

### Auditing Procedures Report

Issued under P.A. 2 of 1968, 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 NAPOLEON TOWNSHIP	County JACKSON
Fiscal Year End 06/30/2007	Opinion Date 12/21/2007	Date Audit Report Submitted to State 12/31/2007	

We affirm that:

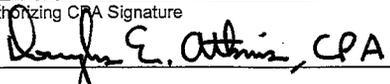
We are certified public accountants licensed to practice in Michigan.

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 | <b>Check each applicable box below.</b> (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) MARKOWSKI & COMPANY CPAs		Telephone Number (517) 782-9351	
Street Address 2880 SPRING ARBOR RD.		City JACKSON	State MI
		Zip 49203	
Authorizing CPA Signature 		Printed Name DOUGLAS E. ATKINS, CPA	
		License Number 1101016353	

**NAPOLEON TOWNSHIP**  
**JACKSON COUNTY, MICHIGAN**

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2007

**NAPOLEON TOWNSHIP**  
**ANNUAL FINANCIAL REPORT**

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# MARKOWSKI & COMPANY

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CERTIFIED PUBLIC ACCOUNTANTS

ESTATE PLANNING COUNCIL OF  
SOUTH CENTRAL MICHIGAN

### INDEPENDENT AUDITOR'S REPORT

Napoleon Township Board  
Napoleon, 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 Napoleon Township, Michigan, (the "Township"), which collectively comprise the basic financial statements, as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

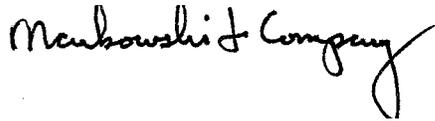
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major funds, and the aggregate remaining fund information of the Township at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, of those activities and funds and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township has elected not to present Management's Discussion and Analysis as required supplementary information. The GASB has determined that such information is necessary to supplement, although not required to be a part of, the basic financial statements.

Napoleon Township Board  
Napoleon, Michigan

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



**MARKOWSKI & COMPANY CPAs**  
December 21, 2007

**NAPOLEON TOWNSHIP**

**BASIC FINANCIAL STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

**NAPOLEON TOWNSHIP**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

STATEMENT OF NET ASSETS

STATEMENT OF ACTIVITIES

NAPOLEON TOWNSHIP  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
JUNE 30, 2007

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 863,716	\$ 880,456	\$ 1,744,172
Investments	165,190	-	165,190
Accounts receivable	8,272	38,535	46,807
Interest receivable	387	2,556	2,943
Prepaid expenses	15,238	-	15,238
Internal balances	265	(265)	-
Due from other governments	165,553	-	165,553
Special assessments receivable - Current	-	186,092	186,092
Total current assets	<u>1,218,621</u>	<u>1,107,374</u>	<u>2,325,995</u>
<b>NONCURRENT ASSETS:</b>			
Capital assets not being depreciated	136,096	34,450	170,546
Capital assets being depreciated, net	2,916,204	6,677,661	9,593,865
Investment in joint venture	-	517,226	517,226
Special assessments receivable - Long Term	-	2,103,076	2,103,076
Bond issuance costs	64,289	-	64,289
Total noncurrent assets	<u>3,116,589</u>	<u>9,332,413</u>	<u>12,449,002</u>
Total assets	<u>4,335,210</u>	<u>10,439,787</u>	<u>14,774,997</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	23,511	56,825	80,336
Due to other governments	53	-	53
Long -term debt payable - Current portion	200,000	241,825	441,825
Deferred loss on refunding - Current portion	-	(25,575)	(25,575)
Accrued interest payable	23,819	34,790	58,609
Accrued payroll	13,291	-	13,291
Accrued leave payable	28,310	-	28,310
Deferred revenue	-	26,393	26,393
Total current liabilities	<u>288,984</u>	<u>334,258</u>	<u>623,242</u>
<b>NONCURRENT LIABILITIES:</b>			
Long -term debt payable - Net of current portion	2,590,633	3,236,303	5,826,936
Deferred loss on refunding - Net of current portion	-	(153,490)	(153,490)
Total noncurrent liabilities	<u>2,590,633</u>	<u>3,082,813</u>	<u>5,673,446</u>
Total liabilities	<u>2,879,617</u>	<u>3,417,071</u>	<u>6,296,688</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	261,667	3,233,983	3,495,650
Restricted	16,669	2,914,141	2,930,810
Unrestricted	1,185,950	874,592	2,060,542
Total net assets	<u>\$ 1,455,593</u>	<u>\$ 7,022,716</u>	<u>\$ 8,487,002</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP  
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
 THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities</b>				
Legislative	\$ 47,653	\$ -	\$ -	\$ -
General government	427,791	78,257	2,521	-
Public safety	632,074	101,985	3,374	-
Community planning	30,906	8,100	-	-
Public works	48,156	40,554	5,591	-
Recreational and cultural	6,000	-	-	-
Other functions	1,651	-	-	-
Interest on long term debt	156,909	-	-	-
<b>Total governmental activities</b>	<b>1,351,140</b>	<b>228,896</b>	<b>11,486</b>	<b>-</b>
<b>Business-type activities</b>				
Sewer	452,615	297,402	-	5,620
Water	60,654	32,034	-	2,650
<b>Total business-type activities</b>	<b>513,269</b>	<b>329,436</b>	<b>-</b>	<b>8,270</b>
<b>Total government</b>	<b>\$ 1,864,409</b>	<b>\$ 558,332</b>	<b>\$ 11,486</b>	<b>\$ 8,270</b>

General revenues:  
   Property taxes  
   State-shared revenues  
   Interest and rental income  
   Franchise fees  
   Gain on sale of fixed assets  
   Other income  
 Total general revenues  
  
 Change in net assets  
 Net assets - Beginning  
 Net assets - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (47,653)	\$ -	\$ (47,653)
(347,013)	-	(347,013)
(526,715)	-	(526,715)
(22,806)	-	(22,806)
(2,011)	-	(2,011)
(6,000)	-	(6,000)
(1,651)	-	(1,651)
(156,909)	(168,267)	(325,176)
<u>(1,110,758)</u>	<u>(168,267)</u>	<u>(1,279,025)</u>
-	(149,593)	(149,593)
-	(25,970)	(25,970)
-	(175,563)	(175,563)
<u>(1,110,758)</u>	<u>(343,830)</u>	<u>(1,454,588)</u>
546,509	-	546,509
468,091	-	468,091
66,577	191,252	257,829
45,424	-	45,424
4,803	-	4,803
37,194	-	37,194
<u>1,168,598</u>	<u>191,252</u>	<u>1,359,850</u>
57,840	(152,578)	(94,738)
1,397,753	7,174,754	8,572,507
<u>\$ 1,455,593</u>	<u>\$ 7,022,176</u>	<u>\$ 8,477,769</u>

**NAPOLEON TOWNSHIP**  
FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUND BALANCE SHEET

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -  
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

STATEMENT OF NET ASSETS - FIDUCIARY FUNDS

STATEMENT OF CHANGES IN NET ASSETS - PENSION TRUST FUND

**NAPOLEON TOWNSHIP**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**JUNE 30, 2007**

	GENERAL FUND	DEBT SERVICE FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 708,821	\$ 112,630	\$ 42,265	\$ 863,716
Investments	-	-	165,190	165,190
Accounts receivable	8,272	-	-	8,272
Interest receivable	-	-	387	387
Prepaid expenses	15,238	-	-	15,238
Due from other funds	6,883	-	-	6,883
Due from other governments	165,553	-	-	165,553
Total assets	904,767	112,630	207,842	1,225,239
<b>LIABILITIES:</b>				
Accounts payable	19,040	-	4,471	23,511
Accrued payroll	13,291	-	-	13,291
Due to other funds	1,278	5,054	286	6,618
Due to other governments	53	-	-	53
Total liabilities	33,662	5,054	4,757	43,473
<b>FUND BALANCES:</b>				
Designated	-	-	10,000	10,000
Reserved	27,157	107,576	4,750	139,483
Unreserved and undesignated	843,948	-	188,335	1,032,283
Total fund balances	\$ 871,105	\$ 107,576	\$ 203,085	\$ 1,181,766

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP  
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2007

Total fund balance - total governmental funds	\$ 1,181,766
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.</p>	
Add - Capital assets	4,475,131
Deduct - Accumulated depreciation	(1,422,831)
<p>The issuance costs of the Township Hall construction bonds were expensed when paid in the governmental fund statements. These costs are capitalized and written off over the life of the bonds in the statement of net assets.</p>	
Add - Bond issuance costs	91,847
Deduct - Accumulated amortization	(27,558)
<p>Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.</p>	
	(2,790,633)
<p>Interest on long term debt is reported on the accrual basis in the government-wide statements; unpaid interest not due during the current period is not reported on the governmental fund statements.</p>	
	(23,819)
<p>Accrued leave is not due and payable in the current period and, therefore, is not reported in the governmental funds balance sheet.</p>	
	(28,310)
Net assets of governmental activities	\$ 1,455,593

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	GENERAL FUND	DEBT SERVICE FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
Taxes	\$ 256,707	\$ 289,802	\$ -	\$ 546,509
Licenses and permits	45,919	-	45,974	91,893
Intergovernmental	501,422	-	-	501,422
Charges for services	118,064	-	-	118,064
Fines and forfeitures	19,454	-	-	19,454
Interest and rents	49,307	4,774	12,496	66,577
Other	19,268	-	68,835	88,103
Total revenues	<u>1,010,141</u>	<u>294,576</u>	<u>127,305</u>	<u>1,432,022</u>
<b>EXPENDITURES:</b>				
Current:				
Legislative	47,653	-	-	47,653
General government	312,676	-	400	313,076
Public safety	485,096	-	47,403	532,499
Community planning and development	30,906	-	-	30,906
Public works	9,319	-	60,467	69,786
Economic development	-	-	-	-
Recreational and cultural	2,216	-	2,512	4,728
Other functions	-	-	1,651	1,651
Capital outlay	31,426	-	105,707	137,133
Debt service	21,237	277,537	-	298,774
Total expenditures	<u>940,529</u>	<u>277,537</u>	<u>218,140</u>	<u>1,436,206</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
REVENUES OVER EXPENDITURES	<u>69,612</u>	<u>17,039</u>	<u>(90,835)</u>	<u>(4,184)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfer in (out)	(5,000)	-	5,000	-
Proceeds from long term debt	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>64,612</u>	<u>17,039</u>	<u>(85,835)</u>	<u>(4,184)</u>
FUND BALANCE - Beginning	<u>806,493</u>	<u>90,537</u>	<u>288,920</u>	<u>1,185,950</u>
FUND BALANCE - End of year	<u>\$ 871,105</u>	<u>\$ 107,576</u>	<u>\$ 203,085</u>	<u>\$ 1,181,766</u>

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP  
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 TO THE STATEMENT OF ACTIVITIES  
 THE YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds	\$ (4,184)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Government funds report capital outlay as expenditures. However, in the government wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets purchased in the current period.</p>	115,077
<p>Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.</p>	(223,721)
<p>The net book value of assets sold reduces the gross sale proceeds on the statement of activities.</p>	(1,197)
<p>Earned leave expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.</p>	-
<p>Costs related to the issuance of the Township Hall construction bonds were expensed when paid in the governmental fund financial statements. These costs are capitalized and written off over the life of the bonds in the government-wide statements.</p>	(4,593)
<p>Interest on long term debt is reported as an expenditure when paid; the government-wide statements accrue the interest payable between the scheduled payments. The current year change in accrued interest payable is</p>	1,458
<p>The payments of long term debt consumes the current financial resources of governmental funds, and is reported as an expenditure. These payments reduce the liability on the government-wide financial statements.</p>	<u>175,000</u>
Change in net assets of governmental activities	<u><u>\$ 57,840</u></u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2007**

	SEWER FUNDS		
	SEWER #1	SEWER #2	SEWER #9
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 489,081	\$ 35,438	\$ 254,818
Investments	-	-	-
Accounts receivable	15,720	9,743	6,844
Interest Receivable	1,348	-	927
Special assessments receivable - Current	50,668	133,356	-
Due from other funds	8,680	1,278	-
Total current assets	<u>565,497</u>	<u>179,815</u>	<u>262,589</u>
<b>NONCURRENT ASSETS:</b>			
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	1,169,309	3,540,917	535,403
Investment in joint venture	-	517,226	-
Special assessments receivable - Long Term	616,913	1,476,963	-
Total noncurrent assets	<u>1,786,222</u>	<u>5,535,106</u>	<u>535,403</u>
Total assets	<u>2,351,719</u>	<u>5,714,921</u>	<u>797,992</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	10,579	15,428	29,224
Capital lease payable - Current portion	50,000	191,825	-
Deferred loss on refunding - Current portion	-	(25,575)	-
Accrued interest payable	6,913	27,877	-
Due to other funds	507	5,585	390
Deferred revenue	6,710	10,238	6,813
Total current liabilities	<u>74,709</u>	<u>225,378</u>	<u>36,427</u>
<b>NONCURRENT LIABILITIES:</b>			
Capital lease payable - Long term portion	850,000	2,386,303	-
Deferred loss on refunding - Long term portion	-	(153,490)	-
Total noncurrent liabilities	<u>850,000</u>	<u>2,232,813</u>	<u>-</u>
Total liabilities	<u>924,709</u>	<u>2,458,191</u>	<u>36,427</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	269,309	962,789	535,403
Restricted for Capital Lease Retirement	781,624	2,132,517	-
Unrestricted	376,077	161,424	226,162
Total net assets	<u>\$ 1,427,010</u>	<u>\$ 3,256,730</u>	<u>\$ 761,565</u>

The notes to the financial statements are an integral part of this statement.

SEWER		
TOTAL	WATER #1	TOTAL
\$ 779,337	\$ 101,119	\$ 880,456
-	-	-
32,307	6,228	38,535
2,275	281	2,556
184,024	2,068	186,092
9,958	-	9,958
<u>1,007,901</u>	<u>109,696</u>	<u>1,117,597</u>
-	34,450	34,450
5,245,629	1,432,032	6,677,661
517,226	-	517,226
2,093,876	9,200	2,103,076
<u>7,856,731</u>	<u>1,475,682</u>	<u>9,332,413</u>
8,864,632	1,585,378	10,450,010
55,231	1,594	56,825
241,825	-	241,825
(25,575)	-	(25,575)
34,790	-	34,790
6,482	3,741	10,223
23,761	2,632	26,393
<u>336,514</u>	<u>7,967</u>	<u>344,481</u>
3,236,303	-	3,236,303
(153,490)	-	(153,490)
<u>3,082,813</u>	<u>-</u>	<u>3,082,813</u>
3,419,327	7,967	3,427,294
1,767,501	1,466,482	3,233,983
2,914,141	-	2,914,141
763,663	110,929	874,592
<u>\$ 5,445,305</u>	<u>\$ 1,577,411</u>	<u>\$ 7,022,716</u>

**NAPOLEON TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**THE YEAR ENDED JUNE 30, 2007**

	SEWER FUNDS		
	SEWER #1	SEWER #2	SEWER #9
<b>OPERATING REVENUES:</b>			
Charges for services:			
Usage	\$ 94,772	\$ 115,670	\$ 81,740
Other:			
Penalties	533	681	1,883
Miscellaneous	748	-	1,375
Total other revenue	1,281	681	3,258
Total operating revenues	96,053	116,351	84,998
<b>OPERATING EXPENSES:</b>			
Operating supplies	-	-	-
Administrative and legal	11,242	28,688	12,764
Printing and publications	-	-	-
Insurance and bonds	507	265	390
Utilities	2,114	-	2,511
Treatment/transportation fees	49,426	75,158	38,065
Repairs and maintenance	22,320	10,213	21,803
Depreciation	34,407	102,136	28,672
Miscellaneous	443	1,157	114
Total operating expenses	120,459	217,617	104,319
OPERATING INCOME (LOSS)	(24,406)	(101,266)	(19,321)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Connection fees	3,220	-	2,400
Connection expenses	(2,022)	(7,658)	-
Interest income	60,762	114,269	11,795
Interest expenses	(43,096)	(125,171)	-
Net nonoperating revenues (expenses)	18,864	(18,560)	14,195
CHANGE IN NET ASSETS	(5,542)	(119,826)	(5,126)
NET ASSETS - Beginning of year	1,432,552	3,376,556	766,691
NET ASSETS - End of year	\$ 1,427,010	\$ 3,256,730	\$ 761,565

The notes to the financial statements are an integral part of this statement.

SEWER		
TOTAL	WATER #1	TOTALS
\$ 292,182	\$ 31,581	\$ 323,763
3,097	453	3,550
2,123	-	2,123
5,220	453	5,673
297,402	32,034	329,436
-	4,241	4,241
52,694	6,491	59,185
-	271	271
1,162	658	1,820
4,625	1,917	6,542
162,649	-	162,649
54,336	8,619	62,955
165,215	35,843	201,058
1,714	114	1,828
442,395	58,154	500,549
(144,993)	(26,120)	(171,113)
5,620	2,650	8,270
(9,680)	(2,500)	(12,180)
186,826	4,426	191,252
(168,267)	-	(168,267)
14,499	4,576	19,075
(130,494)	(21,544)	(152,038)
5,575,799	1,598,955	7,174,754
\$ 5,445,305	\$ 1,577,411	\$ 7,022,716

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	SEWER FUNDS		
	SEWER #1	SEWER #2	SEWER #9
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 86,620	\$ 207,104	\$ 84,662
Cash payments for goods and services	(100,167)	(101,674)	(50,273)
Net cash from operating activities	(13,547)	105,430	34,389
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Investment in joint venture	-	(434,896)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Special assessment installments collected	112,494	326,318	2,400
Principal payments	(50,000)	-	-
Interest payments	(43,412)	-	-
Purchases of capital assets	(2,022)	(7,658)	(35,921)
Net cash from capital and related financing activities	17,060	318,660	(33,521)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Receipt of interest	16,031	-	10,868
Proceeds from investments	-	-	-
Purchase of investments	-	-	-
Net cash from investing activities	16,031	-	10,868
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	19,544	(10,806)	11,736
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	469,537	46,244	243,082
<b>CASH AND CASH EQUIVALENTS - End of year</b>	\$ 489,081	\$ 35,438	\$ 254,818

**NONCASH ACTIVITY:**

The Wolf Lake Common Fund (joint venture) paid the following on behalf of Sewer District #2:

Purchase of capital assets	\$ 42,270
Principal payments on capital lease payable	567,802
Interest payments on capital lease payable	122,995
	\$ 733,067

The notes to the financial statements are an integral part of this statement.

<u>SEWER</u>		
<u>TOTAL</u>	<u>WATER #1</u>	<u>TOTAL</u>
\$ 378,386	\$ 31,752	\$ 410,138
(252,114)	(19,277)	(271,391)
<u>126,272</u>	<u>12,475</u>	<u>138,747</u>
(434,896)	-	(434,896)
441,212	4,719	445,931
(50,000)	-	(50,000)
(43,412)	-	(43,412)
(45,601)	(2,500)	(48,101)
<u>302,199</u>	<u>2,219</u>	<u>304,418</u>
26,899	4,145	31,044
-	-	-
-	-	-
<u>26,899</u>	<u>4,145</u>	<u>31,044</u>
20,474	18,839	39,313
758,863	82,280	841,143
<u>\$ 779,337</u>	<u>\$ 101,119</u>	<u>\$ 880,456</u>

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS - Continued**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	SEWER FUNDS		
	SEWER #1	SEWER #2	SEWER #9
A reconciliation of income from operations to net cash from operating activities is as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (24,406)	\$ (101,266)	\$ (19,321)
Adjustments to reconcile operating income to net cash from operating activities -			
Depreciation	34,407	102,136	28,672
Changes in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(7,280)	9	(336)
Due from other funds	(7,007)	90,036	-
(Decrease) increase in liabilities:			
Accounts payable	(7,098)	9,141	25,386
Due to other funds	(10)	4,666	(12)
Due to other governments	-	-	-
Deferred revenue	(2,153)	708	-
Net cash from operating activities	<u>\$ (13,547)</u>	<u>\$ 105,430</u>	<u>\$ 34,389</u>

The notes to the financial statements are an integral part of this statement.

<u>SEWER</u>		
<u>TOTAL</u>	<u>WATER #1</u>	<u>TOTAL</u>
\$ (144,993)	\$ (26,120)	\$ (171,113)
165,215	35,843	<b>201,058</b>
(7,607)	(1,366)	<b>(8,973)</b>
83,029	1,084	<b>84,113</b>
27,429	96	<b>27,525</b>
4,644	2,938	<b>7,582</b>
-	-	-
(1,445)	-	<b>(1,445)</b>
<u>\$ 126,272</u>	<u>\$ 12,475</u>	<u>\$ 138,747</u>

**NAPOLEON TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2007**

	PENSION FUND	AGENCY FUNDS
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 120,286
Investments - At fair value	1,935,949	-
Accounts receivable	-	-
Due from other funds	-	2,060
Due from other governments	-	3,390
Total assets	1,935,949	\$ 125,736
 <b>LIABILITIES</b>		
Accounts payable	-	\$ -
Due to other funds	-	97,188
Due to others	-	26,998
Due to other governments	-	1,550
Deferred revenue	-	-
Total liabilities	-	\$ 125,736
 <b>NET ASSETS</b>		
Held in trust for pension benefits	\$ 1,935,949	

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**PENSION TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30 2007**

	PENSION TRUST FUND
OPERATING REVENUES:	
Investment income	\$ 243,142
Employee contributions	24,756
Employer contributions	33,312
Total operating revenues	301,210
OPERATING EXPENSES:	
Asset management fees	11,458
Employee withdrawals	10,764
Total operating expenses	22,222
NET INCOME	278,988
FUND BALANCE - Beginning of year	1,656,961
FUND BALANCE - End of year	\$ 1,935,949

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NAPOLEON TOWNSHIP**  
**INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS**

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**NAPOLEON TOWNSHIP**  
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**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

The accounting methods and procedures adopted by Napoleon Township conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Township's general purpose financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. REPORTING ENTITY:**

Napoleon Township was organized in 1833 and is located in the eastern section of Jackson County, Michigan. The Township was organized under the Constitution and Statutes of the State of Michigan and provides services to its approximately 7,000 residents in many areas, including law enforcement, fire protection, water and sewer operations, community enrichment and development, human services, and general administrative services. Napoleon Township is a municipal corporation governed by an elected five member board.

As required by generally accepted accounting principles, these financial statements present the Township and all entities for which the government is considered financially accountable (component units). Napoleon Township has no component units.

**B. JOINT VENTURE:**

The Township participates in a joint venture with Grass Lake Charter Township for its Sewer District No. 2, the Wolf Lake Common Fund. The Townships forward all special assessment collections and a portion of the monthly service charge to this joint venture. The debt service payments and certain common system maintenance expenses are paid from the joint venture. The Township's equity in this joint venture is reported as an investment in these financial statements. A copy of the audited financial statements of this joint venture can be obtained from the Grass Lake Charter Township offices at 373 Lakeside Dr., Grass Lake, MI. 49240.

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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,

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES:** (Continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: (Continued)

services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. All other revenue items are considered to be available only when cash is received by the government.

The Township reports the following major governmental funds:

The *General Fund* is the government'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 *Municipal Building Debt Service Fund* accounts for the servicing of general long-term bonds issued to finance construction and equipping a Township administration/police/fire/library complex.

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES:** (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

The Township reports the following nonmajor funds:

The *Cemetery Expansion Special Revenue Fund* accounts for resources received from the sale of lots in the Township's Oak Grove Cemetery.

The *Improvement Revolving Special Revenue Fund* accounts for all resources set aside for future capital improvements.

The *Building Code Enforcement Special Revenue Fund* accounts for all activities of the building department. This fund was established to facilitate compliance with Michigan Public Act 245 of 1999, which requires that fees charged bear a reasonable relationship to the costs of operating a building department.

The *Street Lighting Special Revenue Fund* accounts for the costs of lighting certain portions of the Township, and the special assessments levied upon benefiting property owners to finance these districts.

The *Memorial Special Revenue Fund* accounts for donations received by the Township in memory of local residents. These funds are to be spent only on the police or fire departments, per donor instructions.

The *Parks Endowment Special Revenue Fund* accounts for funds donated to the Township to maintain, improve or expand recreational facilities within the Township.

The *Cemetery Urn Permanent Fund* accounts for the fund paid by lot owners restricted to purchasing flowers for display on Memorial Day annually, in perpetuity. The original amount of these funds, \$4,750, may not be spent and is accordingly shown as reserved fund balance in these financial statements; only the interest generated by these funds may be used.

The Township has elected to report all of its proprietary funds as major funds. They are:

The Sewer and Water Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES:** (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

The Township also reports the following fund types:

The *Pension Trust Fund* accounts for the activity of the Township's defined contribution retirement plan, which accumulates resources for retirement, benefit payments to qualified Township employees.

The *Agency Funds – Trust and Agency* and *Current Tax Funds* – account for assets held for other governments and individuals in an agency capacity.

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

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

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

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

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

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES:** (Continued)

E. ASSETS, LIABILITIES, AND NET ASSETS/EQUITY

1. DEPOSITS AND INVESTMENTS

The Township reports cash on hand, demand deposit bank accounts, short term investments with an original maturity of three months or less from the date of acquisition as *cash and cash equivalents*. Financial instruments not meeting these criteria are reported as *investments*. The Township reports investments at their fair value.

2. RECEIVABLES AND PAYABLES

In general, outstanding balances between funds are reported as “due to/from other funds”. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as “advances to/from other funds”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

The Township has not established a reserve for uncollectible accounts based on its past experience.

3. PREPAID EXPENSES

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

4. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by Township policy as assets with an individual cost or value of \$3,000 or more when acquired and a useful three years or more. Purchased assets are recorded at their actual costs. Donated capital assets are reported at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

The Township also capitalizes its share of road improvement costs payable to the County Road Commission as intangible assets.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

E. ASSETS, LIABILITIES, AND NET ASSETS/EQUITY (Continued)

4. CAPITAL ASSETS (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

Assets	Years
Land and Improvements	10-20
Building and Improvements	10-40
Sewer and Water Systems	10-50
Machinery and Equipment	5-20
Office Equipment	5
Vehicles	5-20
Intangible Assets	10-20

Depreciation is allocated to the appropriate function in the government-wide financial statements. Assets such as the municipal building, which is a multi-function facility, are allocated to the general government function.

5. ACCRUED LEAVE PAYABLE:

The Township policy is to accrue unused sick pay for all employees. At the end of the fiscal year, all accumulated sick leave is paid to the employees at their regular rate of pay. Any unused vacation pay at the fiscal year end is forfeited by the employees. At the time the current policy was adopted, all employees with accumulated sick time were allowed to bank it. Such time may be used to supplement the annual allowance, or upon termination be paid to the employee at one-half the current rate of pay. A liability for this bank has been established in the government-wide financial statements.

6. DEFERRED REVENUE:

Deferred revenue is reported in the proprietary funds to reflect the fact that quarterly utility billings include the month of July, which is part of the next fiscal year.

7. LONG-TERM OBLIGATIONS

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other obligations are reported as liabilities in the appropriate governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. These costs are reported net of accumulated amortization as bond issuance costs.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

E. ASSETS, LIABILITIES, AND NET ASSETS/EQUITY (Continued)

7. LONG-TERM OBLIGATIONS (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, as expenditures during the period incurred. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are recognized as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

8. FUND EQUITY

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

9. COMPARATIVE DATA

Comparative data for the prior year has been presented in the individual fund financial statements included in the accompanying additional information in order to facilitate analysis of the fund's financial position and results of operations. This information was taken from the audited financial statements for the year ended June 30, 2006.

10. ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**A. BUDGETARY INFORMATION:**

Formal budgetary integration is employed as a management control device during the year for the General Fund and all Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts included in the financial statements are as originally adopted, and the final amended budget adopted by the Township Board. Budget amendments may be adopted by a simple majority vote of the Board at any open meeting of the Board. All appropriations lapse at the end of the fiscal year.

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS:**

Public Act #621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. In the body of the financial statements, the Township's actual and budgeted expenditures for the budgetary funds (General Operating and Special Revenue Funds) have been shown on a functional basis. The approved budgets of the Township for these funds were adopted to the departmental level. The Township adopted budgets for only the General Fund and the Building Code Enforcement Special Revenue Fund. Budgets were not adopted for the other special revenue funds, although they are required by state statute. For the year ended June 30, 2007, the Township incurred expenditures in the budgetary funds which were in excess of the amounts budgeted as follows:

	Amended Budget	Actual	Variance
<b>General Fund:</b>			
Township Board	\$ 44,120	\$ 47,653	\$ (3,533)
Elections	7,670	7,870	(200)
Assessor	69,195	69,325	(130)
Board of Review	1,376	1,390	(14)
Cemetery Operations	24,601	24,612	(11)
Police Department	268,415	272,724	(4,309)
Public Works	9,149	9,319	(170)
Capital Outlay	6,380	31,426	(25,046)

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 3 - DEPOSITS AND INVESTMENTS:**

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and cash equivalents	\$ 1,744,172
Investments	165,190
Fiduciary Funds:	
Cash and cash equivalents	120,286
Investments	1,935,949
	<u>\$ 3,965,597</u>

State statutes and Township policy authorize the Township to deposit and invest in the accounts of Federally insured banks; insured credit unions and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The Township's deposits are in accordance with statutory authority and Township policy.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Township minimizes this risk by investing in shorter term securities and holding them to maturity.

The investments at June 30, 2007 consist of certificates of deposit with original maturities of more than 90 days, and various investments held by the Pension Trust Fund.

**Concentration of Credit Risk**

The Township's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law. The cash accounts are held at two local financial institutions. \$200,000 of the cash and certificates of deposits are covered by FDIC insurance; the remaining \$1,757,244 bank balance is uninsured.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized; collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Township's name.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3 – CASH AND INVESTMENTS:** (Continued)

**Custodial Credit Risk** (Continued)

The custodial credit risk for investments is that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following provision for deposits: Michigan law (MCL 129.33) requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by the public agencies.

Cash and cash equivalents of the Township can be categorized as follows:

	Carrying Amount	Bank Balance
Cash on hand	\$ 100	\$ -
Insured (FDIC)	200,000	200,000
Uninsured and uncollateralized	1,664,358	1,757,244
	\$ 1,864,458	\$ 1,957,244

Reported in financial statements:

Governmental Funds	\$ 863,716
Proprietary Funds (Business-type)	880,456
Fiduciary Funds	120,286
	\$ 1,864,458

The Governmental Fund investments consist of six month certificate of deposits with a carrying amount and bank balance of \$165,190. These CDs are uninsured and uncollateralized.

Investments of the Pension Trust Fund have not been categorized for disclosure purposes.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4 - INTERFUND RECEIVABLES AND TRANSFERS:**

The amount of interfund receivables and payables at June 30, 2007 are as follows:

Fund	Receivable	Fund	Payable
General Fund	\$ 6,883	Building Code Enforcement	\$ 286
		Municipal Building Debt Service	5,042
		Water #1 Fund	658
		Sewer #1 Fund	507
		Sewer #9 Fund	390
	6,883		6,883
Sewer #1 Fund	8,680	Municipal Building Debt Service	12
		Water #1 Fund	3,083
		Sewer #2 Fund	5,585
	8,680		8,680
Sewer #2 Fund	1,278	General Fund	1,278
	\$ 16,841		\$ 16,841

The General Fund transferred \$5,000 to the Parks Endowment Fund during the year ended June 30, 2007 to offset the cost of repairs to township parks.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – CAPITAL ASSETS:**

Capital asset activity for the year is summarized below:

Asset Category	Balance 6/30/06	Additions	Disposals	Balance 6/30/07
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 136,096	\$ -	\$ -	\$ 136,096
Capital assets, being depreciated:				
Land improvements	135,367	-	-	135,367
Building and improvements	2,205,620	-	-	2,205,620
Machinery and equipment	567,812	108,697	(6,384)	670,125
Office equipment	162,657	1,856	-	164,513
Vehicles	1,083,711	4,524	(42,125)	1,046,110
Intangible assets	117,300	-	-	117,300
Total capital assets being depreciated	4,272,467	115,077	(48,509)	4,339,035
Less - Accumulated Depreciation:				
Land improvements	(36,469)	(7,806)	-	(44,275)
Building and improvements	(341,976)	(68,584)	-	(410,560)
Machinery and equipment	(284,312)	(63,657)	5,187	(342,782)
Office equipment	(89,612)	(19,172)	-	(108,784)
Vehicles	(489,868)	(56,132)	42,125	(503,875)
Intangible assets	(4,185)	(8,370)	-	(12,555)
Total accumulated depreciation	(1,246,422)	(223,721)	47,312	(1,422,831)
Total capital assets being depreciated, net	3,026,045	(108,644)	(1,197)	2,916,204
Capital assets, net	\$ 3,162,141	\$ (108,644)	\$ (1,197)	\$ 3,052,300

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – CAPITAL ASSETS:** (Continued)

Asset Category	Balance 6/30/06	Additions	Disposals	Balance 6/30/07
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 34,450	\$ -	\$ -	\$ 34,450
Capital assets, being depreciated:				
Sewer and Water Systems	8,589,538	78,191	(27,662)	8,640,067
Less - Accumulated Depreciation:	(1,789,010)	(201,058)	27,662	(1,962,406)
Total capital assets being depreciated, net	6,800,528	(122,867)	-	6,677,661
Capital assets, net	\$ 6,834,978	\$ (122,867)	\$ -	\$ 6,712,111

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 114,715
Public Safety	99,364
Public Works	8,370
Recreation and Culture	1,272
<b>Total depreciation expense, governmental activities</b>	<b>\$ 223,721</b>
Business-Type Activities:	
Sewer	\$ 165,215
Water	35,843
<b>Total depreciation expense, business-type activities</b>	<b>\$ 201,058</b>

**NOTE 6 – INVESTMENT IN JOINT VENTURE:**

Under the terms of contracts, the Township sends all of its assessment collections from Sewer District #2 directly to the Wolf Lake Common Fund, a joint venture with Grass Lake Charter Township. The townships retain ultimate responsibility for the debt to be retired by the assessments. These deposits are accounted for in the Wolf Lake Common Fund.

NAPOLEON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 7 - SPECIAL ASSESSMENTS RECEIVABLE:**

The Township allowed residents within the special assessment districts the option of paying over a twenty year period. Interest is charged at 1% over the average bond rate. No allowance for uncollectible accounts has been established as the assessments create a first lien against the assessed property. Past experience has indicated that the receivable will be completely collected.

**NOTE 8 - LONG-TERM DEBT:**

The Township issued bonds to provide for the acquisition and construction of its municipal building. These bonds are general obligation unlimited tax bonds, and pledge the full faith and credit of the Township. An installment purchase agreement used to finance a portion of a fire/rescue apparatus is also a general obligation of the Township.

The Township also financed the construction of sewer and water system assets through contractual agreements with Jackson County, Michigan. These agreements required the Township to pledge revenues generated by its sewer and water systems for repayment of the debt. Special assessments have been levied to provide the Township with the necessary cash flow to service these agreements.

Further detail of Township debt obligations follows:

A. GOVERNMENTAL ACTIVITIES LONG-TERM DEBT:

**General Obligation Bonds**

In November 1999, township residents approved the issuance of general obligation unlimited tax bonds not to exceed \$3,215,000 to construct, equip, and furnish a fire, police and township facility and purchase one fire truck.

Bonds totaling \$3,215,000 dated September 1, 2000 were sold in September 2000. Principal payments are required annually, with semi-annual interest payments at rates ranging from 4.00% to 7.00%. The Township levies a special millage to retire these bonds.

**Installment Purchase Agreement**

During 2004, the Township entered into an installment purchase agreement with the manufacturer of fire apparatus. The Township financed \$100,000 of the purchase of its fire/rescue apparatus. The terms of the agreement call for fixed monthly principal payments of \$1,667 for sixty months, with interest on the unpaid balance at 2.80%. The Township intends to finance this debt with future state revenue sharing payments.

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 8 - LONG-TERM DEBT:** (Continued)

A. GOVERNMENTAL ACTIVITIES LONG-TERM DEBT:

**Township Road Agreements:**

The Township financed 50% of the cost of improvements to certain heavily traveled roads in the Township with the Jackson County Road Commission. The Road Commission allows townships to finance up to \$50,000 per year to cover 50% of the cost of these improvements. These payments are spread out over three years, billed annually in October, with no interest.

B. BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT:

**Capital Leases Payable**

The Township has financed the construction of sewer disposal facilities through the County of Jackson under lease obligations. The County has issued bonds and supervised the construction of the facilities. The Township leases the facilities, with payments due semi-annually in amounts necessary to cover the County's debt service requirements on the underlying bonds.

Currently, there are two such agreements which in place. The first agreement, signed in June 2000, is for the construction of sewer disposal facilities in the unincorporated village area of the Township. Bonds totaling \$1,125,000 were sold by the County in July 2001. The debt was recognized by the Township upon the signing of the final agreement with the County, with a \$1,125,000 capital asset established at that time. Annual principal payments are required, along with semi-annual interest payments at rates ranging 3.80% to 6.75%. The Township will finance repayment of the lease through a special assessment (see Note 7).

The second agreement covers the Wolf Lake section sewer project accounted for as Sewer #2. This project encompasses parts of two townships. Napoleon Township is responsible for 76.73% of the total construction bonds issued by the County. This total, \$3,759,770, has been recognized, along with a corresponding sewer line asset. The Township will finance repayment of the lease through a special assessment (see Note 7).

A portion of the Sewer #2 capital lease payable was refinance in December 2006. This refunding resulted in \$1,975,798 (Napoleon's portion; the total defeased was \$2,575,000) of the remaining obligation being defeased. A loss of \$191,825 was incurred through this transaction, but the Township will have a net savings over the remaining life of the obligations.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 - LONG-TERM DEBT:** (Continued)

The following is a summary of the Township's long-term debt transactions for governmental activities during the year ended June 30, 2007:

<u>Capital Lease Payable</u>	<u>Balance 6/30/06</u>	<u>New Issues</u>	<u>Payments</u>	<u>Balance 6/30/07</u>
<b>Governmental Activities Long-Term Debt:</b>				
General Obligation Bonds:				
1999 Municipal Building	\$ 2,825,000	\$ -	\$ (125,000)	\$ 2,700,000
Installment Purchase Agreement:				
2004 Fire Truck Purchase	53,333	-	(20,000)	33,333
Township Road Agreements	87,300	-	(30,000)	57,300
Total governmental activities	<u>\$ 2,965,633</u>	<u>\$ -</u>	<u>\$ (175,000)</u>	<u>\$ 2,790,633</u>

The following is a summary of the Township's long-term debt transactions for business-type activities during the year ended June 30, 2007:

<u>Capital Lease Payable</u>	<u>Balance 6/30/06</u>	<u>New Issues</u>	<u>Payments</u>	<u>Balance 6/30/07</u>
<b>Business-Type Long-Term Debt:</b>				
Capital Leases Payable:				
Sewer District #1	\$ 950,000	\$ -	\$ (50,000)	\$ 900,000
Sewer District #2:				
2000 Agreement	2,954,105	-	(2,167,623)	786,482
2000 Agreement	-	1,791,646	-	1,791,646
Total	<u>2,954,105</u>	<u>1,791,646</u>	<u>(2,167,623)</u>	<u>2,578,128</u>
Total business-type activities	<u>\$ 3,904,105</u>	<u>\$ 1,791,646</u>	<u>\$ (2,217,623)</u>	<u>\$ 3,478,128</u>

Presented below is a summary of debt service requirements to maturity by years:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 200,000	\$ 143,589	\$ 241,825	\$ 147,708
2009	190,633	132,553	241,825	135,061
2010	150,000	121,912	241,825	122,413
2011	175,000	111,413	286,008	109,283
2012	175,000	99,162	282,171	96,371
2013-2017	1,050,000	339,588	1,372,490	318,105
2018-2021	850,000	71,000	811,984	57,163
	<u>\$ 2,790,633</u>	<u>\$ 1,019,217</u>	<u>\$ 3,478,128</u>	<u>\$ 986,104</u>

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 – DEFERRED LOSS ON REFUNDING:**

As discussed in Note 8, the Township agreed to refund a portion of the 2000 capital lease agreement for Sewer District #2. A loss of \$191,825 was capitalized and will be amortized to interest expense over the remaining life of the bonds. The township is amortizing this loss using the effective interest method.

**NOTE 10 - FUND EQUITY:**

A. RESERVES AND DESIGNATIONS:

Board action and requirements of generally accepted accounting principles have reserved and designated portions of fund equity in certain funds, indicating the amount not available for funding current year's activities. These can be summarized as follows:

	General Fund	Debt Service	Special Revenue	Fiduciary Funds	Total
<b>Designated:</b>					
Cemetery expansion	\$ -	\$ -	\$ 10,000	\$ -	\$ 10,000
<b>Reserved:</b>					
For Prepaid/Advance expenses	\$ 15,238	\$ -	\$ -	\$ -	\$ 15,238
Restricted by statute	11,919	-	-	-	11,919
Restricted for debt	-	107,576	-	-	107,576
Donor restricted	-	-	4,750	-	4,750
For Employee pensions	-	-	-	1,935,949	1,935,949
	<u>\$ 27,157</u>	<u>\$ 107,576</u>	<u>\$ 4,750</u>	<u>\$1,935,949</u>	<u>\$2,075,432</u>

**NOTE 11 - PROPERTY TAXES:**

Real and personal property taxes are levied on December 1st of each year, and are due to the Township by the last day of the following February. The Township is responsible for assessing, collecting and distributing property taxes in accordance with State law. Delinquent real property taxes are paid to the Township by Jackson County. Therefore, the General Fund reflects as revenues the full amount of real taxes levied during the year. The personal property taxes are reflected as revenues in the year collected, which does not materially differ from the full accrual method of revenue recognition.

The Township's operating tax rate for the year ended June 30, 2007 was .80510 mills, and its debt levy (for the Municipal Building bonds) was 1.32000 mills, both levied on property with a Taxable Value of \$207.6 million

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12 - PENSION PLAN:**

The Township of Napoleon Group Pension Plan is a single employer public employee retirement system that administers the Township's defined contribution pension plan for all full-time salaried or clerical employees.

The financial statements of the Plan are included as a fiduciary fund of the Township. The Township is the only non-employee contributor to the pension plan. As of June 30, 2007, the pension plan's current membership was 15 (12 active and 3 inactive).

A defined contribution pension plan provides pension benefits in return for service rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depends solely on the amount contributed to the participant's account and the returns earned on investments of these contributions. Contributions made by an employee and contributions by the Township both vest immediately. Each employee may contribute 10% of his or her gross earnings to the pension plan. The Township is required to contribute an amount equal to 10% of the employee's gross earnings, and now contributes an additional 5% for certain employees, which previously was a mandatory employee contribution. Contributions are not reduced by plan charges.

During the year, the Township's required and actual contributions amounted to \$33,312, which was 11.99% of its current-year covered payroll. Employee's contributions amounted to \$24,756, which was 8.92% of the Township's current-year covered payroll.

Total payroll for the fiscal year ending June 30, 2007 was \$433,263 and total payroll subject to retirement benefits was \$277,557.

The pension plan held no securities of the Township or other related parties during the year or as of the close of the fiscal year.

**NOTE 13 - SEGMENT INFORMATION:**

The Township maintains four Enterprise Funds, which provide sanitary sewage disposal services and water to a portion of Township residents. Because each of these funds is presented as a major fund in the proprietary fund financial statements, segment disclosures are available by reviewing the fund financial statements for the proprietary funds (presented as pages 10-13 in this report).

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 14 – RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2007, the Township carried commercial insurance to cover all risks of losses. The Township has had no settled claims resulting from these risks that exceeded commercial insurance coverage amounts in any of the past three fiscal years.

**NOTE 15 - COMMITMENTS AND CONTINGENCIES:**

**A. DELINQUENT TAXES:**

The Jackson County Treasurer establishes a Delinquent Tax Revolving Fund each year to pay for the uncollected real property taxes of the local taxing units (including Napoleon Township). If these taxes are not paid to the County Treasurer, the Township is ultimately responsible to reimburse the County Treasurer for the tax amount paid from the Revolving Fund, plus interest. It is approximately five years from the original tax delinquency to the chargeback by the County Treasurer.

For the year ended June 30, 2007, Napoleon Township received \$92,000 from the County's Delinquent Tax Revolving Fund. Taxes totaling \$200 were charged back during the fiscal year ended June 30, 2007.

**B. CONTRACTUAL OBLIGATIONS -**

During construction of Water and Sewer District #1, it was necessary for the Township to obtain easements for water mains and sewer lines. In addition to cash, the Township agreed to provide the property owner one direct two indirect connections to the sanitary sewage system. A liability has not been established for this on the Sewer Fund as it is difficult to determine the amount involved. The Township estimates this liability to be \$11,615.

**C. ENVIRONMENTAL LIABILITIES -**

Napoleon Township owns property which was formerly used as a landfill. This landfill has been inactive for several years, and the Township is unaware of any problems resulting from contamination.

**NAPOLEON TOWNSHIP**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

Note: A budgetary comparison schedule is not presented for the Municipal Building Debt Service as there is no legal requirement for this fund to adopt a budget.

**NAPOLEON TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
BEGINNING FUND BALANCE	\$ 806,493	\$ 806,493	\$ 806,493	\$ -
RESOURCES (INFLOWS):				
Taxes	236,600	236,600	256,707	20,107
Licenses and permits	25,550	25,550	45,919	20,369
Intergovernmental	477,075	477,075	501,422	24,347
Charges for services	73,345	118,433	118,064	(369)
Fines and forfeitures	25,000	25,000	19,454	(5,546)
Interest and rents	31,000	31,000	49,307	18,307
Other	2,050	1,000	19,268	18,268
Proceeds from long term debt	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Operating transfers in	-	-	-	-
Total resources (inflows)	870,620	914,658	1,010,141	95,483
Amounts available for appropriation	1,677,113	1,721,151	1,816,634	95,483
CHARGES TO APPROPRIATIONS:				
Legislative	41,737	44,120	47,653	(3,533)
General government	315,285	323,443	312,676	10,767
Public safety	496,426	481,361	485,096	(3,735)
Community planning and development	34,906	31,951	30,906	1,045
Public works	8,050	9,149	9,319	(170)
Economic development	2,600	2,600	-	2,600
Recreational and cultural	2,450	2,450	2,216	234
Other functions	-	-	-	-
Capital outlay	-	6,380	31,426	(25,046)
Debt service	-	21,250	21,237	13
Operating transfers out	-	5,000	5,000	-
Total charges to appropriations	901,454	927,704	945,529	(17,825)
BUDGETARY ENDING FUND BALANCE	\$ 775,659	\$ 793,447	\$ 871,105	\$ 77,658

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS COMBINING FINANCIAL STATEMENTS:

COMBINING BALANCE SHEET

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE

**NAPOLEON TOWNSHIP**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2007**

	SPECIAL REVENUE FUNDS		
	CEMETERY EXPANSION	STREET LIGHTING	IMPROVEMENT REVOLVING
<u>ASSETS</u>			
Cash and cash equivalents	\$ 76	\$ 23,929	\$ 4,198
Investments	97,920	-	67,270
Interest receivable	-	-	170
Due from other funds	-	-	-
Due from governments	-	-	-
Total assets	\$ 97,996	\$ 23,929	\$ 71,638
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
Accounts payable	\$ -	\$ 2,416	\$ -
Accrued payroll	-	-	-
Due to other funds	-	-	-
Total liabilities	-	2,416	-
FUND EQUITY:			
Fund Balance - Designated	10,000	-	-
Fund Balance - Reserved	-	-	-
Fund Balance - Undesignated, unreserved	87,996	21,513	71,638
Total fund equity	97,996	21,513	71,638
Total liabilities and fund equity	\$ 97,996	\$ 23,929	\$ 71,638

The notes the financial statements are an integral part of this statement.

SPECIAL REVENUE FUNDS (Continued)				PERMANENT FUND	
BUILDING CODE ENFORCEMENT	MEMORIAL	PARKS ENDOWMENT	CEMETERY URN	TOTAL	
\$ 1,795	\$ 1,470	\$ 4,042	\$ 6,755	\$ 42,265	
-	-	-	-	165,190	
-	-	-	217	387	
-	-	-	-	-	
-	-	-	-	-	
<b>\$ 1,795</b>	<b>\$ 1,470</b>	<b>\$ 4,042</b>	<b>\$ 6,972</b>	<b>\$ 207,842</b>	
\$ 2,055	\$ -	\$ -	\$ -	\$ 4,471	
-	-	-	-	-	
286	-	-	-	286	
2,341	-	-	-	4,757	
-	-	-	-	10,000	
-	-	-	4,750	4,750	
(546)	1,470	4,042	2,222	188,335	
(546)	1,470	4,042	6,972	203,085	
<b>\$ 1,795</b>	<b>\$ 1,470</b>	<b>\$ 4,042</b>	<b>\$ 6,972</b>	<b>\$ 207,842</b>	

**NAPOLEON TOWNSHIP**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**THE YEAR ENDED JUNE 30, 2007**

	SPECIAL REVENUE FUNDS		
	CEMETERY EXPANSION	STREET LIGHTING	IMPROVEMENT REVOLVING
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
State grants - Capital	-	-	-
Interest and rents	5,931	-	6,057
Other revenues	4,850	40,554	22,500
Total revenues	10,781	40,554	28,557
EXPENDITURES:			
Current:			
General government	-	-	400
Public safety	-	-	-
Public works	-	30,467	30,000
Recreation and culture	-	-	-
Other functions	1,460	-	-
Capital outlay	-	-	105,707
Total expenditures	1,460	30,467	136,107
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,321	10,087	(107,550)
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Sale of capital assets	-	-	-
Operating transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	9,321	10,087	(107,550)
FUND BALANCES - Beginning of year	88,675	11,426	179,188
FUND BALANCES - End of year	\$ 97,996	\$ 21,513	\$ 71,638

The notes the financial statements are an integral part of this statement.

SPECIAL REVENUE FUNDS (Continued)				PERMANENT	
BUILDING				FUND	
CODE	MEMORIAL	PARKS	CEMETERY		
ENFORCEMENT		ENDOWMENT	URN		TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45,974	-	-	-	-	45,974
-	-	-	-	-	-
113	44	14	337	-	12,496
-	-	931	-	-	68,835
46,087	44	945	337	-	127,305
-	-	-	-	-	400
47,403	-	-	-	-	47,403
-	-	-	-	-	60,467
-	-	2,512	-	-	2,512
-	-	-	191	-	1,651
-	-	-	-	-	105,707
47,403	-	2,512	191	-	218,140
(1,316)	44	(1,567)	146	-	(90,835)
-	-	5,000	-	-	5,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,000	-	-	5,000
(1,316)	44	3,433	146	-	(85,835)
770	1,426	609	6,826	-	288,920
\$ (546)	\$ 1,470	\$ 4,042	\$ 6,972	\$ -	\$ 203,085

**NAPOLEON TOWNSHIP**

**ADDITIONAL INFORMATION**

**INDIVIDUAL FUND FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS:**

(All include 2006 actual amounts for comparison)

**GENERAL FUND FINANCIAL STATEMENTS:**

BALANCE SHEET  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - AMENDED BUDGET TO ACTUAL

**DEBT SERVICE FUND FINANCIAL STATEMENTS:**

BALANCE SHEET  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE

**CEMETERY EXPANSION SPECIAL REVENUE FUND:**

BALANCE SHEET  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

**STREET LIGHT SPECIAL REVENUE FUND:**

BALANCE SHEET  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

**IMPROVEMENT REVOLVING SPECIAL REVENUE FUND:**

BALANCE SHEET  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

**BUILDING CODE ENFORCEMENT SPECIAL REVENUE FUND:**

BALANCE SHEET  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

**NAPOLEON TOWNSHIP**

**ADDITIONAL INFORMATION**

**INDIVIDUAL FUND FINANCIAL STATEMENTS: (Continued)**

**MEMORIAL SPECIAL REVENUE FUND:**

BALANCE SHEET

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

**PARKS ENDOWMENT SPECIAL REVENUE FUND:**

BALANCE SHEET

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

**CEMETERY URN FUND PERMANENT FUND:**

BALANCE SHEET

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

**NAPOLEON TOWNSHIP**

**GENERAL FUND**

**BALANCE SHEET**

**JUNE 30, 2007**

(With comparative totals from June 30, 2006)

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 708,821	\$ 642,278
Accounts receivable	8,272	-
Prepaid expenses	15,238	18,754
Due from other funds	6,883	9,660
Due from governmental units	165,553	240,132
	<hr/>	<hr/>
Total assets	<u>\$ 904,767</u>	<u>\$ 910,824</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts payable	\$ 19,040	\$ 101,278
Accrued payroll	13,291	2,554
Due to other funds	1,278	499
Due to governmental units	53	-
Total liabilities	<hr/> 33,662	<hr/> 104,331
FUND BALANCE:		
Fund balance - Reserved	27,157	27,197
Fund balance - Unreserved	843,948	779,296
Total fund balance	<hr/> 871,105	<hr/> 806,493
	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 904,767</u>	<u>\$ 910,824</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

(With comparative totals from the year ended June 30, 2006)

	2007		VARIANCE - FAVORABLE (UNFAVORABLE)	2006
	AMENDED BUDGET	ACTUAL		ACTUAL
<b>REVENUES:</b>				
<b>Taxes:</b>				
Current property	\$ 165,000	\$ 166,013	\$ 1,013	\$ 158,476
Industrial facilities tax	11,000	8,691	(2,309)	9,344
Delinquent property taxes	100	724	624	461
Interest and penalties on taxes	500	8,114	7,614	255
Tax administration fee	60,000	73,165	13,165	64,114
Total taxes	236,600	256,707	20,107	232,650
<b>Licenses and Permits:</b>				
Cable TV franchise fee	25,000	45,424	20,424	26,481
Trailer park fees	300	382	82	298
Dog licenses	-	77	77	-
Zoning books	250	36	(214)	84
Total licenses and permits	25,550	45,919	20,369	26,863
<b>Intergovernmental:</b>				
State revenue sharing	470,000	468,091	(1,909)	478,024
Liquor license fees	2,000	1,983	(17)	1,924
Public Safety grants	-	13,891	13,891	116,335
Metro Act revenue	3,500	5,591	2,091	5,617
Election reimbursements	-	945	945	2,523
Local unit contributions - Library	1,575	1,576	1	1,530
Local unit contributions - Grants	-	9,345	9,345	-
Total intergovernmental	477,075	501,422	24,347	605,953
<b>Charges for Services:</b>				
Norvell Twsp. Fire contract	34,650	34,650	-	33,870
Administration fees - Enterprise Funds	44,900	42,126	(2,774)	41,960
Allocated costs - Building Code Fund	7,733	-	(7,733)	7,545
Zoning/Ordinance fees	9,300	8,100	(1,200)	9,060
Cemetery charges	11,500	13,945	2,445	12,585
School tax collections	-	15,419	15,419	10,358
Police - Report copies	5,500	1,907	(3,593)	6,510
Restitution - Attorney	100	-	(100)	-
Miscellaneous	4,750	1,917	(2,833)	3,203
Total charges for services	118,433	118,064	(369)	125,091
<b>Fines and forfeitures - Police</b>	25,000	19,454	(5,546)	24,928
<b>Interest and Rents:</b>				
Interest	25,000	44,027	19,027	41,890
Rents	6,000	5,280	(720)	5,120
Total interest and rents	\$ 31,000	\$ 49,307	\$ 18,307	\$ 47,010

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

(With comparative totals from the year ended June 30, 2006)

	2007		VARIANCE - FAVORABLE (UNFAVORABLE)	2006
	AMENDED BUDGET	ACTUAL		ACTUAL
<b>REVENUES: (Continued)</b>				
<b>Other:</b>				
Other income	\$ 1,000	\$ 13,268	\$ 12,268	\$ 6,760
Sale of fixed assets	-	6,000	6,000	3,300
Donations - Village & Twp. Police Assn.	-	-	-	-
Total other revenues	1,000	19,268	18,268	10,060
Total Revenues	914,658	1,010,141	95,483	1,072,555
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Legislative -</b>				
<b>Township Board:</b>				
Salaries and wages - Elected	8,000	8,000	-	8,000
Payroll taxes	116	612	(496)	443
Fringe benefits	871	176	695	8,963
Professional services	15,383	15,808	(425)	18,220
Conferences and workshops	500	902	(402)	360
Community promotion	200	310	(110)	735
Insurance and bonds	12,800	16,642	(3,842)	14,568
Membership and dues	4,000	4,077	(77)	4,132
Miscellaneous	2,250	1,126	1,124	365
Total Legislative - Township board	44,120	47,653	(3,533)	55,786
<b>General Government:</b>				
<b>Supervisor's Office:</b>				
Salaries and wages - Elected	17,000	17,000	-	17,000
Payroll taxes	247	246	1	246
Fringe benefits	1,954	1,987	(33)	3,563
Office supplies	200	75	125	425
Operating supplies	350	3	347	-
Professional Services	750	232	518	625
Mileage	50	-	50	-
Printing and publications	150	13	137	75
Total supervisor's office	20,701	19,556	1,145	21,934
<b>Elections:</b>				
Fringe benefits	5	-	5	-
Office supplies	2,730	3,122	(392)	429
Contractual services	2,135	4,635	(2,500)	2,735
Printing and publications	300	113	187	108
Insurance & Bonds	-	-	-	-
Miscellaneous	2,500	-	2,500	-
Total elections	\$ 7,670	\$ 7,870	\$ (200)	\$ 3,272

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

(With comparative totals from the year ended June 30, 2006)

	2007		VARIANCE - FAVORABLE (UNFAVORABLE)	2006
	AMENDED BUDGET	ACTUAL		ACTUAL
<b>EXPENDITURES:</b> (Continued)				
<b>Current:</b> (Continued)				
<b>General Government:</b> (Continued)				
<b>Assessor:</b>				
Salaries and wages	\$ 41,286	\$ 39,404	\$ 1,882	\$ 39,287
Payroll taxes	778	628	150	619
Fringe benefits	19,856	19,887	(31)	17,489
Office supplies	1,000	982	18	735
Operating supplies	50	89	(39)	13
Maps and equipment	200	99	101	-
Repairs and maintenance	200	-	200	-
Tax roll preparation	4,500	7,573	(3,073)	5,461
Conferences and workshops	750	-	750	650
Mileage	300	433	(133)	337
Printing and publications	-	-	-	75
Membership dues	275	230	45	165
Total assessor	69,195	69,325	(130)	64,831
<b>Township Clerk:</b>				
Salaries and wages - Elected	17,000	17,000	-	17,000
Salaries and wages - Office	24,055	23,997	58	22,653
Payroll taxes	551	594	(43)	575
Fringe benefits	25,591	25,957	(366)	24,174
Office supplies	5,197	5,299	(102)	4,902
Computer supplies	9,208	9,308	(100)	8,732
Copier lease	-	-	-	-
Operating supplies	600	574	26	484
Professional services	2,000	1,450	550	2,915
Printing and publishing	2,000	1,055	945	417
Total township clerk	86,202	85,234	968	81,852
<b>Board of Review:</b>				
Payroll taxes	-	81	(81)	46
Fringe benefits	-	14	(14)	7
Fees and per diem	1,226	1,064	162	597
Office supplies	50	123	(73)	16
Printing and publications	100	108	(8)	-
Total board of review	\$ 1,376	\$ 1,390	\$ (14)	\$ 666

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

(With comparative totals from the year ended June 30, 2006)

	2007		VARIANCE - FAVORABLE (UNFAVORABLE)	2006
	AMENDED BUDGET	ACTUAL		ACTUAL
<b>EXPENDITURES:</b> (Continued)				
<b>Current:</b> (Continued)				
<b>General Government:</b> (Continued)				
<b>Township Treasurer:</b>				
Salaries and wages - Elected	\$ 17,000	\$ 17,000	\$ -	\$ 17,000
Salaries and wages - Office	17,457	17,363	94	12,609
Payroll taxes	495	480	15	521
Fringe benefits	14,981	14,295	686	16,437
Office supplies	900	1,558	(658)	896
Computer supplies	300	195	105	-
Professional services	-	-	-	-
Printing and publications	100	19	81	189
Insurance and bonds	1,100	493	607	1,572
Miscellaneous	-	-	-	-
Taxes abated/written off	500	-	500	3,451
Total township treasurer	52,833	51,403	1,430	52,675
<b>Township Hall and Grounds:</b>				
Office supplies	500	16	484	227
Repairs and maintenance supplies	18,950	14,796	4,154	21,874
Contractual services	6,025	5,337	688	5,840
Telephone	4,100	3,266	834	3,180
Printing and publications	-	-	-	-
Insurance and bonds	6,200	5,469	731	6,036
Building improvements	90	-	90	-
Public utilities	25,000	24,402	598	26,664
Total township hall and grounds	60,865	53,286	7,579	63,821
<b>Cemetery Operations:</b>				
Fringe benefits	-	-	-	291
Operating supplies	2,500	3,606	(1,106)	5,268
Repairs and maintenance	4,410	2,237	2,173	2,280
Contractual services	16,500	18,050	(1,550)	18,579
Printing & publications	50	-	50	-
Insurance and bonds	591	309	282	318
Utilities	350	410	(60)	371
Miscellaneous	200	-	200	-
Total cemetery operations	24,601	24,612	(11)	27,107
Total General Government	\$ 323,443	\$ 312,676	\$ 10,767	\$ 316,158

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

(With comparative totals from the year ended June 30, 2006)

	2007		VARIANCE - FAVORABLE (UNFAVORABLE)	2006
	AMENDED BUDGET	ACTUAL		ACTUAL
<b>EXPENDITURES:</b> (Continued)				
<b>Current:</b> (Continued)				
<b>Public Safety:</b>				
<b>Police Department:</b>				
Salaries and wages	\$ 174,089	\$ 177,640	\$ (3,551)	\$ 183,746
Payroll taxes	6,493	6,360	133	7,500
Fringe benefits	37,566	39,350	(1,784)	48,079
Office supplies	600	636	(36)	703
Operating supplies	13,737	14,493	(756)	13,762
Uniforms and laundry	1,000	684	316	1,034
Repairs and maintenance supplies	398	119	279	358
Professional services	4,800	4,279	521	4,278
Computer support	-	-	-	844
Radio maintenance	1,500	1,073	427	1,237
Telephone	4,000	3,790	210	3,873
Conferences and workshops	700	671	29	658
Community promotion	850	741	109	843
Insurance and bonds	16,933	13,317	3,616	14,849
Vehicle maintenance	3,500	7,603	(4,103)	3,435
Membership and dues	225	135	90	100
Education and training	700	512	188	786
Special training	-	460	(460)	-
Village & Police Association supplies	-	-	-	-
Special reserve program	450	-	450	-
Equipment - Not capitalized	874	861	13	2,213
Total police department	\$ 268,415	\$ 272,724	\$ (4,309)	\$ 288,298

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

(With comparative totals from the year ended June 30, 2006)

	2007		VARIANCE - FAVORABLE (UNFAVORABLE)	2006
	AMENDED BUDGET	ACTUAL		ACTUAL
<b>EXPENDITURES:</b> (Continued)				
<b>Current:</b> (Continued)				
<b>Public Safety:</b> (Continued)				
<b>Fire Department:</b>				
Salaries and wages	\$ 97,605	\$ 92,880	\$ 4,725	\$ 90,955
Payroll taxes	2,383	2,733	(350)	2,664
Fringe benefits	29,708	27,329	2,379	26,044
Office supplies	900	186	714	781
Operating supplies	9,000	7,466	1,534	7,895
Uniforms and cleaning	8,000	8,756	(756)	4,457
Repairs and maintenance	3,500	2,855	645	3,024
Radio maintenance	5,400	5,176	224	2,579
Telephone	2,500	1,858	642	1,695
Pager lease	1,700	1,607	93	1,499
Conferences and workshops	-	-	-	-
Community promotion	-	-	-	210
Insurance and bonds	19,000	18,228	772	16,384
Public utilities	2,500	2,785	(285)	2,603
Vehicle maintenance	20,000	28,435	(8,435)	18,198
Membership and dues	750	1,852	(1,102)	1,113
Education and training	6,000	6,279	(279)	5,840
Building repairs	-	-	-	-
Equipment - Not capitalized	4,000	3,947	53	2,334
Total fire department	212,946	212,372	574	188,275
Total public safety	481,361	485,096	(3,735)	476,573
<b>Community Planning and Development:</b>				
<b>Zoning and Planning:</b>				
Salaries and wages	12,395	12,744	(349)	10,938
Fees and per diem	3,901	2,703	1,198	3,410
Payroll taxes	948	1,122	(174)	1,072
Fringe benefits	63	196	(133)	175
Office supplies	750	890	(140)	840
Professional services	12,144	11,889	255	12,262
Contractual services	-	-	-	-
Conferences and workshops	150	-	150	-
Mileage	100	397	(297)	326
Printing and publications	1,000	759	241	1,388
Vehicle maintenance	500	206	294	-
Total zoning and planning	31,951	30,906	1,045	30,411
<b>Public Works :</b>				
Highways and Streets - Contractual	9,149	9,319	(170)	8,131
Total public works	\$ 9,149	\$ 9,319	\$ (170)	\$ 8,131

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

(With comparative totals from the year ended June 30, 2006)

	2007		VARIANCE - FAVORABLE (UNFAVORABLE)	2006
	AMENDED BUDGET	ACTUAL		ACTUAL
<b>EXPENDITURES:</b> (Continued)				
<b>Current:</b> (Continued)				
<b>Economic Development -</b>				
Contractual	\$ 2,600	\$ -	\$ 2,600	\$ -
<b>Recreational and Cultural -</b>				
<b>Parks:</b>				
Contractual	200	261	(61)	238
Utilities	150	88	62	91
Repairs and maintenance	2,100	1,867	233	1,699
Total recreational and cultural	2,450	2,216	234	2,028
<b>Capital Outlay:</b>				
General	6,380	6,380	-	29,483
Assessor	-	-	-	1,210
Cemetery	-	-	-	1,800
Police Department - Grant	-	-	-	4,300
Police Department	-	-	-	43,297
Fire - Grant	-	25,046	(25,046)	121,651
Fire Department	-	-	-	-
Total capital outlay	6,380	31,426	(25,046)	201,741
<b>Debt Service:</b>				
Principal	20,000	20,000	-	20,000
Interest	1,250	1,237	13	1,797
Total debt service	21,250	21,237	13	21,797
Total expenditures	922,704	940,529	(17,825)	1,112,625
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,046)	69,612	77,658	(40,070)
OTHER FINANCING SOURCES (USES):				
Transfer to other funds	(5,000)	(5,000)	-	-
Total other financing (uses)	(5,000)	(5,000)	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	(13,046)	64,612	77,658	(40,070)
FUND BALANCE - Beginning of year	806,493	806,493	-	846,563
FUND BALANCE - End of year	\$ 793,447	\$ 871,105	\$ 77,658	\$ 806,493

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**MUNICIPAL BUILDING DEBT SERVICE FUND**  
**BALANCE SHEET**  
**JUNE 30, 2007**  
(With comparative totals from June 30, 2006)

	<b>2007</b>	2006
<u><b>ASSETS</b></u>		
Cash and cash equivalents	\$ <b>112,630</b>	\$ 100,598
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from governmental units	-	-
	<b>112,630</b>	100,598
Total assets	<b>\$ 112,630</b>	\$ 100,598
<u><b>LIABILITIES AND FUND BALANCE</b></u>		
<b>LIABILITIES:</b>		
Accounts payable	\$ -	\$ 7,866
Accrued payroll	-	-
Due to other funds	<b>5,054</b>	2,195
Due to other governments	-	-
Total liabilities	<b>5,054</b>	10,061
<b>FUND BALANCE:</b>		
Fund balance - Designated	-	-
Fund balance - Reserved	<b>107,576</b>	90,537
Fund balance - Unreserved	-	-
Total fund balance	<b>107,576</b>	90,537
Total liabilities and fund balance	<b>\$ 112,630</b>	\$ 100,598

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**MUNICIPAL BUILDING DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>	2006
<b>REVENUES:</b>		
Taxes:		
Current property taxes	\$ 272,198	\$ 236,045
Industrial facilities taxes	14,252	13,923
Delinquent property taxes	3,352	710
Total taxes	289,802	250,678
Interest	4,774	4,205
Total revenues	294,576	254,883
<b>EXPENDITURES:</b>		
Debt Service:		
Principal	125,000	115,000
Interest	151,662	159,713
Taxes abated/written off	-	5,521
Paying agent fees and miscellaneous	875	825
Total expenditures	277,537	281,059
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>17,039</b>	<b>(26,176)</b>
<b>FUND BALANCE - Beginning of year</b>	<b>90,537</b>	116,713
<b>FUND BALANCE - End of year</b>	<b>\$ 107,576</b>	\$ 90,537

The notes the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**CEMETERY EXPANSION SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEET**  
**JUNE 30, 2007**  
(With comparative totals from June 30, 2006)

<u>ASSETS</u>	2007	2006
Cash and cash equivalents	\$ 76	\$ -
Investments	97,920	88,675
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from governments	-	-
	\$ 97,996	\$ 88,675
	\$ 97,996	\$ 88,675
<u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	-	-
FUND EQUITY:		
Fund Balance - Designated	10,000	10,000
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	87,996	78,675
Total fund equity	97,996	88,675
	\$ 97,996	\$ 88,675

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**CEMETERY EXPANSION SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>			2006
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
<b>REVENUES:</b>				
Interest	\$ -	\$ 5,931	\$ 5,931	\$ 2,688
Other revenues - Sale of lots	-	4,850	4,850	2,950
Total revenues	-	<b>10,781</b>	10,781	5,638
<b>EXPENDITURES:</b>				
<b>Current - Other functions:</b>				
Temporary labor	-	-	-	-
Supplies	-	-	-	360
Professional services	-	1,460	(1,460)	441
Total current - Other functions	-	<b>1,460</b>	(1,460)	801
Capital outlay	-	-	-	-
Total expenditures	-	<b>1,460</b>	(1,460)	801
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	<b>9,321</b>	9,321	4,837
<b>OTHER FINANCING SOURCES (USES) - Operating transfers in</b>	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND (USES)</b>	-	<b>9,321</b>	9,321	4,837
FUND BALANCE - Beginning of year	88,675	<b>88,675</b>	-	83,838
FUND BALANCE - End of year	\$ 88,675	\$ <b>97,996</b>	\$ 9,321	\$ 88,675

The notes the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STREET LIGHT SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEET**  
**JUNE 30, 2007**  
(With comparative totals from June 30, 2006)

	<b>2007</b>	2006
<u><b>ASSETS</b></u>		
Cash and cash equivalents	\$ <b>23,929</b>	\$ 10,926
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	500
Due from governments	-	-
	<b>23,929</b>	11,426
Total assets	<b>\$ 23,929</b>	\$ 11,426
 <u><b>LIABILITIES AND FUND EQUITY</b></u>		
<b>LIABILITIES:</b>		
Accounts payable	\$ <b>2,416</b>	\$ -
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	<b>2,416</b>	-
<b>FUND EQUITY:</b>		
Fund Balance - Designated	-	-
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	<b>21,513</b>	11,426
Total fund equity	<b>21,513</b>	11,426
Total liabilities and fund equity	<b>\$ 23,929</b>	\$ 11,426

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STREET LIGHT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	2007		VARIANCE - FAVORABLE (UNFAVORABLE)	2006
	AMENDED BUDGET	ACTUAL		ACTUAL
<b>REVENUES:</b>				
Other Revenue:				
Current special assessments	\$ -	\$ 40,554	\$ 40,554	\$ 20,020
Delinquent special assessments	-	-	-	-
Total taxes	-	40,554	40,554	20,020
Interest	-	-	-	10
Total revenues	-	40,554	40,554	20,030
<b>EXPENDITURES:</b>				
Current - Public Works:				
Professional services	-	400	(400)	300
Utilities	-	29,967	(29,967)	27,291
Miscellaneous	-	100	(100)	127
Total expenditures	-	30,467	(30,467)	27,718
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	10,087	10,087	(7,688)
FUND BALANCE - Beginning of year	11,426	11,426	-	19,114
FUND BALANCE - End of year	\$ 11,426	\$ 21,513	\$ 10,087	\$ 11,426

The notes the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**IMPROVEMENT REVOLVING SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEET**  
**JUNE 30, 2007**  
(With comparative totals from June 30, 2006)

	<b>2007</b>	2006
<u><b>ASSETS</b></u>		
Cash and cash equivalents	\$ <b>4,198</b>	\$ 194,982
Investments	<b>67,270</b>	-
Interest receivable	<b>170</b>	-
Due from other funds	-	-
Due from governments	-	-
	<b>71,638</b>	194,982
Total assets	<b>\$ 71,638</b>	\$ 194,982
 <u><b>LIABILITIES AND FUND EQUITY</b></u>		
<b>LIABILITIES:</b>		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	-	-
<b>FUND EQUITY:</b>		
Fund Balance - Designated	-	184,217
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	<b>71,638</b>	(5,029)
Total fund equity	<b>71,638</b>	179,188
Total liabilities and fund equity	<b>\$ 71,638</b>	\$ 179,188

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**IMPROVEMENT REVOLVING SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<u>2007</u>		VARIANCE - FAVORABLE (UNFAVORABLE)	<u>2006</u>
	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>		<u>ACTUAL</u>
<b>REVENUES:</b>				
State grants - Capital	\$ -	\$ -	\$ -	\$ -
Interest	-	<b>6,057</b>	6,057	6,380
Other revenue	-	<b>22,500</b>	22,500	10,618
Total revenues	-	<b>28,557</b>	28,557	16,998
<b>EXPENDITURES:</b>				
Current:				
General government:				
Professional services	-	<b>400</b>	(400)	-
Miscellaneous	-	-	-	-
Total general government	-	<b>400</b>	(400)	-
Public Works:				
Street work	-	<b>30,000</b>	(30,000)	30,000
Total public works	-	<b>30,000</b>	(30,000)	30,000
Capital outlay	-	<b>105,707</b>	(105,707)	2,792
Total expenditures	-	<b>136,107</b>	(136,107)	32,792
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	<b>(107,550)</b>	(107,550)	(15,794)
FUND BALANCE - Beginning of year	179,188	<b>179,188</b>	-	194,982
FUND BALANCE - End of year	\$ 179,188	\$ <b>71,638</b>	\$ (107,550)	\$ 179,188

The notes the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**BUILDING CODE ENFORCEMENT SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEET**  
**JUNE 30, 2007**  
(With comparative totals from June 30, 2006)

	2007	2006
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,795	\$ 5,431
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from other governments	-	-
	\$ 1,795	\$ 5,431
<u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ 2,055	\$ 3,685
Due to other funds	286	976
Total liabilities	2,341	4,661
FUND EQUITY:		
Fund Balance - Designated	-	-
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	(546)	770
Total fund equity	(546)	770
Total liabilities and fund equity	\$ 1,795	\$ 5,431

The notes the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**BUILDING CODE ENFORCEMENT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>			2006
	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE - FAVORABLE (UNFAVORABLE)</b>	<b>ACTUAL</b>
<b>REVENUES:</b>				
Licenses and permits:				
Building permits	\$ 28,000	\$ <b>18,544</b>	\$ (9,456)	\$ 26,092
Electrical permits	13,500	<b>14,715</b>	1,215	13,575
Addressing	-	<b>175</b>	175	-
Plumbing permits	8,500	<b>6,605</b>	(1,895)	8,140
Mechanical permits	8,000	<b>5,935</b>	(2,065)	7,060
Total licenses and permits	58,000	<b>45,974</b>	(12,026)	54,867
Interest	500	<b>113</b>	(387)	333
Total revenues	58,500	<b>46,087</b>	(12,413)	55,200
<b>EXPENDITURES:</b>				
Current - Public Safety:				
Salaries - Clerical	9,760	<b>4,559</b>	5,201	12,323
Salaries - Zoning Administrator	12,970	<b>13,091</b>	(121)	7,292
Payroll taxes	1,739	<b>1,044</b>	695	783
Fringe benefits	2,625	<b>2,850</b>	(225)	4,457
Contract fees:				
Zoning Administrator	-	-	-	-
Building Inspectors	13,500	<b>9,400</b>	4,100	14,475
Plumbing & Mechanical Inspectors	11,250	<b>7,735</b>	3,515	12,070
Electrical Inspectors	9,550	<b>7,695</b>	1,855	9,790
Office supplies	700	<b>305</b>	395	678
Allocated costs	7,733	-	7,733	7,545
Professional services	250	<b>400</b>	(150)	550
Miscellaneous	50	<b>324</b>	(274)	39
Total current - Public Safety	70,127	<b>47,403</b>	22,724	70,002
Capital outlay	-	-	-	-
Total expenditures	70,127	<b>47,403</b>	22,724	70,002
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(11,627)	<b>(1,316)</b>	10,311	(14,802)
<b>FUND BALANCE - Beginning of year</b>				
	770	<b>770</b>	-	15,572
<b>FUND BALANCE - End of year</b>				
	\$ (10,857)	\$ <b>(546)</b>	\$ 10,311	\$ 770

The notes the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**MEMORIAL SPECIAL REVENUE FUND**  
**BALANCE SHEET**  
**JUNE 30, 2007**  
(With comparative totals from June 30, 2006)

		TOTALS	
		2007	2006
<u>ASSETS:</u>			
Cash and cash equivalents	\$	1,470	\$ 1,426
Accounts receivable		-	-
Prepaid expenses		-	-
Due from other funds		-	-
Due from other governments		-	-
		-	-
Total assets	\$	1,470	\$ 1,426
<u>LIABILITIES AND FUND EQUITY:</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$	-	\$ -
Accrued payroll		-	-
Due to other funds		-	-
Total liabilities		-	-
<u>FUND EQUITY:</u>			
Fund Balance - Designated		1,470	1,426
Fund Balance - Reserved		-	-
Fund Balance - Undesignated, unreserved		-	-
Total fund equity		1,470	1,426
Total liabilities and fund equity	\$	1,470	\$ 1,426

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**MEMORIAL SPECIAL REVENUE FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	2007			2006
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
<b>REVENUES:</b>				
Interest	\$ -	\$ 44	\$ 44	\$ 10
Other - Donations	-	-	-	-
Total revenues	-	<b>44</b>	44	10
<b>EXPENDITURES:</b>				
Recreation and cultural:				
Community promotion	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	<b>44</b>	44	10
<b>FUND BALANCE - Beginning of year</b>	1,426	<b>1,426</b>	-	1,416
<b>FUND BALANCE - End of year</b>	\$ 1,426	\$ <b>1,470</b>	\$ 44	\$ 1,426

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**PARKS ENDOWMENT SPECIAL REVENUE FUND**  
**BALANCE SHEET**  
**JUNE 30, 2007**  
(With comparative totals from June 30, 2006)

	<b>2007</b>	2006
<u><b>ASSETS</b></u>		
Cash and cash equivalents	\$ 4,042	\$ 609
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from other governments	-	-
	-	-
Total assets	\$ 4,042	\$ 609
 <u><b>LIABILITIES AND FUND EQUITY</b></u>		
<b>LIABILITIES:</b>		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	-	-
 <b>FUND EQUITY:</b>		
Fund Balance - Designated	-	-
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	4,042	609
Total fund equity	4,042	609
Total liabilities and fund equity	\$ 4,042	\$ 609

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**PARKS ENDOWMENT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	2007			2006
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
<b>REVENUES:</b>				
Interest	\$ -	\$ 14	\$ 14	\$ 2
Other	-	931	931	-
Total revenues	-	945	945	2
<b>EXPENDITURES:</b>				
Recreation and cultural:				
Community promotion	-	90	(90)	-
Miscellaneous	-	2,422	(2,422)	30
Capital outlay	-	-	-	-
Total expenditures	-	2,512	(2,512)	30
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	<b>(1,567)</b>	<b>(1,567)</b>	<b>(28)</b>
<b>OTHER FINANCING SOURCES:</b>				
Operating transfer in	-	5,000	5,000	-
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	-	<b>3,433</b>	<b>3,433</b>	<b>(28)</b>
<b>FUND BALANCE - Beginning of year</b>	<b>609</b>	<b>609</b>	<b>-</b>	<b>637</b>
<b>FUND BALANCE - End of year</b>	<b>\$ 609</b>	<b>\$ 4,042</b>	<b>\$ 3,433</b>	<b>\$ 609</b>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**CEMETERY URN PERMANENT FUND**  
**COMPARATIVE BALANCE SHEET**  
**JUNE 30, 2007**  
(With comparative totals from June 30, 2006)

	<b>CEMETERY URN FUND</b>	
<u>ASSETS</u>	<b>2007</b>	<b>2006</b>
Cash	\$ 6,755	\$ 7,038
Accounts receivable	217	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from other governments	-	-
Total assets	<b>\$ 6,972</b>	<b>\$ 7,038</b>
<u>LIABILITIES AND FUND EQUITY</u>		
<b>LIABILITIES:</b>		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	-	-
<b>FUND EQUITY:</b>		
Fund Balance - Designated	-	-
Fund Balance - Reserved	4,750	4,750
Fund Balance - Undesignated, unreserved	2,222	2,076
Total fund equity	<b>6,972</b>	<b>6,826</b>
Total liabilities and fund equity	<b>\$ 6,972</b>	<b>\$ 6,826</b>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**CEMETERY URN PERMANENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	2007			2006
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES -				
Interest	\$ -	\$ 337	\$ 337	\$ 109
EXPENDITURES -				
Other functions - Misc	-	191	(191)	321
EXCESS OF REVENUES OVER EXPENDITURES	-	146	146	(212)
FUND BALANCE - Beginning of year	6,826	6,826	-	7,038
FUND BALANCE - End of year	\$ 6,826	\$ 6,972	\$ 146	\$ 6,826

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**

**ADDITIONAL INFORMATION**

**INDIVIDUAL FUND FINANCIAL STATEMENTS - PROPRIETARY FUNDS:**  
(All include 2006 actual amounts for comparison)

**SEWER #1 ENTERPRISE FUND:**

STATEMENT OF NET ASSETS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
STATEMENT OF CASH FLOWS

**SEWER #2 ENTERPRISE FUND:**

STATEMENT OF NET ASSETS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
STATEMENT OF CASH FLOWS

**SEWER #9 ENTERPRISE FUND:**

STATEMENT OF NET ASSETS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
STATEMENT OF CASH FLOWS

**WATER #1 ENTERPRISE FUND:**

STATEMENT OF NET ASSETS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
STATEMENT OF CASH FLOWS

**NAPOLEON TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #1 FUND**  
**JUNE 30, 2007**  
(With comparative totals from June 30, 2006)

	<b>2007</b>	2006
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 489,081	\$ 469,537
Interest receivable	1,348	-
Accounts receivable	15,720	8,440
Special assessments receivable - Current	50,668	51,934
Due from other funds	8,680	1,673
Total current assets	565,497	531,584
NONCURRENT ASSETS:		
Capital assets not being depreciated	-	-
Capital assets being depreciated, net	1,169,309	1,203,716
Investments in joint venture	-	-
Special assessments receivable - Long Term	616,913	681,538
Total noncurrent assets	1,786,222	1,885,254
Total assets	2,351,719	2,416,838
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable	10,579	17,677
Capital lease payable - Current portion	50,000	50,000
Deferred loss on refunding - Current portion	-	-
Accrued interest payable	6,913	7,229
Due to other funds	507	517
Deferred revenue	6,710	8,863
Total current liabilities	74,709	84,286
NONCURRENT LIABILITIES:		
Capital lease payable - Long term portion	850,000	900,000
Deferred loss on refunding - Long term portion	-	-
Total long term liabilities	850,000	900,000
Total liabilities	924,709	984,286
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	269,309	253,716
Restricted for Capital Lease Retirement	781,624	844,660
Unrestricted	376,077	334,176
Total net assets	\$ 1,427,010	\$ 1,432,552

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #1 FUND**  
**THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>	2006
<b>OPERATING REVENUES:</b>		
Charges for services:		
Usage	<b>\$ 94,772</b>	\$ 96,853
Other:		
Penalties	533	694
Miscellaneous	<b>748</b>	-
Total other revenue	<b>1,281</b>	694
Total operating revenues	<b>96,053</b>	97,547
<b>OPERATING EXPENSES:</b>		
Operating supplies	-	-
Administrative and legal	11,242	11,341
Printing and publications	-	-
Insurance and bonds	507	517
Utilities	2,114	2,100
Treatment/transportation fees	49,426	53,160
Repairs and maintenance	22,320	25,689
Depreciation	34,407	34,407
Miscellaneous	443	418
Total operating expenses	<b>120,459</b>	127,632
<b>OPERATING INCOME (LOSS)</b>	<b>(24,406)</b>	(30,085)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Connection fees	3,220	36,224
Connection expenses	(2,022)	(26,936)
Interest income	60,762	60,937
Interest expenses	<b>(43,096)</b>	(45,964)
Net nonoperating revenues (expenses)	<b>18,864</b>	24,261
<b>CHANGE IN NET ASSETS</b>	<b>(5,542)</b>	(5,824)
<b>NET ASSETS - Beginning of year</b>	<b>1,432,552</b>	1,438,376
<b>NET ASSETS - End of year</b>	<b>\$ 1,427,010</b>	\$ 1,432,552

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #1 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ <b>86,620</b>	\$ 97,260
Cash payments for goods and services	<b>(100,167)</b>	(81,137)
Net cash from operating activities	<b>(13,547)</b>	16,123
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Investment in joint venture	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Special assessment installments collected	<b>112,494</b>	122,644
Principal payments	<b>(50,000)</b>	(50,000)
Interest payments	<b>(43,412)</b>	(46,474)
Purchases of capital assets	<b>(2,022)</b>	-
Net cash from capital and related financing activities	<b>17,060</b>	26,170
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Receipt of interest	<b>16,031</b>	15,632
Proceeds from investments	-	320,000
Purchase of investments	-	-
Net cash from investing activities	<b>16,031</b>	335,632
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>19,544</b>	377,925
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>469,537</b>	91,612
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 489,081</b>	\$ 469,537

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS - Continued**  
**PROPRIETARY FUNDS - SEWER DISTRICT #1 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>	<b>2006</b>
A reconciliation of income from operations to net cash from operating activities is as follows:		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	<b>\$ (24,406)</b>	\$ (30,085)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	<b>34,407</b>	34,407
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	<b>(7,280)</b>	(521)
Interest receivable	-	-
Due from other funds	<b>(7,007)</b>	(124)
(Decrease) increase in liabilities:		
Accounts payable	<b>(7,098)</b>	11,695
Due to other funds	<b>(10)</b>	517
Deferred revenue	<b>(2,153)</b>	234
	<b>\$ (13,547)</b>	\$ 16,123
Net cash from operating activities	<b>\$ (13,547)</b>	\$ 16,123

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #2 FUND**  
**JUNE 30, 2007**  
(With comparative totals from June 30, 2006)

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 35,438	\$ 46,244
Interest receivable	-	-
Accounts receivable	9,743	9,752
Special assessments receivable - Current	133,356	139,507
Due from other funds	1,278	91,314
Total current assets	<u>179,815</u>	<u>286,817</u>
NONCURRENT ASSETS:		
Capital assets not being depreciated	-	-
Capital assets being depreciated, net	3,540,917	3,600,783
Investments in joint venture	517,226	815,397
Special assessments receivable - Long Term	1,476,963	1,682,861
Total noncurrent assets	<u>5,535,106</u>	<u>6,099,041</u>
 Total assets	 <u>5,714,921</u>	 <u>6,385,858</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable	15,428	6,288
Capital lease payable - Current portion	191,825	191,825
Deferred loss on refunding - Current portion	(25,575)	-
Accrued interest payable	27,877	38,461
Due to other funds	5,585	919
Deferred revenue	10,238	9,529
Total current liabilities	<u>225,378</u>	<u>247,022</u>
NONCURRENT LIABILITIES:		
Capital lease payable - Long term portion	2,386,303	2,762,280
Deferred loss on refunding - Long term portion	(153,490)	-
Total long term liabilities	<u>2,232,813</u>	<u>2,762,280</u>
 Total liabilities	 <u>2,458,191</u>	 <u>3,009,302</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	962,789	646,678
Restricted for Capital Lease Retirement	2,132,517	2,654,915
Unrestricted	161,424	74,963
Total net assets	<u>\$ 3,256,730</u>	<u>\$ 3,376,556</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #2 FUND**  
**THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>	2006
<b>OPERATING REVENUES:</b>		
Charges for services:		
Usage	<b>\$ 115,670</b>	\$ 113,963
Other:		
Penalties	<b>681</b>	488
Miscellaneous	<u>-</u>	<u>-</u>
Total other revenue	<b>681</b>	488
Total operating revenues	<b><u>116,351</u></b>	<u>114,451</u>
<b>OPERATING EXPENSES:</b>		
Operating supplies	-	-
Administrative and legal	<b>28,688</b>	28,912
Printing and publications	-	-
Insurance and bonds	<b>265</b>	272
Utilities	-	697
Treatment/transportation fees	<b>75,158</b>	75,155
Repairs and maintenance	<b>10,213</b>	7,421
Depreciation	<b>102,136</b>	100,022
Miscellaneous	<b>1,157</b>	604
Total operating expenses	<b><u>217,617</u></b>	<u>213,083</u>
<b>OPERATING INCOME</b>	<b><u>(101,266)</u></b>	<u>(98,632)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Connection fees	-	7,525
Connection expenses	<b>(7,658)</b>	(10,316)
Interest income	<b>114,269</b>	137,183
Interest expenses	<b>(125,171)</b>	(164,370)
Net nonoperating revenues (expenses)	<b><u>(18,560)</u></b>	<u>(29,978)</u>
<b>CHANGE IN NET ASSETS</b>	<b>(119,826)</b>	(128,610)
<b>RETAINED EARNINGS - Beginning of year</b>	<b><u>3,376,556</u></b>	<u>3,505,166</u>
<b>RETAINED EARNINGS - End of year</b>	<b><u>\$ 3,256,730</u></b>	<u>\$ 3,376,556</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #2 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ <b>207,104</b>	\$ 112,455
Cash payments for goods and services	<b>(101,674)</b>	(112,777)
Net cash from operating activities	<b>105,430</b>	(322)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Investment in joint venture	<b>(434,896)</b>	(256,518)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Special assessment installments collected	<b>326,318</b>	345,554
Principal payments	-	(191,825)
Interest payments	-	(169,621)
Purchases of capital assets	<b>(7,658)</b>	-
Net cash from capital and related financing activities	<b>318,660</b>	(15,892)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Receipt of interest	-	1,719
Proceeds from investments	-	-
Purchase of investments	-	-
Net cash from investing activities	-	1,719
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(10,806)</b>	(271,013)
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>46,244</b>	317,257
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 35,438</b>	\$ 46,244
<b>NONCASH ACTIVITY:</b>		
The Wolf Lake Common Fund (joint venture) paid the following on behalf of Sewer District #2:		
Purchase of capital assets	\$ 42,270	
Principal payments on capital lease payable	567,802	
Interest payments on capital lease payable	122,995	
	<b>\$ 733,067</b>	

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS - Continued**  
**PROPRIETARY FUNDS - SEWER DISTRICT #2 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>	<b>2006</b>
A reconciliation of income from operations to net cash from operating activities is as follows:		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	<b>\$ (101,266)</b>	\$ (98,632)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	<b>102,136</b>	100,022
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	<b>9</b>	(2,015)
Due from other funds	<b>90,036</b>	272
(Decrease) increase in liabilities:		
Accounts payable	<b>9,141</b>	12
Due to other funds	<b>4,666</b>	-
Deferred revenue	<b>708</b>	19
	<b>\$ 105,430</b>	\$ (322)
Net cash from operating activities	<b>\$ 105,430</b>	\$ (322)

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #9 FUND**  
**JUNE 30, 2007**  
(With comparative totals from June 30, 2006)

	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 254,818	\$ 243,082
Interest receivable	927	-
Accounts receivable	6,844	6,508
Special assessments receivable - Current	-	-
Due from other funds	-	-
Total current assets	262,589	249,590
NONCURRENT ASSETS:		
Capital assets not being depreciated	-	-
Capital assets being depreciated, net	535,403	528,154
Investments in joint venture	-	-
Special assessments receivable - Long Term	-	-
Total noncurrent assets	535,403	528,154
Total assets	797,992	777,744
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable	29,224	3,838
Capital lease payable - Current portion	-	-
Deferred loss on refunding - Current portion	-	-
Accrued interest payable	-	-
Due to other funds	390	402
Deferred revenue	6,813	6,813
Total current liabilities	36,427	11,053
NONCURRENT LIABILITIES		
Capital lease payable - Long term portion	-	-
Deferred loss on refunding - Long term portion	-	-
Total long term liabilities	-	-
Total liabilities	36,427	11,053
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	535,403	528,154
Restricted for Capital Lease Retirement	-	-
Unrestricted	226,162	238,537
Total net assets	\$ 761,565	\$ 766,691

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #9 FUND**  
**THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>	2006
<b>OPERATING REVENUES:</b>		
Charges for services:		
Usage	<b>\$ 81,740</b>	\$ 81,675
Other:		
Penalties	1,883	1,587
Miscellaneous	<b>1,375</b>	-
Total other revenue	<b>3,258</b>	1,587
Total operating revenues	<b>84,998</b>	83,262
<b>OPERATING EXPENSES:</b>		
Operating supplies	-	-
Administrative and legal	12,764	12,764
Printing and publications	-	-
Insurance and bonds	390	402
Utilities	2,511	2,028
Treatment/transportation fees	38,065	30,085
Repairs and maintenance	21,803	18,054
Depreciation	28,672	27,911
Miscellaneous	114	48
Total operating expenses	<b>104,319</b>	91,292
<b>OPERATING INCOME (LOSS)</b>	<b>(19,321)</b>	(8,030)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Connection fees	2,400	-
Connection expenses	-	-
Interest income	11,795	7,605
Interest expenses	-	-
Net nonoperating revenues (expenses)	<b>14,195</b>	7,605
<b>CHANGE IN NET ASSETS</b>	<b>(5,126)</b>	(425)
<b>NET ASSETS - Beginning of year</b>	<b>766,691</b>	767,116
<b>NET ASSETS - End of year</b>	<b>\$ 761,565</b>	\$ 766,691

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #9 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ <b>84,662</b>	\$ 82,383
Cash payments for goods and services	<b>(50,273)</b>	(62,730)
Net cash from operating activities	<b>34,389</b>	19,653
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Intergovernmental receivable	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Special assessment installments collected	<b>2,400</b>	-
Principal payments	-	-
Interest payments	-	-
Purchases of capital assets	<b>(35,921)</b>	-
Net cash from capital and related financing activities	<b>(33,521)</b>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Receipt of interest	<b>10,868</b>	7,605
Proceeds from investments	-	-
Purchase of investments	-	-
Net cash from investing activities	<b>10,868</b>	7,605
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>11,736</b>	27,258
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>243,082</b>	215,824
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 254,818</b>	\$ 243,082

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS - Continued**  
**PROPRIETARY FUNDS - SEWER DISTRICT #9 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>	<b>2006</b>
A reconciliation of income from operations to net cash from operating activities is as follows:		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	<b>\$ (19,321)</b>	\$ (8,030)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	<b>28,672</b>	27,911
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	<b>(336)</b>	(878)
Due from other funds	-	-
(Decrease) increase in liabilities:		
Accounts payable	<b>25,386</b>	249
Due to other funds	<b>(12)</b>	402
Deferred revenue	-	(1)
	<b>\$ 34,389</b>	\$ 19,653
Net cash from operating activities	<b>\$ 34,389</b>	\$ 19,653

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS - WATER DISTRICT #1 FUND**  
**JUNE 30, 2007**  
(With comparative totals from June 30, 2006)

	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 101,119	\$ 82,280
Interest receivable	281	-
Accounts receivable	6,228	4,862
Special assessments receivable - Current	2,068	2,068
Due from other funds	-	1,084
Total current assets	109,696	90,294
NONCURRENT ASSETS:		
Capital assets not being depreciated	34,450	34,450
Capital assets being depreciated, net	1,432,032	1,467,875
Investments in joint ventures	-	-
Special assessments receivable - Long Term	9,200	11,269
Total noncurrent assets	1,475,682	1,513,594
Total assets	1,585,378	1,603,888
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable	1,594	1,498
Capital lease payable - Current portion	-	-
Deferred loss on refunding - Current portion	-	-
Accrued interest payable	-	-
Due to other funds	3,741	803
Deferred revenue	2,632	2,632
Total current liabilities	7,967	4,933
NONCURRENT LIABILITIES:		
Capital lease payable - Long term portion	-	-
Deferred loss on refunding - Long term portion	-	-
Total noncurrent liabilities	-	-
Total liabilities	7,967	4,933
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,466,482	1,502,325
Restricted for Capital Lease Retirement	-	-
Unrestricted	110,929	96,630
Total net assets	\$ 1,577,411	\$ 1,598,955

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS - WATER DISTRICT #1 FUND**  
**THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>	2006
<b>OPERATING REVENUES:</b>		
Charges for services:		
Usage	<b>\$ 31,581</b>	\$ 31,581
Other:		
Penalties	453	425
Miscellaneous	-	-
Total other revenue	453	425
Total operating revenues	<b>32,034</b>	32,006
<b>OPERATING EXPENSES:</b>		
Operating supplies	4,241	5,074
Administrative and legal	6,491	5,674
Printing and publications	271	-
Insurance and bonds	658	679
Utilities	1,917	1,269
Treatment/transportation fees	-	-
Repairs and maintenance	8,619	8,452
Depreciation	35,843	35,843
Miscellaneous	114	74
Total operating expenses	<b>58,154</b>	57,065
<b>OPERATING INCOME (LOSS)</b>	<b>(26,120)</b>	(25,059)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Connection fees	2,650	14,150
Connection expenses	(2,500)	-
Interest income	4,426	2,456
Interest expense	-	-
Net nonoperating revenues (expenses)	<b>4,576</b>	16,606
<b>CHANGE IN NET ASSETS</b>	<b>(21,544)</b>	(8,453)
<b>NET ASSETS - Beginning of year</b>	<b>1,598,955</b>	1,607,408
<b>NET ASSETS - End of year</b>	<b>\$ 1,577,411</b>	\$ 1,598,955

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS - WATER DISTRICT #1 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ <b>31,752</b>	\$ 32,873
Cash payments for goods and services	<b>(19,277)</b>	(19,829)
Net cash from operating activities	<b>12,475</b>	13,044
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Investment in joint venture	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Special assessment installments collected	<b>4,719</b>	2,650
Principal payments	-	-
Interest payments	-	-
Purchases of capital assets	<b>(2,500)</b>	-
Net cash from capital and related financing activities	<b>2,219</b>	2,650
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Receipt of interest	<b>4,145</b>	2,290
Proceeds from investments	-	-
Purchase of investments	-	-
Net cash from investing activities	<b>4,145</b>	2,290
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>18,839</b>	17,984
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>82,280</b>	64,296
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 101,119</b>	\$ 82,280

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS - Continued**  
**PROPRIETARY FUNDS - WATER DISTRICT #1 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>	<b>2006</b>
A reconciliation of income from operations to net cash from operating activities is as follows:		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	<b>\$ (26,120)</b>	\$ (25,059)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	<b>35,843</b>	35,843
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	<b>(1,366)</b>	743
Due from other funds	<b>1,084</b>	-
(Decrease) increase in liabilities:		
Accounts payable	<b>96</b>	714
Due to other funds	<b>2,938</b>	803
Deferred revenue	<b>-</b>	-
	<b>\$ 12,475</b>	\$ 13,044
Net cash from operating activities	<b>\$ 12,475</b>	\$ 13,044

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**

INDIVIDUAL FUND FINANCIAL STATEMENTS - FIDUCIARY FUNDS:

PENSION TRUST FUND BALANCE SHEET

PENSION TRUST FUND STATEMENT OF CHANGES IN NET ASSETS

AGENCY FUND COMBINING BALANCE SHEET

AGENCY FUND SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

**NAPOLEON TOWNSHIP**  
**PENSION TRUST FUND**  
**BALANCE SHEET**  
**JUNE 30, 2007**  
(With comparative totals from June 30, 2006)

	<b>2007</b>	2006
<b>ASSETS -</b>		
Investments	<b>\$ 1,935,949</b>	\$ 1,656,763
Accounts receivable	-	198
Investments	<b><u>\$ 1,935,949</u></b>	<b><u>\$ 1,656,961</u></b>
 <b>FUND EQUITY -</b>		
Reserved	<b><u>\$ 1,935,949</u></b>	<b><u>\$ 1,656,961</u></b>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**PENSION TRUST FUND**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30 2007**  
(With comparative totals from the year ended June 30, 2006)

	<b>2007</b>	2006
OPERATING REVENUES:		
Investment income	\$ 243,142	\$ 137,074
Employee contributions	24,756	27,076
Employer contributions	33,312	33,504
Total operating revenues	<b>301,210</b>	197,654
OPERATING EXPENSES:		
Asset management fees	11,458	10,113
Employee withdrawals	10,764	-
Total operating expenses	<b>22,222</b>	10,113
NET INCOME	<b>278,988</b>	187,541
FUND BALANCE - Beginning of year	<b>1,656,961</b>	1,469,420
FUND BALANCE - End of year	<b>\$ 1,935,949</b>	\$ 1,656,961

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**AGENCY FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2007**

(With comparative totals from June 30, 2006)

	TRUST AND AGENCY	CURRENT TAX	TOTALS	
			2007	2006
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 20,670	\$ 9,083	\$ 29,753	\$ 120,286
Due from other funds	-	-	-	2,060
Due from other governments	-	-	-	3,390
Total assets	<u>\$ 20,670</u>	<u>\$ 9,083</u>	<u>\$ 29,753</u>	<u>\$ 125,736</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	97,188
Due to others	20,569	7,013	27,582	26,998
Due to other governments	101	2,070	2,171	1,550
Deferred revenue	-	-	-	-
	<u>\$ 20,670</u>	<u>\$ 9,083</u>	<u>\$ 29,753</u>	<u>\$ 125,736</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	TRUST AND AGENCY FUND			
	BALANCE			BALANCE
	7/1/06	COLLECTIONS	PAYMENTS	6/30/07
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 19,915	\$ 323,878	\$ 323,123	\$ <b>20,670</b>
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 19,915	\$ 323,878	\$ 323,123	\$ <b>20,670</b>
 <b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	77	1,958	2,035	-
Due to others	19,498	319,517	318,446	<b>20,569</b>
Due to other governments	340	2,403	2,642	<b>101</b>
Deferred revenue	-	-	-	-
	\$ 19,915	\$ 323,878	\$ 323,123	\$ <b>20,670</b>

The notes to the financial statements are an integral part of this statement.

CURRENT TAX FUND

BALANCE 7/1/06	COLLECTIONS	PAYMENTS	BALANCE 6/30/07
\$ 100,371	\$ 7,324,252	\$ 7,415,540	\$ <b>9,083</b>
2,060	-	2,060	-
3,390	-	3,390	-
<b>\$ 105,821</b>	<b>\$ 7,324,252</b>	<b>\$ 7,420,990</b>	<b>\$ 9,083</b>
\$ -	\$ -	\$ -	\$ -
97,111	892,679	989,790	-
7,500	24,451	24,938	<b>7,013</b>
1,210	6,407,122	6,406,262	<b>2,070</b>
-	-	-	-
<b>\$ 105,821</b>	<b>\$ 7,324,252</b>	<b>\$ 7,420,990</b>	<b>\$ 9,083</b>

**NAPOLEON TOWNSHIP**  
SCHEDULES OF PRINCIPAL AND INTEREST REQUIREMENTS

GENERAL OBLIGATION BONDS PAYABLE:

NAPOLEON TOWNSHIP MUNICIPAL BUILDING BONDS - \$3,215,000

CAPITAL LEASES PAYABLE:

JACKSON COUNTY WASTEWATER DISPOSAL FACILITY

(Napoleon Village Section) - \$1,125,000

JACKSON COUNTY WASTEWATER DISPOSAL FACILITY

(Wolf Lake Section - 76.73% of Total) - \$3,759,770

After December 20, 2006 Partial Refunding

JACKSON COUNTY WASTEWATER DISPOSAL FACILITY

(Wolf Lake Section - 76.73% of Total) - \$2,335,000

**NAPOLEON TOWNSHIP**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**NAPOLEON TOWNSHIP MUNICIPAL BUILDING**  
**BONDS - DATED SEPTEMBER 1, 2000 (\$3,215,000)**  
**AS OF JUNE 30, 2007**

PAYMENT DATE	PRINCIPAL DUE	INTEREST RATE	INTEREST DUE	TOTAL PAYMENT	FISCAL YEAR TOAL
11/01/06			\$ 75,831	\$ 75,831	
05/01/07	\$ 125,000	7.00%	75,831	200,831	\$ 276,662
11/01/07			71,456	71,456	
05/01/08	150,000	7.00%	71,456	221,456	292,912
11/01/08			66,206	66,206	
05/01/09	150,000	7.00%	66,206	216,206	282,412
11/01/09			60,956	60,956	
05/01/10	150,000	7.00%	60,956	210,956	271,912
11/01/10			55,706	55,706	
05/01/11	175,000	7.00%	55,706	230,706	286,412
11/01/11			49,581	49,581	
05/01/12	175,000	6.00%	49,582	224,582	274,163
11/01/12			44,331	44,331	
05/01/13	200,000	5.05%	44,332	244,332	288,663
11/01/13			39,281	39,281	
05/01/14	200,000	5.10%	39,282	239,282	278,563
11/01/14			34,181	34,181	
05/01/15	200,000	5.20%	34,182	234,182	268,363
11/01/15			28,981	28,981	
05/01/16	225,000	5.30%	28,981	253,981	282,962
11/01/16			23,019	23,019	
05/01/17	225,000	5.35%	23,019	248,019	271,038
11/01/17			17,000	17,000	
05/01/18	250,000	4.00%	17,000	267,000	284,000
11/01/18			12,000	12,000	
05/01/19	275,000	4.00%	12,000	287,000	299,000
11/01/19			6,500	6,500	
05/01/20	325,000	4.00%	6,500	331,500	338,000
	<u>\$ 2,825,000</u>		<u>\$ 1,170,062</u>	<u>\$ 3,995,062</u>	<u>\$ 3,995,062</u>
Balance at 6/30/07	<u><b>\$ 2,700,000</b></u>		<u><b>\$ 1,018,400</b></u>		<u><b>\$ 3,718,400</b></u>

**NAPOLEON TOWNSHIP**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**JACKSON COUNTY WASTEWATER DISPOSAL FACILITY**  
**(NAPOLEON VILLAGE SECTION) BONDS DATED JULY 1, 2001 (\$1,125,000)**  
**AS OF JUNE 30, 2007**

PAYMENT DATE	PRINCIPAL DUE	INTEREST RATE	INTEREST DUE	TOTAL PAYMENT	FISCAL YEAR TOAL
11/01/06			\$ 21,706	\$ 21,706	
05/01/07	\$ 50,000	3.80%	21,706	71,706	\$ 93,412
11/01/07			20,756	20,756	
05/01/08	50,000	4.00%	20,756	70,756	91,512
11/01/08			19,756	19,756	
05/01/09	50,000	4.10%	19,756	69,756	89,512
11/01/09			18,731	18,731	
05/01/10	50,000	4.20%	18,731	68,731	87,462
11/01/10			17,681	17,681	
05/01/11	75,000	4.30%	17,681	92,681	110,362
11/01/11			16,069	16,069	
05/01/12	75,000	4.40%	16,069	91,069	107,138
11/01/12			14,419	14,419	
05/01/13	75,000	4.50%	14,419	89,419	103,838
11/01/13			12,731	12,731	
05/01/14	75,000	4.60%	12,731	87,731	100,462
11/01/14			11,006	11,006	
05/01/15	75,000	4.70%	11,006	86,006	97,012
11/01/15			9,244	9,244	
05/01/16	75,000	4.80%	9,244	84,244	93,488
11/01/16			7,444	7,444	
05/01/17	75,000	4.85%	7,444	82,444	89,888
11/01/17			5,625	5,625	
05/01/18	75,000	5.00%	5,625	80,625	86,250
11/01/18			3,750	3,750	
05/01/19	75,000	5.00%	3,750	78,750	82,500
11/01/19			1,875	1,875	
05/01/20	75,000	5.00%	1,875	76,875	78,750
	<u>\$ 950,000</u>		<u>\$ 361,586</u>	<u>\$ 1,311,586</u>	<u>\$ 1,311,586</u>
Balance at 6/30/07	<u><b>\$ 900,000</b></u>		<u><b>\$ 318,174</b></u>		<u><b>\$ 1,218,174</b></u>

**NAPOLEON TOWNSHIP**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**JACKSON COUNTY WASTEWATER DISPOSAL FACILITY**  
**(WOLF LAKE SECTION) BONDS DATED MARCH 1, 2000 (\$4,900,000)**  
**(NAPOLEON TOWNSHIP PORTION ONLY - 76.73% OF TOTAL)**  
**SUBSEQUENT TO DECEMBER 2006 REFUNDING**

PAYMENT DATE	PRINCIPAL DUE	INTEREST RATE	INTEREST DUE	TOTAL PAYMENT	FISCAL YEAR TOAL
10/01/06	\$ 191,825	6.13%	\$ 82,197	\$ 274,022	
04/01/07			21,676	21,676	\$ 295,698
10/01/07	191,825	3.80%	21,676	213,501	
04/01/08			16,401	16,401	229,902
10/01/08	191,825	4.00%	16,401	208,226	
04/01/09			11,030	11,030	219,256
10/01/09	191,825	4.10%	11,030	202,855	
04/01/10			5,803	5,803	208,658
10/01/10	211,007	4.20%	5,803	216,810	
04/01/11			-	-	216,810
Total	<u>\$ 978,307</u>		<u>\$ 192,017</u>	<u>\$ 1,170,324</u>	<u>\$ 1,170,324</u>
Balance at 6/30/07	<u><b>\$ 786,482</b></u>		<u><b>\$ 88,144</b></u>		<u><b>\$ 874,626</b></u>

**NAPOLEON TOWNSHIP**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**JACKSON COUNTY WASTEWATER DISPOSAL FACILITY**  
**(WOLF LAKE SECTION) BONDS DATED DECEMBER 20, 2006 (\$2,335,000)**  
**(NAPOLEON TOWNSHIP PORTION ONLY - 76.73% OF TOTAL)**  
**AS OF JUNE 30, 2007**

PAYMENT DATE	PRINCIPAL	INTEREST RATE	INTEREST	TOTAL PAYMENT	TOTAL
12/20/06	\$ -	0.00%	\$ -	\$ -	
04/01/07			\$ 19,121	19,121	\$ 19,121
10/01/07	\$ -	0.00%	\$ 34,078	34,078	
04/01/08			\$ 34,078	34,078	\$ 68,155
10/01/08	\$ -	0.00%	\$ 34,078	34,078	
04/01/09			\$ 34,078	34,078	\$ 68,155
10/01/09	\$ -	0.00%	\$ 34,078	34,078	
04/01/10			\$ 34,078	34,078	\$ 68,155
10/01/10	\$ -	0.00%	\$ 34,078	34,078	
04/01/11			\$ 34,078	34,078	\$ 68,155
10/01/11	\$ 207,171	3.75%	\$ 34,078	241,249	
04/01/12			\$ 30,193	30,193	\$ 271,442
10/01/12	\$ 203,335	3.75%	\$ 30,193	233,528	
04/01/13			\$ 26,381	26,381	\$ 259,908
10/01/13	\$ 199,498	3.75%	\$ 26,381	225,879	
04/01/14			\$ 22,640	22,640	\$ 248,519
10/01/14	\$ 195,662	3.75%	\$ 22,640	218,302	
04/01/15			\$ 18,971	18,971	\$ 237,273
10/01/15	\$ 191,825	3.75%	\$ 18,971	210,796	
04/01/16			\$ 15,375	15,375	\$ 226,171
10/01/16	\$ 207,171	3.75%	\$ 15,375	222,546	
04/01/17			\$ 11,490	11,490	\$ 234,036
10/01/17	\$ 199,498	3.75%	\$ 11,490	210,988	
04/01/18			\$ 7,750	7,750	\$ 218,738
10/01/18	\$ 195,662	4.00%	\$ 7,750	203,411	
04/01/19			\$ 3,837	3,837	\$ 207,248
10/01/19	\$ 191,825	4.00%	\$ 3,837	195,662	
04/01/20					\$ 195,662
Total	\$ 1,791,646		\$ 599,095		\$ 2,390,740
Balance at 6/30/07	\$ 1,791,646		\$ 579,973		\$ 2,371,619

# MARKOWSKI & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

2880 SPRING ARBOR ROAD • JACKSON • MICHIGAN • 49203

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RANDALL D. BIDDIX, C.P.A.

**MEMBERS:**  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

ESTATE PLANNING COUNCIL OF  
SOUTH CENTRAL MICHIGAN

### COMMUNICATION OF AUDITOR/TOWNSHIP RESPONSIBILITY WITH ATTACHED MEMORANDUM OF COMMENTS AND RECOMMENDATIONS

Board of Trustees  
Napoleon Township  
Napoleon, Michigan

We have audited the financial statements of Napoleon Township as of and for the year ended June 30, 2007, and have issued our report thereon dated December 21, 2007. Professional standards require that we provide you with the following information related to our audit.

#### **Our responsibility under Generally Accepted Auditing Standards**

As stated in our engagement letter dated November 12, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatement may exist and not be detected by us.

As part of our audit, we considered the internal control of Napoleon Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

#### **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Napoleon Township are described in Note 1 to the financial statements.

The Township did not adopt any new accounting policies during its fiscal year ended June 30, 2007.

**Significant Accounting Policies** (Continued)

We noted no transactions entered into by Napoleon Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

**Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the valuation of capital assets.

We evaluated the estimated value of each of the assets to determine that the assumptions used in management's estimates are reasonable.

**Significant Audit Adjustments**

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Napoleon Township that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We did record several audit adjustments including some (such as recording depreciation in the Sewer and Water funds, and expense accrual postings) that could, in our judgment, either individually or in the aggregate, have a significant effect on the Napoleon Township's reporting process.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Issues Discussed Prior to Retention of Independent Auditors**

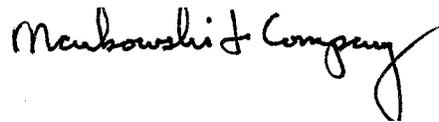
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Napoleon Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Difficulties Encountered in Performing the Audit**

The staff at the Township was extremely helpful and cooperative during our audit. We encountered no difficulties in completing our audit. We did note instances which we believe warrant Board attention. These are discussed in the attached memorandum of comments and recommendations.

This information is intended solely for the use of the Township Board and management of Napoleon Township and should not be used for any other purpose.

Very truly yours,



**MARKOWSKI & COMPANY CPAs**  
December 21, 2007

## **NAPOLEON TOWNSHIP**

### **MEMORANDUM OF COMMENTS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2007**

The climate surrounding audits of governmental entities is undergoing dramatic changes in the near future. There are several new auditing standards designed to increase the accountability of local government officials. Napoleon Township needs to continue to formalize its financial policies and practices to ensure a smooth transition.

#### **2007 COMMENTS AND RECOMMENDATIONS:**

##### **Item 07-1: Deficit in Building Fund:**

As of June 30, 2007, the Building Code Enforcement Fund had assets of \$1,745 and liabilities of \$2,341 (amounts owed inspectors for June inspections paid in July 2007). This deficit position needs to be dealt with by the Board promptly.

There are several ways to address this deficit – one would be to increase revenue. Given Michigan's current economic climate, we would not recommend this approach. Another way, to reduce costs, has already been enacted by the Township. Several costs formerly paid by the Building department are not paid by the General Fund.

We would advise the Board to take the third approach – a one time transfer from the General Fund to rebuild the financial condition of the Building Department Fund. We would suggest a transfer of between \$1 – 2,000. Following this transfer, the Board should continue to monitor this fund's financial condition.

##### **Item 07-2: Budgeting Procedures:**

A repeat item from last year, the Township again did not adopt a budget for all funds for which they are required. Specifically, state law requires the General Fund and all special revenue funds to formally adopt budgets. For the 2006-7 fiscal year, the Township only adopted budgets for its General and Building Department Funds.

The General Fund budget was also amended near year end in an attempt to avoid expenditures exceeding budgeted amounts. These amendments did not take accruals of 06/07 bills paid after year end into account. In the future, such items should be given consideration when preparing budget amendments.

##### **Item 07-3: Internal Controls Over Financial Reporting**

As mentioned in the opening of this memorandum, there are several changes facing local governments regarding their accounting policies. One of these that took effect for the year ended June 30, 2007 relates to the financial reporting process. All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the government's management.

**Item 07-3: Internal Controls Over Financial Reporting (Continued)**

The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting transactions (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting.)

As is the case with many smaller and medium-sized entities, Napoleon Township has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the Township's *internal* controls.

This condition was caused by the Township's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally.

As a result of this condition, the Township lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

The Township has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Township to outsource this task to its external auditors.

**Item 07-4 - Internal Control – Segregation of Duties:**

Good internal control systems include proper segregation of conflicting duties in an effort to eliminate the potential for fraud or other problems. Because the Township has a very small staff, this is not always possible. As an example, individuals preparing checks are also reconciling the bank account – providing an opportunity to cover up any inappropriate activity. This risk is minimized by other measures, such as rotating bank reconciliation performance, etc.

This comment is merely a reminder that the Board has a responsibility to continuously monitor its procedures and policies in an effort to minimize its risks.

Our follow up on prior year comments are presented on the following page.

## 2006 COMMENTS AND RECOMMENDATIONS

### **Item 06-1: Current Tax Disbursement Procedures:**

After three years in which units were over paid, we are happy to report that this did not occur during the 2007 fiscal year. The Treasurer's reconciliation process worked as designed, and units were only paid the amounts due them.

### **Item 06-2: Budgeting Procedures:**

This is an ongoing item, as addressed in Item 07-2.

### **Finding 06-03: Consolidation of Funds:**

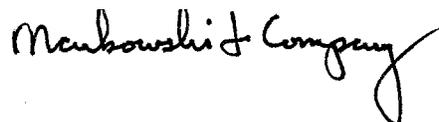
The Township currently has elected to continue with the current number of funds, as it improves accountability over restricted income sources.

### **Conclusion:**

Napoleon Township continues to improve its financial condition while maintaining excellent services to its residents. This occurs because of strong leadership from the Board, and dedicated long-term employees. While many townships have been forced to dramatically reduce services, this is not the case in Napoleon. The Board and employees should be congratulated for their efforts.

It has been a pleasure serving the Township during this past year. If anyone has questions regarding the items discussed in this memorandum, or if we can be of assistance with the implementation of any suggested changes, please feel free to contact us.

Sincerely,



**MARKOWSKI & COMPANY CPAs**  
December 21, 2007