000	571
			3/1/2016	-	391
			9/1/2016	9,400	391
			3/1/2017	-	203
			9/1/2017	10,000	203
				<u>\$ 88,100</u>	<u>\$ 20,738</u>

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

May 15, 2007

Township Board
Charter Township of Watervliet
Watervliet, Michigan

In connection with our audit of the books and records of Watervliet Charter Township for the year ending March 31, 2007, we offer the following comments and recommendations regarding internal control and other accounting matters:

GENERAL

1. When certificates of deposit mature, interest earned and rolled over into the new certificate should be recorded. Interest was not recorded on certificates at Edgewater Bank that matured during the year.
2. Public Act 621 of 1978 Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended March 31, 2007, the Township's actual expenditures exceeded the budget in the following General Fund functions: General Government, Public Safety, Public Works, and Other. The budget was also exceeded in the following funds: Police Fund, Road Maintenance Fund, and Building Department Fund.
3. The Township should review their chart of accounts to insure compliance with Michigan Department of Treasury's Uniform Chart of Accounts. Activity codes should be used for expenditures in every fund. There are funds which are not currently using activity codes in the account number.
4. The Michigan Department of Treasury's Uniform Budgeting Manual requires Townships to pass a General Appropriations Act (budget) for the general fund and each special revenue fund. Section 16 of the Uniform Budget Manual provides for the requirements of the General Appropriations Act. The Township has adopted budgets for each of the required funds but should review Section 16 for full compliance.
5. The Brownfield Redevelopment Authority Fund is considered a Special Revenue Fund of the Township, and therefore, should be recorded on the Township's books for inclusion in the financial statements. This fund should be budgeted by the Township.
6. The ¼ mill levied for the North Berrien Historical Society is a designated Township millage and should be recorded on the Township's books as a special revenue fund. Consequently revenue should be budgeted and expenditures appropriated. The disbursing of funds to the museum should be made out of the special revenue fund rather than from the tax collection fund.

The contract between the Township and the Historical Society currently calls for the millage to be disbursed pursuant to MCL 211.43. MCL 211.43 does not pertain to this Township-designated millage and therefore, the contract should be changed accordingly.

Furthermore since the Township is raising and appropriating money for the Historical Society, we recommend that the Township seek representation on the Historical Society Board.

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

7. Currently the fire millage is being disbursed directly out of the tax collection fund to the Watervliet Joint Fire Board. The fire millage was levied by the Township to provide fire protection services. The current contract with the Joint Fire Board provides that the "Watervliet Joint Fire Board shall have no separate taxing authority and be limited in expenditures to those amounts annually budgeted by the City and Township, unless specific authorization is granted otherwise". The levy should be budgeted and recorded in the Township's fire millage fund and the funds disbursed to the Fire Board should be appropriated.
8. The Township is currently using credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995.
9. The Township's administration and accounting personnel displayed a high level of dedication and cooperation in performing their functions and assisting us in completing ours.

We appreciate the cooperation and courtesy extended to us by the officials and employees of Watervliet Charter Township and trust that these comments and recommendations will be accepted in the spirit of cooperation in which they are offered.

Very truly yours,


GERBEL & COMPANY, P.C.
Certified Public Accountants