
Tobin & Co.

Blue Lake Township

Kalkaska County, Michigan

Audit Report

For the Year Ended June 30, 2007

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 Blue Lake Township		County Kalkaska
Fiscal Year End 6/30/07	Opinion Date 11/12/07	Date Audit Report Submitted to State 11/28/07		

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	<input checked="" type="checkbox"/>	
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>	
Other (Describe) TOBIN & CO., P.C.	<input type="checkbox"/>	
Certified Public Accountant (Firm Name) 400 E. EIGHTH ST.		Telephone Number
Street Address TRAVERSE CITY, MI 49686-2668		City State Zip
Street Address 231-947-0151		City State Zip
Authorizing CPA Signature 	Printed Name DAVID L. BASLER	License Number 1161013418

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INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the basic financial statements and the individual fund financial statements of Blue Lake Township, Kalkaska County, for the year ended June 30, 2007 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Blue Lake Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

Records were maintained in good condition by your Clerk and Treasurer. Recorded revenues were deposited intact, except for two deposits to the Current Tax Collection fund, journals and ledgers were properly posted, Board minutes were maintained in proper order, and supporting documents and follow-up procedures appeared to be in very good order. The efforts of these officials for 2006-2007 are commendable.

Budgets and Procedures

The Township prepared and formally adopted budgets for its General and Special Revenue Funds. See Note 2, C in the Notes to the Financial Statements.

Highway Improvement Fund

This fund, presented in Schedule 2, is used to account for a 1.2 mil levy for road improvements. Revenue for the year consisted of property taxes, Metro Act monies, and interest. Expenditures were principally \$1,094 for street lighting and \$71,803 for roads. The fund balance at June 30, 2007 was \$165,026.

Fire Fund

This fund, presented in Schedule 3, is used to account for a 1.0000 mil levy for fire protection. Revenues consisted of \$79,911 of property taxes and \$4,248 of interest, and donations. The fund balance at June 30, 2007 was \$98,744.

Trash Pickup Fund

This fund, presented in Schedule 4, is used to account for a .6958 mil levy for trash pickup. Revenues consisted of \$53,899 of property taxes and \$2,345 of earned interest. Expenditures were principally \$49,800 for contractual trash pickup services, and the fund balance at June 30, 2007 was \$58,621.

Improvement Revolving Fund

This fund is permitted by statute and is used to set aside monies for Township improvements. As reflected in Schedule 5, revenues for the year consisted of royalties and rents from oil and tower leases of \$11,194, and earned interest of \$4,763 and a net transfer of \$100,000 from the General Fund. The fund balance at June 30, 2007 was \$176,763.

Fire Equipment Fund

This fund, presented in Schedule 6, is used to account for a 1.0000 mil levy for fire equipment purchases. Revenue consisted of \$75,761 of property taxes, \$901 of earned interest, \$11,400 from sale of equipment and a net transfer of \$74,127 from the Fire Fund. Expenditures were \$161,777 for a new fire engine. The fund balance at June 30, 2007 was \$412.

Property Tax Collections

2006 property taxes collected were substantially all distributed to taxing units prior to the end of the fiscal year. Schedules 6 and 7 reflect the amount levied, collected, and returned delinquent for the 2006 property tax levy.

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Comments and Recommendations

Property Tax Administration Fees

As permitted by statute, an administration fee of 1% was levied on all 2006 property taxes. Fees collected may be used only to offset such property tax administration costs as assessing, collecting and the review and appeal process. As noted in Schedule 8, costs exceeded collections by \$14,050 for the audit year. Costs have exceeded collections on a cumulative basis by \$136,943.

Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Municipal Underwriters of Michigan and has such coverage as fire and extended coverage, general and auto liability, equipment, errors and omissions, crime and workmen's compensation. Coverage was reviewed during the audit year. The Clerk, Treasurer, Deputy Clerk, Deputy Treasurer, and Supervisor have surety bond coverage.

Payroll Procedures

Payroll withholding procedures were properly performed during the audit year and employees received Forms W-2 for the calendar year 2006.

Other Data

We noted the use of daily interest bearing depository accounts by the Treasurer. This practice resulted in earned interest of over \$41,000 for the audit year. Efforts of the Treasurer and other officials in this important area are commendable.

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field examiner in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

To the Township Board
Blue Lake Township
Kalkaska County
Kalkaska, Michigan 49646

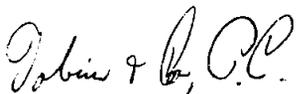
We have audited the accompanying financial statements of the governmental activities and each major fund of Blue Lake Township as of and for the year ended June 30, 2007, which collectively comprise the Township's basis financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities and each major fund of Blue Lake Township at June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis are not a required part of the basic financial statements, but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Blue Lake Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.
Certified Public Accountants
November 12, 2007

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BLUE LAKE TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

As the Township Board of the Blue Lake Township, Kalkaska County, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Blue Lake Township for the fiscal year ended June 30, 2007.

The Blue Lake Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Financial Highlights

The assets of Blue Lake Township exceeded its liabilities at the close of the most recent fiscal year by \$1,519,647. Of this amount, \$646,542 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$646,542, an increase of \$19,550 in comparison with the prior year. The entire total amount, \$646,542 is available for spending at the Township's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$146,976, or 105% of total general fund expenditures.

The Township's total debt increased by \$703 during the current fiscal year.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

Both of the government-wide financial statements show functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**). The governmental activities of the Township include: General Government, Public Safety, Road Projects, and Township improvements. Blue Lake Township does not have any business-type activities (examples would include water and sewer, golf courses, etc.).

Statement of Governmental Net Assets:

Net assets may serve over time as a useful indicator of a government's financial position. In the case of Blue Lake Township, assets exceeded liabilities by \$1,519,647 at the close of the most recent fiscal year.

The most significant portion of the Township's net assets, \$873,105 or 57 percent of the total, reflects its investment in capital assets. Blue Lake Township capital assets include the Township hall located on Twin Lake Rd., two fire and rescue barns located on Blue Lake Rd., fire fighting and rescue equipment, computers, and several plots of land located throughout the Township. Intangible assets increased because of recent road paving of county maintained roads by \$71,565. The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Township's investment in its capital assets has been made over the past several years and no related debt is outstanding.

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Statement of Township's Net Assets

	Governmental Activities and Total	
	June 30, 2007	June 30, 2006
Current and Other Assets	\$ 649,847	\$ 629,594
Capital Assets	649,948	568,223
Intangible Assets	223,157	162,577
Total Assets	1,522,952	1,360,394
Long-term Liabilities	-	-
Other Liabilities	3,305	2,602
Total Liabilities	3,305	2,602
Net Assets:		
Investment in Capital Assets	873,105	730,800
Restricted for:		
Highway Improvement	165,026	138,837
Fire and Rescue	99,156	158,535
Trash Pickup	58,621	56,738
Unrestricted	323,739	272,882
Total Net Assets	\$ 1,519,647	\$ 1,357,792

A portion of the Township's net assets (21 percent) represents resources that are subject to external restrictions on how they may be used (Highway, Fire and Rescue, Trash Pickup). The remaining balance of unrestricted net assets, \$323,739, may be used to meet the Township's general ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances for the government as a whole, as well as for its separate governmental activities and funds. The same situation held true for the prior fiscal year.

Statement of Governmental Activities:

Governmental activities increased the Township's net assets by \$161,855, accounting for an 11.92 percent growth in the net assets of the Township.

Statement of Township's Activities

	Governmental Activities and Total	
	June 30, 2007	June 30, 2006
Program Revenues:		
Charges for Services	\$ 9,320	\$ 11,036
Operating Grants and Contributions	3,148	9,244
Capital Grants and Contributions	-	-
General Revenues:		
Property Taxes	415,728	320,879
State Shared Revenues	29,116	29,254
Unrestricted Investment Earnings	15,910	26,231
Rents and Royalties	11,194	14,335
Miscellaneous	424	131
Total Revenues	484,840	411,110
Program Expenses:		
General Government	114,134	101,670
Public Safety	137,514	117,504
Public Works	70,246	56,671
Health and Welfare	1,091	1,094
Total Expenses	322,985	276,939
Change in Net Assets	\$ 161,855	\$ 134,171

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Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Blue Lake Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Blue Lake Township are categorized as governmental funds.

Blue Lake Township maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Township Improvement Fund, Fire and Rescue Fund, Trash Pickup Fund, Highway Improvement Fund, and Fire Equipment Fund, which are considered to be major funds. All Township government activities are included in these six funds.

The Township adopts an annual appropriated budget for its general fund and special revenue funds.

Governmental Funds

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$646,542, an increase of \$19,550 in comparison with the prior year. This entire total amount constitutes unreserved fund balance, which is available for spending at the Township's discretion.

All Township government activities are included in six funds that Blue Lake Township maintains. The General Fund is used for normal governmental activities such as, paying employees, running election, zoning activities, office supplies, and others. The Township Improvement Fund is used for unbudgeted emergency situations. Fire and Rescue and Fire Equipment Funds are used to operate, maintain and equip the Fire and Rescue Department. The Trash Pickup Fund is used to pay a contractor to remove residential waste from the Township. The Highway Improvement Fund is used to construct, pave and repave roads within the Township.

Statement of Township's Governmental Funds Fund Balances 2007

	General	Improvement	Fire & Rescue	Trash	Highway	Fire Equip.	Total
Assets							
Cash in Bank - Checking	\$ 147,923	\$ 176,763	\$ 99,326	\$ 58,621	\$ 164,316	\$ -	\$ 646,949
Petty Cash	302	-	-	-	-	-	302
Accounts Receivable	886	-	588	-	710	412	2,596
Total Assets	<u>\$ 149,111</u>	<u>\$ 176,763</u>	<u>\$ 99,914</u>	<u>\$ 58,621</u>	<u>\$ 165,026</u>	<u>\$ 412</u>	<u>\$ 649,847</u>
Liabilities:							
Accounts Payable	\$ 2,135	\$ -	\$ 1,170	\$ -	\$ -	\$ -	\$ 3,305
Loans Payable	-	-	-	-	-	-	-
Total Liabilities	<u>2,135</u>	<u>-</u>	<u>1,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,305</u>
Fund Balances:							
Unreserved Balances	<u>\$ 146,976</u>	<u>\$ 176,763</u>	<u>\$ 98,744</u>	<u>\$ 58,621</u>	<u>\$ 165,026</u>	<u>\$ 412</u>	<u>\$ 646,542</u>

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Statement of Township's Governmental Funds Fund Balances 2006

	<u>General</u>	<u>Improvement</u>	<u>Fire & Rescue</u>	<u>Trash</u>	<u>Highway</u>	<u>Total</u>
Assets						
Checking	\$ 212,694	\$ 60,746	\$ 158,535	\$ 56,738	\$ 138,837	\$ 627,550
Petty Cash	302	-	-	-	-	302
Accounts Receivable	<u>1,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,742</u>
Total Assets	<u>\$ 214,738</u>	<u>\$ 60,746</u>	<u>\$ 158,535</u>	<u>\$ 56,738</u>	<u>\$ 138,837</u>	<u>\$ 629,594</u>
Liabilities:						
Accounts Payable	\$ 2,602	\$ -	\$ -	\$ -	\$ -	\$ 2,602
Loans Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,602</u>
Fund Balances:						
Unreserved Balances	<u>\$ 212,136</u>	<u>\$ 60,746</u>	<u>\$ 158,535</u>	<u>\$ 56,738</u>	<u>\$ 138,837</u>	<u>\$ 626,992</u>

Statement of Township's Governmental Funds Revenues & Expenditures 2007

	<u>General</u>	<u>Improvement</u>	<u>Fire & Rescue</u>	<u>Trash</u>	<u>Highway</u>	<u>Fire Equip</u>	<u>Total</u>
Revenues							
Grants and Charges	\$ 9,320	\$ -	\$ -	\$ -	\$ 3,148	\$ -	\$ 12,468
Property Taxes	112,593	-	79,911	53,899	93,564	75,761	415,728
State Shared Revenues	29,116	-	-	-	-	-	29,116
Investment Earnings	23,061	4,763	4,248	2,345	5,942	901	41,260
Other Income	<u>337</u>	<u>11,254</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>11,400</u>	<u>23,018</u>
Total Revenues	<u>174,427</u>	<u>16,017</u>	<u>84,186</u>	<u>56,244</u>	<u>102,654</u>	<u>88,062</u>	<u>521,590</u>
Program Expenses							
General Government	111,429	-	-	-	-	-	111,429
Public Safety	27,067	-	64,934	-	-	-	92,001
Public Works	-	-	-	54,361	4,662	-	59,023
Health and Welfare	1,091	-	-	-	-	-	1,091
Capital Outlay	<u>-</u>	<u>-</u>	<u>4,916</u>	<u>-</u>	<u>71,803</u>	<u>161,777</u>	<u>238,496</u>
Total Expenses	<u>139,587</u>	<u>-</u>	<u>69,850</u>	<u>54,361</u>	<u>76,465</u>	<u>161,777</u>	<u>502,040</u>
Excess Revenues (Expenses)	<u>34,840</u>	<u>16,017</u>	<u>14,336</u>	<u>1,883</u>	<u>26,189</u>	<u>(73,715)</u>	<u>19,550</u>
Other Financing Sources (Uses)							
Operating Transfers In	-	180,000	9,549	-	-	163,676	353,225
Operating Transfers (Out)	<u>(100,000)</u>	<u>(80,000)</u>	<u>(83,676)</u>	<u>-</u>	<u>-</u>	<u>(89,549)</u>	<u>(353,225)</u>
Total	<u>(100,000)</u>	<u>100,000</u>	<u>(74,127)</u>	<u>-</u>	<u>-</u>	<u>74,127</u>	<u>-</u>
Excess Revenues (Expenses) and Other Financing Sources (Uses)	<u>(65,160)</u>	<u>116,017</u>	<u>(59,791)</u>	<u>1,883</u>	<u>26,189</u>	<u>412</u>	<u>19,550</u>
Fund Balance – Start of Year	<u>212,136</u>	<u>60,746</u>	<u>158,535</u>	<u>56,738</u>	<u>138,837</u>	<u>-</u>	<u>626,992</u>
Fund Balance – End of Year	<u>\$ 146,976</u>	<u>\$ 176,763</u>	<u>\$ 98,744</u>	<u>\$ 58,621</u>	<u>\$ 165,026</u>	<u>\$ 412</u>	<u>\$ 646,542</u>

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Statement of Township's Governmental Funds Revenues & Expenditures 2006

	<u>General</u>	<u>Improvement</u>	<u>Fire & Rescue</u>	<u>Trash</u>	<u>Highway</u>	<u>Total</u>
Revenues						
Grants and Charges	\$ 15,836	\$ -	\$ -	\$ -	\$ 4,444	\$ 20,280
Property Taxes	104,061	-	74,498	52,392	89,928	320,879
State Shared Revenues	29,254	-	-	-	-	29,254
Investment Earnings	16,461	1,948	2,722	1,531	3,569	26,231
Other Income	<u>6</u>	<u>14,360</u>	<u>7,500</u>	<u>-</u>	<u>100</u>	<u>21,966</u>
Total Revenues	<u>165,618</u>	<u>16,308</u>	<u>84,720</u>	<u>53,923</u>	<u>98,041</u>	<u>418,610</u>
Program Expenses						
General Government	94,940	-	-	-	-	94,940
Public Safety	27,581	-	49,200	-	-	76,781
Public Works	-	-	-	48,600	1,109	49,709
Health and Welfare	1,094	-	-	-	-	1,094
Capital Outlay	<u>6,495</u>	<u>2,384</u>	<u>5,319</u>	<u>-</u>	<u>95,000</u>	<u>109,198</u>
Total Expenses	<u>130,110</u>	<u>2,384</u>	<u>54,519</u>	<u>48,600</u>	<u>96,109</u>	<u>331,722</u>
Change in Fund Balances	35,508	13,924	30,201	5,323	1,932	86,888
Fund Balance – Start of Year	<u>176,628</u>	<u>46,822</u>	<u>128,334</u>	<u>51,415</u>	<u>136,905</u>	<u>540,104</u>
Fund Balance – End of Year	<u>\$ 212,136</u>	<u>\$ 60,746</u>	<u>\$ 158,535</u>	<u>\$ 56,738</u>	<u>\$ 138,837</u>	<u>\$ 626,992</u>

Notes to the Financial Statements

Notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

General Fund – Analysis and Highlights

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund and the total fund balance was \$146,976. Unreserved fund balance represents 105% of total general fund expenditures.

The fund balance of the Township's general fund decreased by \$65,160 during the current fiscal year. A \$100,000 transfer of funds to the Township Improvement Fund caused the decrease. Without this transfer the general fund would have increased by \$34,840. Funds in the Township Improvement Fund are still available for general use by the Township Board.

Differences between the original budget and the final amended budget were minimal. A small increase in the appropriated total budget was made during the year mostly in the Legislative area. This increase was required because of a Michigan Tax Tribunal decision on an appeal made by ANR Gas Storage Co. (See below). Also some funds were shifted from the capital outlay line item to the legislative line item. The total dollars spent in general fund activities was \$20,517 less than appropriated.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. One noteworthy exception is:

1. No pay raises were given to elected officials in 2006-07. In the previous year, 2005-06, a pay raise of 4% for all township employees was initiated. That was the first pay raise in 4 years.

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Improvement Fund – Analysis and Highlights

The improvement fund is a revolving fund maintained by the Township to pay for any type of improvements in the Township. Oil and gas royalties and lease of land for an Alltel Cellular communications tower generate the majority of revenues for this fund. At the end of the current fiscal year the total fund balance was \$176,763 increasing by \$116,017 during the current fiscal year. No expenses were taken from this fund during the past year.

In this fiscal year we transferred \$100,000 to this fund from the General Fund for saving and future usage. Without this increase the improvement fund would have increased by \$16,017. It is anticipated that an addition to the Township Hall will be made in the future that will use some of these funds.

Fire and Rescue Fund – Analysis and Highlights

The Fire and Rescue fund is maintained by a voter passed millage of 1.0 mill, that passed on August 1, 2006. This millage is active through the 2010 tax year. The Fire and Rescue department uses this fund for operational and equipment needs. At the end of the current fiscal year the total Fire and Rescue fund balance was \$96,744, decreasing by \$59,791 during the current fiscal year.

The Fire and Rescue department is also used to accumulate funds to pay for the replacement of equipment and other capital equipment needs. This year, \$83,676 from this fund and some money from the Fire Equipment Fund was used to purchase a new tanker truck. If this fund had not been used for this one time major purchase of equipment, the fund would have increased by \$23,885.

Fire Equipment Fund – Analysis and Highlights

In August 2006, an election for one (1.00) mill for one year for fire equipment acquisition occurred and was passed by the voters. This millage paid for approximately ½ of a tanker truck purchased by the fire department. The rest of the funding came from the accumulated savings in the Fire and Rescue Fund. In 2006-07, the fire department purchased this new tanker truck from CSI of Grayling for \$161,777. This truck replaced an older model that no longer met our needs. The old truck was sold for \$11,400. The Fire Equipment Fund was set up to pay for this truck and collect the millage. This fund started the year with \$0 and ended the year with a balance of \$412. This money will be transferred to the Fire and Rescue Fund next year.

Trash Pickup Fund – Analysis and Highlights

The Trash Pickup Fund is maintained by a voter passed millage of 0.7 mills that expires in 2008 (this was reduced to 0.6958 by the Headlee Amendment rollback). The Trash Pickup fund is used to pay a contractor (American Waste) to collect and dispose of residential trash. At the end of the current fiscal year, the total Trash Pickup fund increased by \$1,883 during the fiscal year. The current millage generates revenues that are adequate to pay for this contract. However, if trash collection is to continue, the voters must approve a new millage in 2008. The contract with the supplier extends through 2007 and a new contract will be bid out in the fall of 2007.

Highway Fund – Analysis and Highlights

In 2003 the voters passed a millage of 1.2 mills that expires in 2010 for use in road and highway improvements. The Highway fund is maintained by this millage. Working with the Kankaska County Road Commission, the Township uses these funds to pave and repair Township roads. A detailed plan has been submitted to the Road Commission showing our scheduled roadwork through 2011. Since 2003, the Township has collected approximately \$358,000 in tax revenues and spent \$333,000 for road paving and repair. In the current fiscal year, North Twin Lake Road was repaved (Wedge and Cap) with asphalt at a cost of \$71,803. At the end of the current fiscal year, the total Highway fund balance was \$165,026. The fund balance of the Township's Highway fund increased by \$26,189 during the current fiscal year. Due to a decision by the Kankaska Road Commission, the plan to pave Twin Lake Road during the summer of 2007 (fiscal year 2007-08) will not happen, however, we will be repaving Squaw Lake Road at an expected cost of \$136,138. We hope that during the 2008-09 fiscal year (late summer 2008) paving of Twin Lake Road will be completed at a total Township cost of \$75,000. If this does not happen we will try to get Gedman Road paved.

Capital Asset and Debt Administration

Capital Assets

The Township's investment in capital assets for its governmental activities as of June 30, 2007, amounts to \$895,920 less accumulated depreciation of \$245,972 for a total capital asset value of \$649,948. This investment in capital assets includes: several parcels of land, Township Hall, Fire and Rescue Barns, Fire and Rescue Trucks and Equipment, and Computers. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful life.

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Our intangible assets increased \$71,565 due to the paving of North Twin Lake Road. The Township's investment in intangible assets for the governmental activities amounts to \$243,549 less accumulated amortization of \$20,392 for a total of intangible assets of \$223,157.

This year the amount by which capital outlays exceeded depreciation, amortization and loss on disposal of assets was \$142,305.

Cash Assets

At the end of the current fiscal year, the Township had \$647,251 in cash and other spendable assets. Of this amount, \$628,293 (97 percent) was held in a Sweep Fund (Chase Bank) and was receiving interest. The Township is limited by State law in how it can invest these funds.

Long-term Debt

At the end of the current fiscal year, the Township had no bonded or installment debt outstanding.

Pension Plan

Township employees that make more than \$500 per year have the option of having the Township pay Social Security payments or to join our pension plan. The Township makes contributions equal to approximately 10 percent of each employee's wage to Municipal Retirement Systems, Inc. on behalf of the opted employee. This is an expensed item in the budget and totaled \$6,300 for the fiscal year. The Township provides no other employee benefits.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget may mean some reductions in state-shared revenues. The Township only receives Constitutional Revenue Sharing payments and therefore, revenues are expected to remain steady in the 2007-08 fiscal year. The Township budgeted for this state shared revenue. Home sales in the area have also been light with owners receiving lower prices than expected; this could lower the residential tax base in the Township. Also, ANR Gas Storage Company is constructing a new gas storage plant in the Township that may increase the commercial and personal tax base some next year but probably more the following year. The Township's millage rate (normally 1.00 mill) has been reduced by the Headlee Amendment rollback to 0.8123 mills for general operating purposes. These factors were considered in preparing the Township's budget for the 2007-08 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased by \$65,160. The Township has presented a balanced budget in the 2007-08 fiscal year budget which projects a deficit of \$6,542. \$6,542 of the unreserved fund balance of \$146,979 was appropriated for the 2007-08 fiscal year spending.

ANR Assessment Dispute

ANR Gas Storage Co., located on ANR Storage Rd., had filed three (3) tax assessment appeals with the Michigan Tax Tribunal. These disputes originated in 1998 and have continued every year since. In June 2005, the Tax Tribunal ruled on one of these appeals. In this ruling future assessments will be adjusted (lowered) instead of paying back tax overpayments. On this piece of personal property, the taxable value will be reduced approximately \$2,200,000 (28%) through 2009 and will reduce the township tax revenue for all funds approximately \$8,000 per year.

ANR has withdrawn one appeal and the last appeal was settled in February 2007 by the Tax Tribunal. The settlement required the Township to pay a tax refund and interest to ANR of \$28,891. This money came from all funds within the Township except the Improvement Fund as detailed below:

General Fund	\$ 6,968.04
Fire Fund	\$ 9,378.91
Trash Fund	\$ 4,560.96
Highway Fund	\$ 3,705.86
Tax Admin (General)	\$ 3,462.47

This ruling and the Township payment occurred in this fiscal year and ends all Tax Tribunal disputes and appeals with ANR.

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New ANR Construction

ANR Gas Storage Co. is expanding their gas storage facility on Pflume Road by the addition of a third storage unit. This \$50,000,000 project will positively impact Blue Lake Township's tax collection in the future. It is estimated that the Township taxable value may increase 10 to 15 million dollars (12 to 18%) due to this expansion. Some of this increase may occur in the 2007-08 fiscal year but most will happen in 2008-09. No tax incentives were given to ANR for this expansion.

Requests for Information

This financial report is designed to provide a general overview of Blue Lake Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dean McCulloch, Supervisor, Blue Lake Township, 10599 Twin Lake Rd., Mancelona, Michigan 49659 – (231) 587-8354.

Tobin & Co.

Blue Lake Township
Statement of Net Assets
June 30, 2007

Primary Government
Governmental
Activities
And Total

Assets	
Cash	\$ 647,251
Receivables	2,596
Capital Assets	
Land	1,705
Other Capital Assets, Net of Depreciation	<u>648,243</u>
Total Capital Assets	<u>649,948</u>
Intangible Assets, Net of Amortization	<u>223,157</u>
Total Assets	<u>1,522,952</u>
Liabilities	
Accounts Payable	<u>3,305</u>
Total Liabilities	<u>3,305</u>
Net Assets	
Invested in Capital and Intangible Assets	873,105
Restricted for:	
Highway Improvements	165,026
Fire Protection	98,744
Trash Pickup	58,621
Fire Equipment	412
Unrestricted	<u>323,739</u>
Total Net Assets	<u>\$ 1,519,647</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blue Lake Township
Statement of Activities
June 30, 2007

	Program Revenues			
Functions/Programs	Expenses	Charges For Services	Operating Grants and Contributions	Total
Governmental Activities:				
Legislative	\$ 19,500	\$ -	\$ -	\$ (19,500)
General Government	94,634	9,320	-	(85,314)
Public Safety	137,514	-	-	(137,514)
Public Works	70,246	-	3,148	(67,098)
Health and Welfare	1,091	-	-	(1,091)
Total Governmental Activities	\$ 322,985	\$ 9,320	\$ 3,148	(310,517)
General Revenues:				
Property Taxes				415,728
State Shared Revenues				29,116
Unrestricted Investment Earnings				15,910
Unrestricted Rents and Royalties				11,194
Miscellaneous				424
Total General Revenues				472,372
Change in Net Assets				161,855
Net Assets -- Beginning				1,357,792
Net Assets -- Ending				\$ 1,519,647

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blue Lake Township
Balance Sheets
Governmental Funds
June 30, 2007

	<u>General</u>	<u>Highway Improvement</u>	<u>Fire</u>	<u>Trash Pickup</u>	<u>Improvement Revolving</u>	<u>Fire Equipment</u>	<u>Total</u>
Assets							
Cash in Bank	\$ 147,923	\$ 164,316	\$ 99,326	\$ 58,621	\$ 176,763	\$ -	\$ 646,949
Petty Cash	302	-	-	-	-	-	302
Accounts Receivable	886	710	588	-	-	412	2,596
Total Assets	\$ 149,111	\$ 165,026	\$ 99,914	\$ 58,621	\$ 176,763	\$ 412	\$ 649,847
 Liabilities and Fund Balances							
Liabilities:							
Accounts Payable	\$ 2,135	\$ -	\$ 1,170	\$ -	\$ -	\$ -	\$ 3,305
Total Liabilities	2,135	-	1,170	-	-	-	3,305
Fund Balances:							
Special Revenue Funds	146,976	165,026	98,744	58,621	176,763	412	646,542
Total Fund Balances	146,976	165,026	98,744	58,621	176,763	412	646,542
Total Liabilities and Fund Balances	\$ 149,111	\$ 165,026	\$ 99,914	\$ 58,621	\$ 176,763	\$ 412	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 873,105

Net assets of governmental activities. **\$ 1,519,647**

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	General	Highway Improvement	Fire	Trash Pickup	Improvement Revolving	Fire Equipment	Total
<u>Revenues</u>							
Taxes	\$ 112,593	\$ 93,564	\$ 79,911	\$ 53,899	\$ -	\$ 75,761	\$ 415,728
Licenses and Permits	2,920	-	-	-	-	-	2,920
State Grants	29,116	3,148	-	-	-	-	32,264
Charges for Services	6,100	-	-	-	-	-	6,100
Fines and Forfeits	300	-	-	-	-	-	300
Interest and Rents	23,061	5,942	4,248	2,345	15,957	901	52,454
Other	337	-	27	-	60	11,400	11,824
	174,427	102,654	84,186	56,244	16,017	88,062	521,590
<u>Expenditures</u>							
Legislative	19,500	-	-	-	-	-	19,500
General Government	77,262	-	-	-	-	-	77,262
Public Safety	27,067	-	64,934	-	-	-	92,001
Public Works	-	1,094	-	54,361	-	-	55,455
Health and Welfare	1,091	-	-	-	-	-	1,091
Other	14,667	3,568	-	-	-	-	18,235
Capital Outlay	-	71,803	4,916	-	-	161,777	238,496
	139,587	76,465	69,850	54,361	-	161,777	502,040
<u>Excess Revenues (Expenditures)</u>	34,840	26,189	14,336	1,883	16,017	(73,715)	19,550
<u>Other Financing Sources (Uses)</u>							
Operating Transfers In	-	-	9,549	-	180,000	163,676	353,225
Operating Transfers (Out)	(100,000)	-	(83,676)	-	(80,000)	(89,549)	(353,225)
	(100,000)	-	(74,127)	-	100,000	74,127	-
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	(65,160)	26,189	(59,791)	1,883	116,017	412	19,550
<u>Fund Balance – Beginning of Year</u>	212,136	138,837	158,535	56,738	60,746	-	-
<u>Fund Balance – End of Year</u>	\$ 146,976	\$ 165,026	\$ 98,744	\$ 58,621	\$ 176,763	\$ 412	-

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets over their estimated useful lives are reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation, amortization and loss on disposal of assets in the current year.

142,305

Change in Net Assets of Governmental Activities.

\$ 161,855

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blue Lake Township
Statement of Fiduciary Net Assets
June 30, 2007

	<u>Agency Funds</u>
Assets	
Cash	<u>\$ 31,779</u>
Total Assets	<u>\$ 31,779</u>
Liabilities	
Undistributed Taxes and Interest	<u>\$ 31,779</u>
Total Liabilities	<u>\$ 31,779</u>
Net Assets	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blue Lake Township
Notes to Financial Statements
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Blue Lake Township is a general law township located in Kalkaska County. Population as of the 2000 census was 428, and the current taxable value is \$77,341,445.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

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

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Tobin & Co.

Blue Lake Township
Notes to Financial Statements
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the required supplementary schedules for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which includes property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Machinery and Equipment	5-22 years

Tobin & Co.

Blue Lake Township
Notes to Financial Statements
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	<u>SEV</u>	<u>Taxable Value</u>	<u>Millage Rate</u>
General Operating	\$115,793,200	\$ 77,341,445	.8123
Trash Pickup	\$115,793,200	\$ 77,341,445	.6958
Fire Operations and Equipment	\$115,793,200	\$ 77,341,445	2.0000
Highway Improvement	\$115,793,200	\$ 77,341,445	1.2000

G. Use of Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at June 30, 2007.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended June 30, 2007, no cost centers overexpended their budgets without formal Board amendment.

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).

Tobin & Co.

Blue Lake Township
Notes to Financial Statements
June 30, 2007

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

A. Legal Provisions for Deposits and Investments (Continued)

- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$680,071 deposited with a local financial institution at June 30, 2007 with a carrying value of \$678,693. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$580,071 of uninsured deposits at June 30, 2007.

NOTE 4 - CAPITAL/INTANGIBLE ASSETS

Capital assets of governmental activities consisted of the following at June 30,

	6/30/06	Additions	Deletions	6/30/07
Land	\$ 1,705	\$ -	\$ -	\$ 1,705
Buildings	262,720	-	-	262,720
Vehicles and Equipment	532,718	161,777	63,000	631,495
	797,143	161,777	63,000	895,920
Less Accumulated Depreciation	(228,920)	(43,302)	(26,250)	(245,972)
	\$ 568,223	\$ 118,475	\$ 36,750	\$ 649,948

Intangible assets at June 30, 2007 consisted of major improvements to roads owned and maintained by Kalkaska County.

	6/30/06	Additions	Deletions	6/30/07
Road Improvements	\$ 171,984	\$ 71,565	\$ -	\$ 243,549
Less Accumulated Amortization	(9,407)	(10,985)	-	(20,392)
	\$ 162,577	\$ 60,580	\$ -	\$ 223,157

NOTE 5 - INVENTORIES

Blue Lake Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

NOTE 6 - PENSION PLAN

The Township maintains a defined contribution money purchase pension plan for Michigan Township employees under contract with Municipal Retirement Systems, Inc. Listed below is a summary of the significant plan provisions adopted by Board Resolution in July 1991, and amended in July 2001:

Tobin & Co.

Blue Lake Township
Notes to Financial Statements
June 30, 2007

NOTE 6 - PENSION PLAN (Continued)

A. Eligibility Requirements

1. Attained age of 18.
2. No minimum service requirement.
3. All Township officials and employees earnings over \$500 annual compensation.
4. Twelve employees were eligible for the 2006-2007 plan year.

B. Contributions

1. Approximately 10% of annual compensation funded 100% by the Township on an annual basis.
2. Compensation determined by the wages for the fiscal year coinciding with or ending within the Plan year.

C. Vesting

1. Contributions are vested to the employee immediately upon early retirement, termination of service, death, disability, or normal retirement at 100%.

D. Plan Administration

1. The plan is administered by Municipal Retirement Systems, Inc. During the year of audit, the total Township contributions paid for the plan year, August 20, 2006 to August 19, 2007, were \$6,300. Covered payroll was \$58,627 out of a total Township payroll of \$67,707 for the audit year.

NOTE 7 - PROPERTY TAX ADMINISTRATION FEES

The Township levied the 1% administration fee permitted by statute on all 2006 property taxes. This fee may be used only to offset such property tax administration expenses as assessing, collecting, and the review and appeal process. For the audit year, costs exceeded collections by \$10,725. Records reflect accumulated costs over collections of \$136,943. See Schedule 8.

NOTE 8 - ECONOMIC DEPENDENCY

\$134,988 of 2006 property taxes and \$28,869 of 2006 property tax administration fees were received from Blue Lake Gas/ANR Storage and Pipeline. This represents approximately 41% of the total combined 2006 property taxes and property tax administration fees.

NOTE 9- 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 audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

NOTE 10- COMPENSATED ABSENCES

The Township provides no compensated absences for its employees.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2007

Schedule 1
Page 1

<u>Revenues</u>	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 63,000	\$ 61,058	\$ 61,058	\$ -
Delinquent Taxes	2,000	2,211	2,297	86
Property Tax Administration Fees	26,200	26,851	34,792	7,941
Swamp Tax	14,446	14,446	14,446	-
Licenses and Permits:				
Permits	2,000	2,005	2,920	915
State Grants:				
State Shared Revenues	25,000	28,836	29,116	280
Charges for Services:				
Summer Tax Collection	5,000	5,180	5,180	-
Fees	670	710	920	210
Fines and Forfeits:				
Fines	-	300	300	-
Interest and Rents:				
Interest	3,500	4,298	23,061	18,763
Other:				
Refunds and Reimbursements	-	3,310	336	(2,974)
Other	-	1	1	-
Total Revenues	141,816	149,206	174,427	25,221
 <u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	3,214	-
Supplies	-	-	329	-
Audit and Accounting	-	-	4,153	-
Dues	-	-	1,374	-
Other	-	-	10,430	-
Total	10,089	19,747	19,500	247
Total Legislative	10,089	19,747	19,500	247
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	9,501	-
Mileage	-	-	218	-
Total	9,950	9,836	9,719	117

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2007

Schedule 1
Page 2

Expenditures (Continued)	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>General Government (Continued):</u>				
Elections:				
Salaries and Wages	-	-	2,744	-
Supplies	-	-	1,513	-
Postage	-	-	330	-
Education	-	-	710	-
Mileage	-	-	366	-
Publication	-	-	75	-
Other	-	-	618	-
Total	5,375	10,775	6,356	4,419
Assessor:				
Supplies	-	-	925	-
Postage	-	-	557	-
Education	-	-	125	-
Professional Services	-	-	1,734	-
Contractual Services	-	-	10,850	-
Publication	-	-	19	-
Other	-	-	119	-
Total	15,775	16,509	14,329	2,180
Clerk:				
Salaries and Wages	-	-	11,289	-
Supplies	-	-	1,085	-
Postage	-	-	117	-
Education	-	-	(70)	-
Mileage	-	-	57	-
Other	-	-	1,860	-
Total	14,429	14,429	14,338	91
Board of Review:				
Salaries and Wages	-	-	580	-
Publication	-	-	63	-
Total	1,150	692	643	49
Treasurer:				
Salaries and Wages	-	-	12,467	-
Supplies	-	-	2,793	-
Postage	-	-	1,539	-
Mileage	-	-	677	-
Other	-	-	1,569	-
Total	19,037	20,013	19,045	968

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
General Fund
For the Year Ended June 30, 2007

Schedule 1
Page 3

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Expenditures (Continued)</u>				
General Government (Continued):				
Township Hall and Grounds:				
Salaries and Wages	-	-	200	-
Supplies	-	-	592	-
Postage	-	-	10	-
Professional Services	-	-	357	-
Contractual Services	-	-	4,150	-
Telephone	-	-	2,533	-
Publication	-	-	1,252	-
Public Utilities	-	-	2,258	-
Maintenance and Repairs	-	-	1,480	-
Total	19,000	19,000	12,832	6,168
Total General Government	84,716	91,254	77,262	13,992
Public Safety:				
Police Protection:				
Contractual Services	-	-	10,845	-
Total	11,500	11,749	10,845	904
Planning:				
Salaries and Wages	-	-	2,743	-
Supplies	-	-	121	-
Professional Services	-	-	3,630	-
Publication	-	-	107	-
Total	10,405	10,427	6,601	3,826
Zoning:				
Salaries and Wages	-	-	8,256	-
Supplies	-	-	344	-
Postage	-	-	116	-
Operating Supplies	-	-	263	-
Professional Services	-	-	5	-
Milcage	-	-	568	-
Publication	-	-	55	-
Other	-	-	14	-
Total	13,063	10,013	9,621	392
Total Public Safety	34,968	32,189	27,067	5,122

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2007

Schedule I
Page 4

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Expenditures (Continued)</u>				
Health and Welfare:				
Salaries and Wages	-	-	255	-
Hospital Subsidy	-	-	752	-
Mileage	-	-	84	-
Total Health and Welfare	1,350	1,134	1,091	43
Other:				
Employee Benefits and Insurance	16,700	14,880	14,667	213
Total Other	16,700	14,880	14,667	213
Capital Outlay	900	900	-	900
Total Expenditures	148,723	160,104	139,587	20,517
Excess Revenues (Expenditures)	(6,907)	(10,898)	34,840	45,738
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(100,000)	(100,000)	(100,000)	-
Total	(100,000)	(100,000)	(100,000)	-
Excess Revenues (Expenditures) and Other Financing Sources (Uses)	(1) <u>\$ (106,907)</u>	<u>\$ (110,898)</u>	(65,160)	<u>\$ 45,738</u>
Fund Balance – Beginning of Year			212,136	
Fund Balance – End of Year			<u>\$ 146,976</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
 Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
 Highway Improvement Fund
 For the Year Ended June 30, 2007

Schedule 2

	Budgetary Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<u>Revenues</u>				
Taxes:				
Current Taxes	\$ 90,000	\$ 90,179	\$ 90,179	\$ -
Delinquent Taxes	-	3,267	3,385	118
State Grants:				
Metro Act	-	1,905	1,897	(8)
Bankhead Jones	-	1,251	1,251	-
Interest and Rents:				
Interest	<u>3,500</u>	<u>4,716</u>	<u>5,942</u>	<u>1,226</u>
Total	<u>93,500</u>	<u>101,318</u>	<u>102,654</u>	<u>1,336</u>
<u>Expenditures</u>				
Other	-	-	3,568	-
Roads	-	-	71,803	-
Street Lighting	<u>-</u>	<u>-</u>	<u>1,094</u>	<u>-</u>
Total	<u>100,300</u>	<u>76,684</u>	<u>76,465</u>	<u>219</u>
Excess Revenues (Expenditures)	<u>\$ (6,800)</u>	<u>\$ 24,634</u>	26,189	<u>\$ 1,555</u>
Fund Balance – Beginning of Year			<u>138,837</u>	
Fund Balance – End of Year			<u>\$ 165,026</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Bluc Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Fire Fund
For the Year Ended June 30, 2007

Schedule 3

Revenues	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Current Taxes	\$ 78,001	\$ 75,349	\$ 75,349	\$ -
Delinquent Taxes	-	2,425	4,562	2,137
Interest and Rents:				
Interest	3,000	4,133	4,248	115
Other:				
Donations	-	27	27	-
Total Revenues	81,001	81,934	84,186	2,252
 <u>Expenditures</u>				
Salaries and Wages	-	-	18,451	-
Fringe Benefits	-	-	1,722	-
Supplies	-	-	6,771	-
Contractual Services	-	-	3,200	-
Telephone	-	-	1,313	-
Education	-	-	2,061	-
Mileage	-	-	87	-
Publications	-	-	43	-
Insurance	-	-	12,539	-
Public Utilities	-	-	3,084	-
Maintenance and Repairs	-	-	3,706	-
Other	-	-	11,957	-
Capital Outlay	-	-	4,916	-
Total Expenditures	184,850	84,850	69,850	15,000
Excess Revenues (Expenditures)	(103,849)	(2,916)	14,336	17,252
 <u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	9,549	9,549	-
Operating Transfers (Out)	-	(83,676)	(83,676)	-
Total	-	(74,127)	(74,127)	-
Excess Revenues (Expenditures) and Other Financing Sources (Uses)	(1) \$ (103,849)	\$ (77,043)	(59,791)	\$ 17,252
Fund Balance – Beginning of Year			158,535	
Fund Balance – End of Year			\$ 98,744	
 (1) Budgeted from Fund Balance				

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
 Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
 Trash Pickup Fund
 For the Year Ended June 30, 2007

Schedule 4

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Taxes:				
Current Property Taxes	\$ 52,000	\$ 52,300	\$ 52,333	\$ 33
Delinquent Property Taxes	-	1,894	1,566	(328)
Interest and Rents:				
Interest	<u>1,000</u>	<u>2,811</u>	<u>2,345</u>	<u>(466)</u>
Total	<u>53,000</u>	<u>57,005</u>	<u>56,244</u>	<u>(761)</u>
<u>Expenditures</u>				
Contractual	-	-	49,800	-
Other	-	-	<u>4,561</u>	-
Total	<u>50,100</u>	<u>54,431</u>	<u>54,361</u>	<u>70</u>
Excess Revenues (Expenditures)	<u>\$ 2,900</u>	<u>\$ 2,574</u>	1,883	<u>\$ (691)</u>
Fund Balance – Beginning of Year			<u>56,738</u>	
Fund Balance – End of Year			<u>\$ 58,621</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Improvement Revolving Fund
For the Year Ended June 30, 2007

Schedule 5

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Interest and Rents:				
Interest	\$ 1,500	\$ 4,463	\$ 4,763	\$ 300
Royalties	11,000	13,414	11,194	(2,220)
Other:				
Map Books	-	40	60	20
Total	12,500	17,917	16,017	(1,900)
<u>Expenditures</u>				
Total	145,000	-	-	-
Excess Revenues (Expenditures)	(132,500)	17,917	16,017	(1,900)
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	100,000	180,000	180,000	-
Operating Transfers (Out)	-	(80,000)	(80,000)	-
Total	100,000	100,000	100,000	-
Excess Revenues (Expenditures) and Other Financing Sources (Uses)	\$ (32,500)	\$ 117,917	116,017	\$ (1,900)
Fund Balance – Beginning of Year			60,746	
Fund Balance – End of Year			\$ 176,763	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Fire Equipment Fund
For the Year Ended June 30, 2007

Schedule 6

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Taxes:				
Current Property Taxes	\$ 78,001	\$ 75,349	\$ 75,349	\$ -
Delinquent Property Taxes	-	2,424	412	(2,012)
Interest and Rents:				
Interest	100	440	901	461
Other:				
Sale of Capital Assets	-	11,400	11,400	-
Total	78,101	89,613	88,062	(1,551)
<u>Expenditures</u>				
Capital Outlay	78,101	180,000	161,777	18,223
Total	78,101	180,000	161,777	18,223
Excess Revenues (Expenditures)	-	(90,387)	(73,715)	16,672
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	164,000	163,676	(324)
Operating Transfers (Out)	-	(90,000)	(89,549)	451
Total	-	74,000	74,127	127
Excess Revenues (Expenditures) and Other Financing Sources (Uses)	(1) \$ -	\$ (16,387)	412	\$ 16,799
Fund Balance – Beginning of Year			-	
Fund Balance – End of Year			\$ 412	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Changes in Assets and Liabilities
Current Tax Collection Fund
For the Year Ended June 30, 2007

Schedule 7

	<u>Balance 6/30/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/07</u>
<u>Assets</u>				
Cash	\$ 3,147	\$ 3,073,095	\$ 3,044,463	\$ 31,779
Total Assets	\$ 3,147	\$ 3,073,095	\$ 3,044,463	\$ 31,779
<u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 3,147	\$ 3,073,095	\$ 3,044,463	\$ 31,779
Total Liabilities	\$ 3,147	\$ 3,073,095	\$ 3,044,463	\$ 31,779

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
2006 Property Tax Levy and Collections
For the Year Ended June 30, 2007

Schedule 8

	Millage Rate	Adjusted Levy	Collected	Returned Delinquent
County	6.2404	\$ 483,292	\$ 468,364	\$ 14,928
County Transit	0.2500	19,473	18,788	685
Sportsplex	0.6985	54,445	52,503	1,942
Hospital	1.7000	132,471	127,791	4,680
State Education	6.0000	464,016	454,378	9,638
School District	20.1000	1,314,069	1,291,216	22,853
Intermediate School District	2.9421	227,526	222,800	4,726
Township - General	0.8123	63,294	61,058	2,236
- Trash Pickup	0.6958	54,215	52,300	1,915
- Fire Operations	2.0000	155,255	150,368	4,887
- Highway Improvement	1.2000	93,507	90,179	3,328
Total		\$ 3,061,563	\$ 2,989,745	\$ 71,818
Percent of Levy Collected	97.65%			

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Balance
Property Tax Administration Fees
For the Year Ended June 30, 2007

Schedule 9

Revenues

Property Tax Administration Fees	\$ 34,792
Summer Tax Collection Fees	<u>5,180</u>
Total Revenues	<u>39,972</u>

Expenditures

Assessor	15,895
Board of Review	643
Treasurer	15,131
Supervisor	4,772
Clerk	921
Zoning	1,382
Town Hall and Grounds	6,487
Employee Benefits and Insurance	<u>5,466</u>
Total	<u>50,697</u>
Excess Revenues (Expenditures)	(10,725)
Excess Revenues (Expenditures) – Prior Years	<u>(126,218)</u>
Accumulated Excess Revenues (Expenditures)	<u>\$ (136,943)</u>

The Notes to the Financial Statements are an integral part of this statement.