

## 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<br><input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other |                                  | Local Unit Name<br>Township of Alpine                     | County<br>Kent |
| Fiscal Year End<br>June 30, 2007   | Opinion Date<br>December 5, 2007 | Date Audit Report Submitted to State<br>December 27, 2007 |                |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

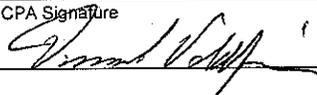
YES  
NO

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

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

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

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

| We have enclosed the following:  | Enclosed                                  | Not Required (enter a brief justification) |
|--|---|--|
| Financial Statements   | <input checked="" type="checkbox"/>       |  |
| The letter of Comments and Recommendations   | <input checked="" type="checkbox"/>       |  |
| Other (Describe)   | <input checked="" type="checkbox"/>       | SAS #112 communication                     |
| Certified Public Accountant (Firm Name)<br>Siegfried Crandall, PC  |   | Telephone Number<br>(269) 381-4970         |
| Street Address<br>246 East Kilgore Road  |   | City<br>Kalamazoo                          |
|  |   | State<br>MI                                |
|  |   | Zip<br>49002                               |
| Authorizing CPA Signature<br> | Printed Name<br>Daniel L. Veldhuizen, CPA | License Number<br>1101020724               |

*Township of Alpine*  
*Kent County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended June 30, 2007*

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Township of Alpine**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Our discussion and analysis of the Township of Alpine's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the Township's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Township's total net assets increased by \$1,467,606 (9 percent) as a result of this year's activities. Net assets of the governmental activities increased by \$1,330,724, and the net assets of the business-type activities increased by \$136,882.
- Of the \$18,351,427 total net assets reported, \$4,935,608 (27 percent) is unrestricted, or available to be spent at the discretion of the Board.
- The General Fund's unreserved fund balance at the end of the fiscal year was \$1,610,214, which represents 55 percent of the actual total General Fund expenditures for the current fiscal year.

**Overview of the financial statements**

The Township's annual financial report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents additional information. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township, reporting the Township's operations in more detail than the government-wide financial statements.
  - Governmental fund statements tell how general government services, like public safety, were financed in the short-term as well as what remains for future spending.
  - Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business. The proprietary funds present information about the Township's wastewater treatment system.
  - Fiduciary fund statements provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

**Township of Alpine**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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**Government-wide financial statements**

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

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

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

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

- *Governmental activities* - Most of the Township's basic services are included here, such as fire and police protection and general government. State shared revenue and property taxes finance most of these activities.
- *Business-type activities* - The Township charges fees to customers to help it cover the costs of the services it provides. The Township's sewer system is reported here.

**Fund financial statements**

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

- Some funds are required by state law and by bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and other revenues.

The Township has three kinds of funds:

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

**Township of Alpine**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

2. *Proprietary funds.* Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Township's enterprise fund (one type of proprietary fund) is the same as its business-type activities but provides more detail and additional information, such as cash flows.
  
3. *Fiduciary funds.* These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the government. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE**

**Net assets.** Total net assets at the end of the fiscal year were \$18,351,427, an increase of 9 percent compared to the prior year. Of this total, \$11,594,748 is invested in capital assets and \$1,821,071 is restricted for capital projects and debt service. Consequently, unrestricted net assets were \$4,935,608, or 27 percent of the total.

Condensed financial information  
 Net Assets

|  | <i>Governmental activities</i> |                     | <i>Business-type activities</i> |                      | <i>Totals</i>        |                      |
|--|--------------------------------|---------------------|---------------------------------|----------------------|----------------------|----------------------|
|  | <u>2007</u>                    | <u>2006</u>         | <u>2007</u>                     | <u>2006</u>          | <u>2007</u>          | <u>2006</u>          |
| Current and other assets                           | \$ 3,455,825                   | \$ 2,254,665        | \$ 3,881,983                    | \$ 3,788,995         | \$ 7,337,808         | \$ 6,043,660         |
| Capital assets                                     | <u>4,618,228</u>               | <u>3,914,112</u>    | <u>21,831,192</u>               | <u>12,632,593</u>    | <u>26,449,420</u>    | <u>16,546,705</u>    |
| Total assets                                       | <u>8,074,053</u>               | <u>6,168,777</u>    | <u>25,713,175</u>               | <u>16,421,588</u>    | <u>33,787,228</u>    | <u>22,590,365</u>    |
| Long-term debt outstanding                         | 1,205,000                      | 625,000             | 13,649,672                      | 4,587,128            | 14,854,672           | 5,212,128            |
| Other liabilities                                  | <u>321,490</u>                 | <u>326,938</u>      | <u>259,639</u>                  | <u>167,478</u>       | <u>581,129</u>       | <u>494,416</u>       |
| Total liabilities                                  | <u>1,526,490</u>               | <u>951,938</u>      | <u>13,909,311</u>               | <u>4,754,606</u>     | <u>15,435,801</u>    | <u>5,706,544</u>     |
| Net assets:  |                                |                     |                                 |                      |                      |                      |
| Invested in capital assets,<br>net of related debt | 3,413,228                      | 3,289,112           | 8,181,520                       | 8,045,465            | 11,594,748           | 11,334,577           |
| Restricted   | <u>1,422,604</u>               | <u>283,913</u>      | <u>398,467</u>                  | <u>516,418</u>       | <u>1,821,071</u>     | <u>800,331</u>       |
| Unrestricted                                       | <u>1,711,731</u>               | <u>1,643,814</u>    | <u>3,223,877</u>                | <u>3,105,099</u>     | <u>4,935,608</u>     | <u>4,748,913</u>     |
| Total net assets                                   | <u>\$ 6,547,563</u>            | <u>\$ 5,216,839</u> | <u>\$ 11,803,864</u>            | <u>\$ 11,666,982</u> | <u>\$ 18,351,427</u> | <u>\$ 16,883,821</u> |

**Township of Alpine**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (Continued)**

**Changes in net assets.** The Township's total revenues are \$5,129,139. More than 26 percent of the Township's revenues are derived from sewer charges while 18 percent comes from state shared revenue and 14 percent from property taxes. A significant amount of revenue (\$1,111,951) was derived from capital contributions during the current year. Most of this revenue consists of special assessments and capital contributions associated with the Alpenhorn construction project completed during the fiscal year.

The total cost of all the Township's programs, covering a wide range of services, totaled \$3,658,912. More than 41 percent of the Township's costs relate to the provision of sewer services. Public safety costs account for 26 percent of the costs and general government costs account for 19 percent of the Township's total costs.

Condensed financial information  
Changes in Net Assets

|                                    | <i>Governmental activities</i> |                   | <i>Business-type activities</i> |                   | <i>Totals</i>       |                   |
|------------------------------------|--------------------------------|-------------------|---------------------------------|-------------------|---------------------|-------------------|
|                                    | <b>2007</b>                    | <b>2006</b>       | <b>2007</b>                     | <b>2006</b>       | <b>2007</b>         | <b>2006</b>       |
| Program revenues:                  |                                |                   |                                 |                   |                     |                   |
| Charges for services               | \$ 459,824                     | \$ 555,321        | \$ 1,354,229                    | \$ 1,240,014      | \$ 1,814,053        | \$ 1,795,335      |
| Capital grants and contributions   | 994,611                        | 91,153            | 117,340                         | 122,236           | 1,111,951           | 213,389           |
| Operating grants and contributions | 91,021                         | 14,143            | -                               | -                 | 91,021              | 14,143            |
| General revenues:                  |                                |                   |                                 |                   |                     |                   |
| State shared revenue               | 944,060                        | 959,609           | -                               | -                 | 944,060             | 959,609           |
| Property taxes                     | 721,267                        | 687,603           | -                               | -                 | 721,267             | 687,603           |
| Interest income                    | 154,058                        | 87,555            | 169,589                         | 121,275           | 323,647             | 208,830           |
| Franchise fees                     | 120,519                        | 111,213           | -                               | -                 | 120,519             | 111,213           |
| <b>Total revenues</b>              | <b>3,485,360</b>               | <b>2,506,597</b>  | <b>1,641,158</b>                | <b>1,483,525</b>  | <b>5,126,518</b>    | <b>3,990,122</b>  |
| Expenses:                          |                                |                   |                                 |                   |                     |                   |
| Sewer                              | -                              | -                 | 1,504,276                       | 1,221,042         | 1,504,276           | 1,221,042         |
| Public safety                      | 943,363                        | 882,607           | -                               | -                 | 943,363             | 882,607           |
| General government                 | 693,458                        | 667,732           | -                               | -                 | 693,458             | 667,732           |
| Public works                       | 271,896                        | 301,334           | -                               | -                 | 271,896             | 301,334           |
| Community and economic development | 103,366                        | 109,973           | -                               | -                 | 103,366             | 109,973           |
| Interest                           | 62,375                         | 37,185            | -                               | -                 | 62,375              | 37,185            |
| Culture and recreation             | 61,263                         | 98,624            | -                               | -                 | 61,263              | 98,624            |
| Legislative                        | 18,915                         | 14,888            | -                               | -                 | 18,915              | 14,888            |
| <b>Total expenses</b>              | <b>2,154,636</b>               | <b>2,112,343</b>  | <b>1,504,276</b>                | <b>1,221,042</b>  | <b>3,658,912</b>    | <b>3,333,385</b>  |
| <b>Increase in net assets</b>      | <b>\$ 1,330,724</b>            | <b>\$ 394,254</b> | <b>\$ 136,882</b>               | <b>\$ 262,483</b> | <b>\$ 1,467,606</b> | <b>\$ 656,737</b> |

**FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (Continued)**

**Governmental activities.** Governmental activities increased the Township's net assets by \$1,330,724 compared to a \$394,254 increase in the prior year. The substantial increase in net assets in the current year was created by the following significant items:

- A new special assessment district, totaling \$690,000, was created to finance a street construction project during the current year.
- Capital contributions, in the amount of \$167,169, were received from customers that paid for a portion of the street construction project.
- Interest income, totaling \$154,058, increased by nearly \$67,000.
- Property taxes increased by nearly \$34,000.
- Total expenses increased by only \$42,293 (2 percent).

The cost of all governmental activities this year was \$2,154,636. After subtracting the direct charges to those who directly benefited from the programs (\$459,822), and operating and capital grants (\$1,085,632), the "public benefit" portion covered by property taxes, state shared revenue, and other general revenues was \$609,180.

**Business-type activities.** Business-type activities increased the Township's net assets by \$136,882. The wastewater treatment activity of the Township experienced an increase in operational costs (billings from the County) of more than \$230,000; however, increases in customer charges and interest income provided sufficient revenues to cover the full cost of wastewater treatment operations.

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

**Governmental funds.** As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,495,741, an increase of \$641,472 in comparison with the prior year. A portion of the fund balances, amounting to \$301,602, is reserved to indicate that it is not available for new spending because it has already been committed for debt service. The remaining fund balances, in the amount of \$2,194,139, constitutes unreserved fund balance, which is available for spending at the Board's discretion. Of this amount, \$454,074 has been designated by the Board for specific purposes, leaving \$1,740,065 of undesignated fund balances.

The General Fund is the chief operating fund of the Township. At the end of the fiscal year, unreserved fund balance was \$1,610,214, which represents 55 percent of the actual total General Fund expenditures for the current fiscal year. The fund balance increased by \$602,858 during the fiscal year compared to a \$381,504 increase in the prior year. The increase was higher in the current year primarily due to the following:

- Resources to finance the Alpine Avenue and Alpenhorn Avenue intersection project, including bond proceeds, special assessment collections, and capital contributions exceeded the cost of the project by \$174,068 in the current year.
- Interest income increased by more than \$50,000 due to higher invested balances and higher interest rates.

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS (Continued)**

The Water Improvement Fund experienced an increase in fund balance of \$72,837. The increase was a result of the collection of trunkage fees and special assessments with no repair costs during the year.

The Debt Service Fund experienced a decrease in fund balance in the amount of \$34,223 because debt service costs exceeded special assessment collections in the current year.

**Proprietary fund.** The Sewer Fund experienced an increase in net assets of \$136,882 due to reasons explained above. Net assets are \$11,803,864 at year end of which \$3,223,877 was unrestricted.

**General Fund budgetary highlights**

The Township amended the General Fund budget to increase total expenditures by \$682,786 to reflect anticipated cost increases, primarily the Alpine Avenue construction project.

Revenues were \$58,148 more than budgeted while expenditures were \$65,469 less than the amounts appropriated. The result was a \$123,617 positive budget variance and a \$602,858 increase in fund balance compared to a budgeted \$479,223 increase.

**Capital assets and debt administration**

*Capital assets.*

The Township's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to \$26,449,420 (net of accumulated depreciation). This investment includes a broad range of assets including land, buildings, equipment, and infrastructure. The increase in the Township's net investment in capital assets for the current fiscal year was \$9,902,715.

Major capital asset events during the current fiscal year included the following:

- A net increase of \$9,472,835 in the intangible assets of the Sewer Fund due to a net increase in the related contracts payable issued to acquire the assets.
- A street construction project, involving the improvement of several intersections along Alpine Avenue, was completed during the current year. The total cost of the project was \$861,272.

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

*Long-term debt.*

At the end of the fiscal year, the Township had total long-term bonds and contracts outstanding in the amount of \$14,854,672, which represents a net increase of \$9,642,544. Of this amount, \$13,489,672 consists of debt backed by the full faith and credit of the Township. Another \$1,365,000 represents bonds secured solely by specific revenue sources (i.e., special assessments).

Long-term debt increased by \$9,898,575 due to an issuance of bonds and contracts payable. The increase includes the issuance of special assessment bonds, in the amount of \$690,000, and contracts payable (net of reallocations and refinancing) to the North Kent Sewer Authority totaling \$9,208,575.

**Capital assets and debt administration (Continued)**

During the year ended June 30, 2007, the Township decreased its long-term debt through the retirement of various bonds and contracts totaling \$256,031. All debt service payments were made in a timely manner.

Other long-term debt obligations, totaling \$25,192, represent accrued compensated absences.

More detailed information about the Township's noncurrent liabilities is presented in Note 8 of the notes to the basic financial statements.

**Economic condition and outlook**

The fund balance of the General Fund is projected to remain in the range that represents three to six months of anticipated expenditures; however, the Township Board continues to monitor expenditures carefully due to the uncertainty of our future revenue streams. Our concerns include the following:

- State shared revenue, the Township's largest revenue source, remains flat. In general, the Michigan economy has not yet reached bottom.
- Elimination of the single business tax and the personal property tax reforms will reduce the Township's revenues received through administration fees.
- The position of the state legislators taking action to shift assessing, elections, and tax collection to the county and billing the cost for these services back to the Township.
- Improvements to Cordes Avenue due to the development of the Super Wal-Mart. (may include sidewalks with the use of CDBG funds and associated matching funds)
- Fire truck reserves pending the acquisition of a fire truck pumper through the County in 2010.

The Township's enterprise operation, its wastewater treatment services, will experience significant changes in future years. The Township is participating in the construction of a new wastewater treatment plant facility, through the North Kent Sewer Authority, that will increase the cost of this service. The plant is currently below budget and on schedule to be operating by November 2008. The Township Board will determine the increase necessary in quarterly service charges to its customers in anticipation of these rising costs.

**Contacting the Township's financial management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Jean Wahlfield, Township Clerk  
Jan Brechting, Township Treasurer  
Marta Brechting, Township Supervisor  
5255 Alpine Avenue NW  
Comstock Park, Michigan 49321

## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Township of Alpine, Michigan**

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Township of Alpine, Michigan, as of June 30, 2007, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Township of Alpine, Michigan, as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison schedule, as listed in the contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplementary data, as listed in the contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The supplementary data 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.



1958-2008

Board of Trustees  
Township of Alpine, Michigan  
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The other information designated as "Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure" in the contents is also presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Township of Alpine, Michigan. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion thereon.

*Sigfried Crandall P.C.*

December 5, 2007

## **BASIC FINANCIAL STATEMENTS**

**Township of Alpine**  
**STATEMENT OF NET ASSETS**  
June 30, 2007

|   | <u>Governmental<br/>activities</u> | <u>Business-type<br/>activities</u> | <u>Totals</u>        |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                                   |                                    |                                     |                      |
| Current assets:                                 |                                    |                                     |                      |
| Cash  | \$ 2,580,840                       | \$ 3,311,628                        | \$ 5,892,468         |
| Receivables                                     | <u>382,967</u>                     | <u>135,339</u>                      | <u>518,306</u>       |
| Total current assets                            | <u>2,963,807</u>                   | <u>3,446,967</u>                    | <u>6,410,774</u>     |
| Noncurrent assets:                              |                                    |                                     |                      |
| Receivables                                     | 492,018                            | 435,016                             | 927,034              |
| Capital assets not being depreciated - land     | 1,033,852                          | -                                   | 1,033,852            |
| Capital assets, net of depreciation             | <u>3,584,376</u>                   | <u>21,831,192</u>                   | <u>25,415,568</u>    |
| Total noncurrent assets                         | <u>5,110,246</u>                   | <u>22,266,208</u>                   | <u>27,376,454</u>    |
| Total assets                                    | <u>8,074,053</u>                   | <u>25,713,175</u>                   | <u>33,787,228</u>    |
| <b>LIABILITIES</b>                              |                                    |                                     |                      |
| Current liabilities:                            |                                    |                                     |                      |
| Payables  | 296,298                            | 259,639                             | 555,937              |
| Bonds and contracts payable                     | <u>150,000</u>                     | <u>103,226</u>                      | <u>253,226</u>       |
| Total current liabilities                       | <u>446,298</u>                     | <u>362,865</u>                      | <u>809,163</u>       |
| Noncurrent liabilities:                         |                                    |                                     |                      |
| Compensated absences                            | 25,192                             | -                                   | 25,192               |
| Bonds and contracts payable                     | <u>1,055,000</u>                   | <u>13,546,446</u>                   | <u>14,601,446</u>    |
| Total noncurrent liabilities                    | <u>1,080,192</u>                   | <u>13,546,446</u>                   | <u>14,626,638</u>    |
| Total liabilities                               | <u>1,526,490</u>                   | <u>13,909,311</u>                   | <u>15,435,801</u>    |
| <b>NET ASSETS</b>                               |                                    |                                     |                      |
| Invested in capital assets, net of related debt | 3,413,228                          | 8,181,520                           | 11,594,748           |
| Restricted for:                                 |                                    |                                     |                      |
| Capital projects                                | 586,784                            | -                                   | 586,784              |
| Debt service                                    | 835,820                            | 398,467                             | 1,234,287            |
| Unrestricted                                    | <u>1,711,731</u>                   | <u>3,223,877</u>                    | <u>4,935,608</u>     |
| Total net assets                                | <u>\$ 6,547,563</u>                | <u>\$ 11,803,864</u>                | <u>\$ 18,351,427</u> |

See notes to the financial statements

**Township of Alpine**  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2007

| Functions/Programs                 | <u>Expenses</u>     | <u>Program revenues</u>     |   |   |
|------------------------------------|---------------------|-----------------------------|---|---|
|                                    |                     | <u>Charges for services</u> | <u>Operating grants and contributions</u> | <u>Capital grants and contributions</u> |
| Governmental activities:           |                     |                             |   |   |
| Legislative                        | \$ 18,915           | \$ -                        | \$ -                                      | \$ -                                    |
| General government                 | 693,458             | 161,395                     | -   | 40,752                                  |
| Public safety                      | 943,363             | 258,109                     | 3,525                                     | -                                       |
| Public works                       | 271,896             | 31,684                      | 86,609                                    | 938,272                                 |
| Community and economic development | 103,366             | -                           | -   | -                                       |
| Recreation and culture             | 61,263              | 8,636                       | 887                                       | -                                       |
| Interest on long-term debt         | 62,375              | -                           | -   | 15,587                                  |
| Total governmental activities      | 2,154,636           | 459,824                     | 91,021                                    | 994,611                                 |
| Business-type activities:          |                     |                             |   |   |
| Sewer                              | 1,504,276           | 1,354,229                   | -   | 117,340                                 |
| Total                              | <u>\$ 3,658,912</u> | <u>\$ 1,814,053</u>         | <u>\$ 91,021</u>                          | <u>\$ 1,111,951</u>                     |

General revenues:  
Property taxes  
Cable television franchise fees  
State shared revenue  
Unrestricted interest income

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

**Net (expenses) revenues and  
changes in net assets**

| <b>Governmental<br/>activities</b> | <b>Business-type<br/>activities</b> | <b>Totals</b>        |
|------------------------------------|-------------------------------------|----------------------|
| \$ (18,915)                        |                                     | \$ (18,915)          |
| (491,311)                          |                                     | (491,311)            |
| (681,729)                          |                                     | (681,729)            |
| 784,669                            |                                     | 784,669              |
| (103,366)                          |                                     | (103,366)            |
| (51,740)                           |                                     | (51,740)             |
| (46,788)                           |                                     | (46,788)             |
| (609,180)                          |                                     | (609,180)            |
| -                                  | \$ (32,707)                         | (32,707)             |
| (609,180)                          | (32,707)                            | (641,887)            |
| 721,267                            | -                                   | 721,267              |
| 120,519                            | -                                   | 120,519              |
| 944,060                            | -                                   | 944,060              |
| 154,058                            | 169,589                             | 323,647              |
| 1,939,904                          | 169,589                             | 2,109,493            |
| 1,330,724                          | 136,882                             | 1,467,606            |
| 5,216,839                          | 11,666,982                          | 16,883,821           |
| <u>\$ 6,547,563</u>                | <u>\$ 11,803,864</u>                | <u>\$ 18,351,427</u> |

See notes to the financial statements

**Township of Alpine**  
**BALANCE SHEET - governmental funds**  
June 30, 2007

|                                      | <u>Major funds</u>  |                          | <u>Nonmajor fund</u> | <u>Totals</u>       |
|--------------------------------------|---------------------|--------------------------|----------------------|---------------------|
|                                      | <u>General</u>      | <u>Water Improvement</u> | <u>Debt Service</u>  |                     |
| <b>ASSETS</b>                        |                     |                          |                      |                     |
| Cash                                 | \$ 1,896,267        | \$ 632,775               | \$ 51,798            | \$ 2,580,840        |
| Receivables                          | <u>759,943</u>      | <u>8,249</u>             | <u>106,793</u>       | <u>874,985</u>      |
| Total assets                         | <u>\$ 2,656,210</u> | <u>\$ 641,024</u>        | <u>\$ 158,591</u>    | <u>\$ 3,455,825</u> |
| <b>LIABILITIES AND FUND BALANCES</b> |                     |                          |                      |                     |
| Liabilities:                         |                     |                          |                      |                     |
| Payables                             | \$ 230,658          | \$ 54,240                | \$ -                 | \$ 284,898          |
| Deferred revenue                     | <u>565,534</u>      | <u>2,859</u>             | <u>106,793</u>       | <u>675,186</u>      |
| Total liabilities                    | <u>796,192</u>      | <u>57,099</u>            | <u>106,793</u>       | <u>960,084</u>      |
| Fund balances:                       |                     |                          |                      |                     |
| Reserved for debt service            | 249,804             | -                        | 51,798               | 301,602             |
| Unreserved:                          |                     |                          |                      |                     |
| Designated                           | 454,074             | -                        | -                    | 454,074             |
| Undesignated                         | <u>1,156,140</u>    | <u>583,925</u>           | <u>-</u>             | <u>1,740,065</u>    |
| Total fund balances                  | <u>1,860,018</u>    | <u>583,925</u>           | <u>51,798</u>        | <u>2,495,741</u>    |
| Total liabilities and fund balances  | <u>\$ 2,656,210</u> | <u>\$ 641,024</u>        | <u>\$ 158,591</u>    | <u>\$ 3,455,825</u> |

Total fund balances - all governmental funds \$ 2,495,741

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds. 4,618,228

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 675,186

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (36,592)

Bonds and contracts payable are not due and payable in the current period and are not reported in the funds. (1,205,000)

Net assets of *governmental activities* \$ 6,547,563

**Township of Alpine**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**governmental funds**  
Year ended June 30, 2007

|   | <u>Major funds</u>  |                          | <u>Nonmajor fund</u> | <u>Totals</u>       |
|---|---------------------|--------------------------|----------------------|---------------------|
|   | <u>General</u>      | <u>Water Improvement</u> | <u>Debt Service</u>  |                     |
| <b>REVENUES</b>   |                     |                          |                      |                     |
| Property taxes  | \$ 897,638          | \$ -                     | \$ -                 | \$ 897,638          |
| Licenses and permits  | 283,681             | -                        | -                    | 283,681             |
| State grants  | 951,342             | -                        | -                    | 951,342             |
| Charges for services  | 108,262             | 76,157                   | -                    | 184,419             |
| Interest and rentals  | 92,667              | 37,436                   | 7,937                | 138,040             |
| Other   | 513,302             | 81,124                   | 21,630               | 616,056             |
| Total revenues  | <u>2,846,892</u>    | <u>194,717</u>           | <u>29,567</u>        | <u>3,071,176</u>    |
| <b>EXPENDITURES</b>   |                     |                          |                      |                     |
| Legislative   | 18,915              | -                        | -                    | 18,915              |
| General government  | 660,253             | 22,415                   | -                    | 682,668             |
| Public safety   | 748,375             | 96,985                   | -                    | 845,360             |
| Public works  | 1,123,901           | -                        | -                    | 1,123,901           |
| Community and economic development  | 102,612             | -                        | -                    | 102,612             |
| Culture and recreation  | 40,449              | -                        | -                    | 40,449              |
| Capital outlay  | 58,145              | 2,480                    | -                    | 60,625              |
| Debt service:   |                     |                          |                      |                     |
| Principal   | 144,199             | -                        | 50,000               | 194,199             |
| Interest and issuance costs   | 37,185              | -                        | 13,790               | 50,975              |
| Total expenditures  | <u>2,934,034</u>    | <u>121,880</u>           | <u>63,790</u>        | <u>3,119,704</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>   | (87,142)            | 72,837                   | (34,223)             | (48,528)            |
| <b>OTHER FINANCING SOURCE</b>   |                     |                          |                      |                     |
| Special assessment bonds issued   | 690,000             | -                        | -                    | 690,000             |
| <b>NET CHANGE IN FUND BALANCES</b>  | 602,858             | 72,837                   | (34,223)             | 641,472             |
| <b>FUND BALANCES - BEGINNING</b>  | <u>1,257,160</u>    | <u>511,088</u>           | <u>86,021</u>        | <u>1,854,269</u>    |
| <b>FUND BALANCES - ENDING</b>   | <u>\$ 1,860,018</u> | <u>\$ 583,925</u>        | <u>\$ 51,798</u>     | <u>\$ 2,495,741</u> |
| Net change in fund balances - total governmental funds  |                     |                          |                      | \$ 641,472          |
| Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:  |                     |                          |                      |                     |
| Capital assets:   |                     |                          |                      |                     |
| Add acquisitions  |                     |                          |                      | 920,965             |
| Deduct provision for depreciation   |                     |                          |                      | (216,849)           |
| Bonds and contracts payable:  |                     |                          |                      |                     |
| Add repayment of principal  |                     |                          |                      | 110,000             |
| Deduct issuance of long-term debt   |                     |                          |                      | (690,000)           |
| Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.                |                     |                          |                      | 482,733             |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. |                     |                          |                      | 82,403              |
| Change in net assets of governmental activities   |                     |                          |                      | <u>\$ 1,330,724</u> |

See notes to the financial statements

**Township of Alpine**  
**STATEMENT OF NET ASSETS - proprietary fund**  
*June 30, 2007*

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**ASSETS**

Current assets:

|             |                |
|-------------|----------------|
| Cash        | \$ 3,311,628   |
| Receivables | <u>135,339</u> |

|                      |                  |
|----------------------|------------------|
| Total current assets | <u>3,446,967</u> |
|----------------------|------------------|

Noncurrent assets:

|                                     |                   |
|-------------------------------------|-------------------|
| Receivables                         | 435,016           |
| Capital assets, net of depreciation | <u>21,831,192</u> |

|                         |                   |
|-------------------------|-------------------|
| Total noncurrent assets | <u>22,266,208</u> |
|-------------------------|-------------------|

|              |                   |
|--------------|-------------------|
| Total assets | <u>25,713,175</u> |
|--------------|-------------------|

**LIABILITIES**

Current liabilities:

|                             |                |
|-----------------------------|----------------|
| Payables                    | 259,639        |
| Bonds and contracts payable | <u>103,226</u> |

|                           |         |
|---------------------------|---------|
| Total current liabilities | 362,865 |
|---------------------------|---------|

Noncurrent liabilities:

|                             |                   |
|-----------------------------|-------------------|
| Bonds and contracts payable | <u>13,546,446</u> |
|-----------------------------|-------------------|

|                   |                   |
|-------------------|-------------------|
| Total liabilities | <u>13,909,311</u> |
|-------------------|-------------------|

**NET ASSETS**

|   |                  |
|---|------------------|
| Invested in capital assets, net of related debt | 8,181,520        |
| Restricted for debt service                     | 398,467          |
| Unrestricted                                    | <u>3,223,877</u> |

|                  |                      |
|------------------|----------------------|
| Total net assets | <u>\$ 11,803,864</u> |
|------------------|----------------------|

See notes to the financial statements

**Township of Alpine**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -  
proprietary fund**

Year ended June 30, 2007

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**OPERATING REVENUES**

Charges for services \$ 1,354,229

**OPERATING EXPENSES**

Administration 64,215

Treatment and transmission 806,724

Repairs and maintenance 132,521

Depreciation 274,236

Total operating expenses 1,277,696

**OPERATING INCOME** 76,533

**NONOPERATING REVENUES (EXPENSES)**

Connection fees 56,128

Interest revenue:

    Special assessments 61,212

    Other 169,589

Interest expense and fees (490,840)

Less: capitalized interest 264,260

Net nonoperating revenues 60,349

**CHANGE IN NET ASSETS** 136,882

**NET ASSETS - BEGINNING** 11,666,982

**NET ASSETS - ENDING** \$ 11,803,864

See notes to the financial statements

**Township of Alpine**  
**STATEMENT OF CASH FLOWS - proprietary fund**  
Year ended June 30, 2007

**CASH FLOWS FROM OPERATING ACTIVITIES**

|                                   |                  |
|-----------------------------------|------------------|
| Receipts from customers and users | \$ 1,340,192     |
| Payments to suppliers             | <u>(981,799)</u> |

|   |                |
|---|----------------|
| Net cash provided by operating activities | <u>358,393</u> |
|---|----------------|

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

|  |                  |
|--|------------------|
| Collection of special assessment principal | 55,469           |
| Collection of special assessment interest  | 33,112           |
| Connection fees                            | 56,128           |
| Principal payments on capital debt         | (146,031)        |
| Interest payments on capital debt          | <u>(420,340)</u> |

|   |                  |
|---|------------------|
| Net cash used in capital and related financing activities | <u>(421,662)</u> |
|---|------------------|

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                   |                |
|-------------------|----------------|
| Interest received | <u>183,449</u> |
|-------------------|----------------|

|                             |         |
|-----------------------------|---------|
| <b>NET INCREASE IN CASH</b> | 120,180 |
|-----------------------------|---------|

|                         |                  |
|-------------------------|------------------|
| <b>CASH - BEGINNING</b> | <u>3,191,448</u> |
|-------------------------|------------------|

|                      |                     |
|----------------------|---------------------|
| <b>CASH - ENDING</b> | <u>\$ 3,311,628</u> |
|----------------------|---------------------|

**Reconciliation of operating income to net cash provided by operating activities:**

|   |               |
|---|---------------|
| Operating income  | \$ 76,533     |
| Adjustments to reconcile operating income to net cash provided by operating activities: |               |
| Depreciation  | 274,236       |
| Changes in assets and liabilities:  |               |
| Increase in receivables   | (14,037)      |
| Increase in payables  | <u>21,661</u> |

|   |                   |
|---|-------------------|
| Net cash provided by operating activities | <u>\$ 358,393</u> |
|---|-------------------|

**Noncash capital and related financing activities:**

|   |                    |
|---|--------------------|
| Acquisition of capital assets   | \$ 9,208,575       |
| Less: intangible capital assets received through increase in contract payable | <u>(9,208,575)</u> |

|               |             |
|---------------|-------------|
| Net cash used | <u>\$ -</u> |
|---------------|-------------|

**Township of Alpine**  
**STATEMENT OF FIDUCIARY NET ASSETS - Agency Fund**  
*June 30, 2007*

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**ASSETS**

Cash \$ 12,973

**LIABILITIES**

Payables \$ 12,973

*See notes to the financial statements*

**Township of Alpine**  
**NOTES TO FINANCIAL STATEMENTS**

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

The accounting policies of the Township of Alpine, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies.

*a) Reporting entity:*

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Township has determined that no outside agency meets the above criteria and, therefore, no outside agency has been included as a blended or discretely-presented component unit in the Township's financial statements.

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

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

*c) 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**Township of Alpine**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers property tax revenues to be available if they are expected to be 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.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current year is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Water Improvement Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the proprietary fund. The Township's Water Improvement Fund is used to account for transactions involving water system improvements within the Township.

The Township reports the following major enterprise fund:

The Sewer Fund accounts for the activities of the Township's wastewater collection systems.

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

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

**Township of Alpine**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

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

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

*d) Assets, liabilities, and net assets or equity:*

*i) Bank deposits* - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*ii) Receivables* - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

*iii) Capital assets* - Capital assets, which include property, equipment, and infrastructure assets (e.g., roads and drains), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial cost of more than \$2,500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Township has elected to use the prospective method of accounting for infrastructure assets whereby it will capitalize its infrastructure assets beginning July 1, 2003, as permitted by GASB Statement No. 34.

The Township includes shared road and water system improvement costs in the infrastructure assets of its governmental activities. These costs represent the Township's portion of public road improvements for roads that are owned by the Kent County Road Commission and water system improvements that are owned by the Charter Township of Plainfield.

The Township includes shared sewer system improvement costs in the infrastructure assets of its business-type activities. These costs represent the Township's portion of sewer system improvements that are owned by the North Kent Sewer Authority. The valuation of these assets is based on the Township's proportionate share of sewage flows as measured at the Four Mile Lift Station. The flows are measured annually and any changes will affect the valuation of these intangible assets and their related debt.

**Township of Alpine**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity* (continued):

iii) *Capital assets* (continued):

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

|                            |               |
|----------------------------|---------------|
| Land improvements          | 10 - 20 years |
| Buildings and improvements | 20 - 50 years |
| Equipment                  | 5 - 20 years  |
| Vehicles                   | 20 years      |
| Sewer and water systems    | 60 years      |
| Shared cost of roads       | 20 years      |

iv) *Compensated absences* - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability for unpaid accumulated vacation and sick leave has been recorded for the portion due to employees upon separation from service with the Township. Vested compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

v) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

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

vii) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Township's General Fund. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

*Excess of expenditures over appropriations* - The following schedule sets forth the significant budget variance:

| <u>Fund</u> | <u>Function</u> | <u>Activity</u>       | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-------------|-----------------|-----------------------|---------------|---------------|-----------------|
| General     | Public works    | Watersheds and drains | \$ 912,736    | \$ 980,542    | \$ 67,806       |

**Township of Alpine**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 - CASH:**

At June 30, 2007, cash consists entirely of deposits with financial institutions and is classified in the accompanying financial statements as follows:

| <i>Governmental activities</i> | <i>Business-type activities</i> | <i>Fiduciary activities</i> | <i>Total</i>        |
|--------------------------------|---------------------------------|-----------------------------|---------------------|
| <u>\$ 2,580,840</u>            | <u>\$ 3,311,628</u>             | <u>\$ 12,973</u>            | <u>\$ 5,905,441</u> |

*Deposits with financial institutions:*

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. At June 30, 2007, \$5,334,082 of the Township's bank balances of \$5,934,082 was exposed to custodial credit risk because it was uninsured. The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

**NOTE 4 - RECEIVABLES:**

At June 30, 2007, receivables of the Township's funds are as follows:

| <i>Fund</i>                | <i>Accounts</i>   | <i>Special assessments</i> | <i>Inter-governmental</i> | <i>Interest</i> | <i>Totals</i>     |
|----------------------------|-------------------|----------------------------|---------------------------|-----------------|-------------------|
| <i>Governmental funds:</i> |                   |                            |                           |                 |                   |
| General                    | \$ 112,778        | \$ 488,230                 | 156,275                   | \$ 2,660        | \$ 759,943        |
| Water Improvement          | -                 | 2,859                      | -                         | 5,390           | 8,249             |
| Nonmajor governmental      | -                 | 106,793                    | -                         | -               | 106,793           |
| <b>Totals</b>              | <u>\$ 112,778</u> | <u>\$ 597,882</u>          | <u>\$ 156,275</u>         | <u>\$ 8,050</u> | <u>\$ 874,985</u> |
| Noncurrent portion         | \$ -              | \$ 492,019                 | \$ -                      | \$ -            | \$ 492,019        |
| <i>Proprietary fund:</i>   |                   |                            |                           |                 |                   |
| Sewer                      | \$ 51,659         | \$ 485,016                 | \$ -                      | \$ 33,680       | \$ 570,355        |
| Noncurrent portion         | \$ -              | \$ 435,016                 | \$ -                      | \$ -            | \$ 435,016        |

**Township of Alpine**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2007, was as follows:

|   | <u>Beginning<br/>balance</u> | <u>Increases</u>    | <u>Decreases</u> | <u>Ending<br/>balance</u> |
|---|------------------------------|---------------------|------------------|---------------------------|
| Governmental activities:                            |                              |                     |                  |                           |
| Capital assets not being depreciated - land         | \$ 1,033,852                 | \$ -                | \$ -             | \$ 1,033,852              |
| Capital assets being depreciated:                   |                              |                     |                  |                           |
| Land improvements                                   | 799,605                      | 861,272             | -                | 1,660,877                 |
| Water system  | 810,000                      | -                   | -                | 810,000                   |
| Buildings and improvements                          | 1,516,193                    | 12,239              | -                | 1,528,432                 |
| Equipment and furniture                             | 695,204                      | 47,454              | -                | 742,658                   |
| Vehicles  | 1,027,064                    | -                   | -                | 1,027,064                 |
| Subtotal  | <u>4,848,066</u>             | <u>920,965</u>      | <u>-</u>         | <u>5,769,031</u>          |
| Less accumulated depreciation for:                  |                              |                     |                  |                           |
| Land improvements                                   | (400,173)                    | (38,188)            | -                | (438,361)                 |
| Water system  | (153,900)                    | (16,200)            | -                | (170,100)                 |
| Buildings and improvements                          | (563,325)                    | (49,648)            | -                | (612,973)                 |
| Equipment and furniture                             | (400,533)                    | (61,460)            | -                | (461,993)                 |
| Vehicles  | (449,875)                    | (51,353)            | -                | (501,228)                 |
| Subtotal  | <u>(1,967,806)</u>           | <u>(216,849)</u>    | <u>-</u>         | <u>(2,184,655)</u>        |
| Total capital assets being depreciated, net         | <u>2,880,260</u>             | <u>704,116</u>      | <u>-</u>         | <u>3,584,376</u>          |
| Governmental activities capital assets, net         | <u>\$ 3,914,112</u>          | <u>\$ 704,116</u>   | <u>\$ -</u>      | <u>\$ 4,618,228</u>       |
| Business-type activities:                           |                              |                     |                  |                           |
| Capital assets being depreciated - sewer facilities | \$ 16,428,630                | \$ 9,472,835        | \$ -             | \$ 25,901,465             |
| Less accumulated depreciation - sewer facilities    | <u>(3,796,037)</u>           | <u>(274,236)</u>    | <u>-</u>         | <u>(4,070,273)</u>        |
| Business-type activities capital assets, net        | <u>\$ 12,632,593</u>         | <u>\$ 9,198,599</u> | <u>\$ -</u>      | <u>\$ 21,831,192</u>      |

**Township of Alpine**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 5 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to the Township's functions as follows:

|                                  |                   |
|----------------------------------|-------------------|
| Governmental activities:         |                   |
| General government               | \$ 65,505         |
| Public safety                    | 100,180           |
| Public works                     | 34,651            |
| Recreation and culture           | <u>16,513</u>     |
| Total governmental activities    | \$ <u>216,849</u> |
| Business-type activities - sewer | \$ <u>274,236</u> |

NOTE 6 - PAYABLES:

Payables as of June 30, 2007, for the Township's funds are as follows:

| <u>Fund</u>                | <u>Accounts</u>   | <u>Payroll</u>   | <u>Inter-govern-<br/>mental</u> | <u>Escrow</u>    | <u>Interest</u>   | <u>Totals</u>     |
|----------------------------|-------------------|------------------|---------------------------------|------------------|-------------------|-------------------|
| <i>Governmental funds:</i> |                   |                  |                                 |                  |                   |                   |
| General                    | \$ 131,359        | \$ 35,000        | \$ 44,014                       | \$ 20,285        |                   | \$ 230,658        |
| Water Improvement          | -                 | -                | 48,000                          | 6,240            |                   | <u>54,240</u>     |
| Totals                     | <u>\$ 131,359</u> | <u>\$ 35,000</u> | <u>\$ 92,014</u>                | <u>\$ 26,525</u> |                   | <u>\$ 284,898</u> |
| <i>Proprietary fund:</i>   |                   |                  |                                 |                  |                   |                   |
| Sewer                      | <u>\$ 13,351</u>  | <u>\$ -</u>      | <u>\$ 145,388</u>               | <u>\$ -</u>      | <u>\$ 100,900</u> | <u>\$ 259,639</u> |

NOTE 7 - DEFERRED REVENUE:

As of June 30, 2007, the various components of deferred revenue of the governmental funds are as follows:

|                               | <u>Unavailable</u> | <u>Totals</u>     |
|-------------------------------|--------------------|-------------------|
| <i>Special assessments:</i>   |                    |                   |
| General Fund                  | \$ 488,230         | \$ 488,230        |
| Water Improvement Fund        | 2,859              | 2,859             |
| Debt Service Fund             | <u>106,793</u>     | <u>106,793</u>    |
|                               | 597,882            | 597,882           |
| <i>Capital contributions:</i> |                    |                   |
| General Fund                  | <u>77,304</u>      | <u>77,304</u>     |
| Totals                        | <u>\$ 675,186</u>  | <u>\$ 675,186</u> |

**Township of Alpine**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 8 - LONG-TERM OBLIGATIONS:**

At June 30, 2007, long-term obligations are comprised of the following individual issues:

Governmental activities:

Bonds and loans payable:

|   |                |
|---|----------------|
| \$550,000 1997 Special assessment bonds - payable in annual installments ranging from \$20,000 to \$30,000, plus interest at 4.00% to 5.30%; final payment due December 2011                    | \$ 120,000     |
| \$690,000 2006 Special assessment bonds - payable in annual installments ranging from \$40,000 to \$75,000, plus interest at 3.55% to 3.95%; final payment due October 2016                     | 690,000        |
| \$260,000 1997 General obligation bonds - payable in annual installments ranging from \$15,000 to \$25,000, plus interest at 4.00% to 5.30%; final payment due December 2011                    | 115,000        |
| \$800,000 1996 Installment note payable for the purchase of land and hall - payable in annual installments ranging from \$0 to \$75,000, plus interest at 5.50%; final payment due October 2010 | <u>280,000</u> |

Total governmental activities long-term obligations \$ 1,205,000

Business-type activities:

Bonds and loans payable:

|  |                  |
|--|------------------|
| \$995,000 1998 Special assessment bonds - payable in annual installments ranging from \$50,000 to \$55,000, plus interest at 4.90% to 5.0887%; final payment due January 2018                | \$ 555,000       |
| 1998 North Kent Sewer Authority sewer contract payable - payable in annual installments ranging from \$9,906 to \$18,078, plus interest at 3.50% to 4.50%; final payment due May 2018        | 148,832          |
| 2001 North Kent Sewer Authority sewer contract payable - payable in annual installments ranging from \$37,620 to \$91,200, plus interest at 2.80% to 4.875%; final payment due November 2026 | 1,195,860        |
| 2005 North Kent Sewer Authority sewer contract payable - payable in annual installments ranging from \$0 to \$92,340, plus interest at 3.50% to 4.50%; final payment due November 2030       | 1,368,000        |
| 2006 North Kent Sewer Authority sewer contract payable - payable in annual installments ranging from \$0 to \$912,000, plus interest at 4.00% to 5.00%; final payment due November 2031      | 9,028,800        |
| 2007 North Kent Sewer Authority sewer contract payable - payable in annual installments ranging from \$25,000 to \$505,000, plus interest at 4.00% to 4.25%; final payment due May 2027      | <u>1,353,180</u> |

Total business-type activities long-term obligations \$ 13,649,672

All debt is secured by the full faith and credit of the Township.

**Township of Alpine**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 8 - LONG-TERM OBLIGATIONS (Continued):

Long-term obligation activity for the year ended June 30, 2007, was as follows:

|                                  | <u>Beginning<br/>balance</u> | <u>Additions</u>    | <u>Reductions</u>   | <u>Ending<br/>balance</u> | <u>Amounts<br/>due within<br/>one year</u> |
|----------------------------------|------------------------------|---------------------|---------------------|---------------------------|--|
| <b>Governmental activities:</b>  |                              |                     |                     |                           |  |
| Special assessment bonds         | \$ 150,000                   | \$ 690,000          | \$ (30,000)         | \$ 810,000                | \$ 65,000                                  |
| General obligation bonds         | 135,000                      | -                   | (20,000)            | 115,000                   | 20,000                                     |
| Installment purchase note        | <u>340,000</u>               | <u>-</u>            | <u>(60,000)</u>     | <u>280,000</u>            | <u>65,000</u>                              |
| Total bonds and notes            | 625,000                      | 690,000             | (110,000)           | 1,205,000                 | 150,000                                    |
| Claim payable                    | 84,199                       | -                   | (84,199)            | -                         | -  |
| Compensated absences             | <u>34,796</u>                | <u>21,872</u>       | <u>(31,476)</u>     | <u>25,192</u>             | <u>-</u>                                   |
| Total governmental activities    | <u>\$ 743,995</u>            | <u>\$ 711,872</u>   | <u>\$ (225,675)</u> | <u>\$ 1,230,192</u>       | <u>\$ 150,000</u>                          |
| <b>Business-type activities:</b> |                              |                     |                     |                           |  |
| Special assessment bonds         | \$ 605,000                   |                     | \$ (50,000)         | \$ 555,000                | \$ 50,000                                  |
| 1998 Sewer contract              | -                            | 158,106             | (9,274)             | 148,832                   | 9,906                                      |
| 2000 Sewer contract              | 898,656                      | (880,923)           | (17,733)            | -                         | -  |
| 2001 Sewer contract              | 1,193,424                    | 37,764              | (35,328)            | 1,195,860                 | 37,620                                     |
| 2002 Sewer contract              | 565,248                      | (549,792)           | (15,456)            | -                         | -  |
| 2005 Sewer contract              | 1,324,800                    | 43,200              | -                   | 1,368,000                 | -  |
| 2006 Sewer contract              | -                            | 9,028,800           | -                   | 9,028,800                 | -  |
| 2007 Sewer contract              | <u>-</u>                     | <u>1,371,420</u>    | <u>(18,240)</u>     | <u>1,353,180</u>          | <u>5,700</u>                               |
| Total business-type activities   | <u>\$ 4,587,128</u>          | <u>\$ 9,208,575</u> | <u>\$ (146,031)</u> | <u>\$ 13,649,672</u>      | <u>\$ 103,226</u>                          |

Sewer contract additions reflect liability reallocations based on flow analysis and refinancing by NKSA.

At June 30, 2007, debt service requirements, with the exception of compensated absences, were as follows:

| <u>Year ended 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                       | \$ 150,000                     | \$ 49,633         | \$ 103,226                      | \$ 631,783          |
| 2009                       | 195,000                        | 41,543            | 106,001                         | 627,028             |
| 2010                       | 190,000                        | 32,593            | 319,924                         | 617,904             |
| 2011                       | 190,000                        | 24,585            | 369,439                         | 604,213             |
| 2012                       | 115,000                        | 16,548            | 396,402                         | 588,758             |
| 2013 - 2017                | 365,000                        | 36,092            | 2,210,842                       | 2,682,275           |
| 2018 - 2022                | -                              | -                 | 2,619,838                       | 2,153,666           |
| 2023 - 2027                | -                              | -                 | 3,320,820                       | 1,450,205           |
| 2028 - 2032                | <u>-</u>                       | <u>-</u>          | <u>4,203,180</u>                | <u>544,642</u>      |
|                            | <u>\$1,205,000</u>             | <u>\$ 200,994</u> | <u>\$ 13,649,672</u>            | <u>\$ 9,900,474</u> |

**Township of Alpine**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township's defined contribution pension plan for its employees is funded by a group annuity contract through an insurance company. The plan provides that current costs are paid entirely by the Township. The Township's policy is to fund pension cost accrued. Michigan state statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

The Township made the required contributions of \$48,300 for the year ended June 30, 2007.

**NOTE 10 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, and employee medical claims. The risks of loss arising from general liability, property losses, workers' compensation, and employee medical costs are managed through purchased commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

**NOTE 11 - JOINT VENTURE:**

*North Kent Sewer Authority:*

The Township is a participant in the North Kent Sewer Authority (the Authority). The administrative board of the Authority consists of members appointed by each participating unit. The Authority was formed for the purpose of acquiring and operating a sanitary sewer system. The Township utilizes the Authority to transport its sewage to the City of Grand Rapids Sanitary Sewer System for treatment and disposal. The Township has no equity interest in the Authority; therefore, financial information of the Authority has not been included in the Township's financial statements.

Costs of operations and capital asset acquisitions of the Authority are supported by contributions from the participating municipalities based on their share of sewage flow through the system. The Township has pledged its limited tax full faith and credit for its share of bonds issued by the Authority. During the year ended June 30, 2007, the Township paid the Authority \$471,410.

Complete financial statements for the Authority can be obtained from the Authority's Administrative Office at P.O. Box 561, Rockford, Michigan 49341-0561.

**Township of Alpine**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 12 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended June 30, 2007, is as follows:

|  |                    |
|--|--------------------|
| Revenues   | \$ 158,137         |
| Expenses   | (139,593)          |
| Prior years' deficiencies                        | <u>(43,403)</u>    |
| Accumulated deficiency of revenues over expenses | \$ <u>(24,859)</u> |

**REQUIRED SUPPLEMENTARY INFORMATION**

**Township of Alpine**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended June 30, 2007

|                            | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u>  | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|----------------------------|----------------------------|---------------------------|----------------|---|
| <b>REVENUES</b>            |                            |                           |                |   |
| Taxes:                     |                            |                           |                |   |
| Property taxes             | \$ 720,726                 | \$ 721,601                | \$ 699,101     | \$ (22,500)                                     |
| Trailer fees               | 3,300                      | 3,300                     | 3,169          | (131)   |
| Penalties and interest     | 17,975                     | 42,975                    | 42,462         | (513)   |
| Tax collection fees        | <u>126,000</u>             | <u>136,000</u>            | <u>152,906</u> | <u>16,906</u>                                   |
| Total taxes                | <u>868,001</u>             | <u>903,876</u>            | <u>897,638</u> | <u>(6,238)</u>                                  |
| Licenses and permits:      |                            |                           |                |   |
| Construction code permits  | 111,750                    | 151,425                   | 163,162        | 11,737  |
| Cable television fees      | <u>50,000</u>              | <u>67,264</u>             | <u>120,519</u> | <u>53,255</u>                                   |
| Total licenses and permits | <u>161,750</u>             | <u>218,689</u>            | <u>283,681</u> | <u>64,992</u>                                   |
| State grants:              |                            |                           |                |   |
| State shared revenue       | 983,000                    | 983,000                   | 944,060        | (38,940)  |
| METRO Act                  | <u>8,268</u>               | <u>8,268</u>              | <u>7,282</u>   | <u>(986)</u>                                    |
| Total state grants         | <u>991,268</u>             | <u>991,268</u>            | <u>951,342</u> | <u>(39,926)</u>                                 |
| Charges for services:      |                            |                           |                |   |
| Administrative fees        | 78,000                     | 78,000                    | 80,351         | 2,351   |
| Recreation program fees    | 600                        | 4,080                     | 4,080          | -   |
| Petitioned meetings        | 12,000                     | 17,000                    | 16,650         | (350)   |
| Tax abatement fees         | 2,500                      | 2,800                     | 2,791          | (9)   |
| Fire call charges          | 2,500                      | 2,500                     | 2,140          | (360)   |
| Soccer league fees         | 1,500                      | 1,500                     | -              | (1,500)   |
| Grave openings             | <u>4,000</u>               | <u>4,000</u>              | <u>2,250</u>   | <u>(1,750)</u>                                  |
| Total charges for services | <u>101,100</u>             | <u>109,880</u>            | <u>108,262</u> | <u>(1,618)</u>                                  |
| Interest and rentals:      |                            |                           |                |   |
| Interest income            | 32,953                     | 75,460                    | 84,058         | 8,598   |
| Rentals                    | <u>9,500</u>               | <u>10,060</u>             | <u>8,609</u>   | <u>(1,451)</u>                                  |
| Total interest and rentals | <u>42,453</u>              | <u>85,520</u>             | <u>92,667</u>  | <u>7,147</u>                                    |

**Township of Alpine**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended June 30, 2007

|                              | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u>    | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|------------------------------|----------------------------|---------------------------|------------------|---|
| <b>REVENUES (Continued)</b>  |                            |                           |                  |   |
| Other:                       |                            |                           |                  |   |
| Special assessments:         |                            |                           |                  |   |
| Drains                       | \$ 8,845                   | \$ 85,585                 | \$ 85,544        | \$ (41)   |
| Street lighting              | 28,800                     | 28,800                    | 28,073           | (727)   |
| Road                         | 30,352                     | 283,358                   | 281,123          | (2,235)   |
| Capital contributions        | 69,375                     | 61,613                    | 89,865           | 28,252  |
| Miscellaneous                | 10,450                     | 20,155                    | 28,697           | 8,542   |
| Total other                  | <u>147,822</u>             | <u>479,511</u>            | <u>513,302</u>   | <u>33,791</u>                                   |
| Total revenues               | <u>2,312,394</u>           | <u>2,788,744</u>          | <u>2,846,892</u> | <u>58,148</u>                                   |
| <b>EXPENDITURES</b>          |                            |                           |                  |   |
| Legislative                  | <u>16,992</u>              | <u>19,992</u>             | <u>18,915</u>    | <u>1,077</u>                                    |
| General government:          |                            |                           |                  |   |
| General administration:      |                            |                           |                  |   |
| Wages                        | 32,140                     | 33,840                    | 33,816           | 24  |
| Payroll taxes                | 2,465                      | 2,635                     | 2,628            | 7   |
| Pensions                     | 3,614                      | 3,683                     | 3,683            | -   |
| Health benefits              | 5,000                      | 5,065                     | 5,063            | 2   |
| Sick day compensation        | 700                        | 631                       | 617              | 14  |
| Office supplies              | 7,500                      | 7,500                     | 7,040            | 460   |
| Tax refunds                  | 500                        | 360                       | 43               | 317   |
| Contracted services          | 18,500                     | 18,470                    | 18,229           | 241   |
| Engineering services         | 7,000                      | 5,300                     | 2,836            | 2,464   |
| Dues and memberships         | 12,000                     | 12,000                    | 11,905           | 95  |
| Tax statement preparation    | 7,000                      | 7,500                     | 7,482            | 18  |
| Printing and publishing      | 5,000                      | 5,000                     | 4,694            | 306   |
| Township newsletter          | 15,000                     | 7,000                     | 6,498            | 502   |
| GIS implementation project   | 20,000                     | 23,789                    | 23,789           | -   |
| Miscellaneous                | 7,500                      | 6,935                     | 5,400            | 1,535   |
| Total general administration | <u>143,919</u>             | <u>139,708</u>            | <u>133,723</u>   | <u>5,985</u>                                    |
| Supervisor:                  |                            |                           |                  |   |
| Salary                       | 51,500                     | 51,500                    | 51,500           | -   |
| Payroll taxes                | 3,940                      | 3,940                     | 3,876            | 64  |
| Pensions                     | 5,250                      | 5,250                     | 5,250            | -   |

**Township of Alpine**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended June 30, 2007

|                                  | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u>  | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|----------------------------------|----------------------------|---------------------------|----------------|---|
| <b>EXPENDITURES (Continued):</b> |                            |                           |                |   |
| General government (continued):  |                            |                           |                |   |
| Supervisor (continued):          |                            |                           |                |   |
| Health benefits                  | \$ 5,000                   | \$ 5,110                  | \$ 5,109       | \$ 1  |
| Dues and memberships             | 210                        | 60                        | 60             | -   |
| Education                        | 750                        | 1,310                     | 1,310          | -   |
| Miscellaneous                    | 1,500                      | 1,480                     | 1,173          | 307   |
| Total supervisor                 | <u>68,150</u>              | <u>68,650</u>             | <u>68,278</u>  | <u>372</u>                                      |
| Elections:                       |                            |                           |                |   |
| Wages                            | 6,000                      | 2,000                     | 1,223          | 777   |
| Payroll taxes                    | 459                        | 459                       | 91             | 368   |
| Office supplies                  | 2,400                      | 2,400                     | 715            | 1,685   |
| Postage                          | 4,000                      | 2,000                     | 1,636          | 364   |
| Contracted services              | 17,000                     | 13,000                    | 12,301         | 699   |
| Printing and publishing          | 1,200                      | 1,200                     | 347            | 853   |
| Miscellaneous                    | 250                        | 250                       | 74             | 176   |
| Total elections                  | <u>31,309</u>              | <u>21,309</u>             | <u>16,387</u>  | <u>4,922</u>                                    |
| Assessor:                        |                            |                           |                |   |
| Salary                           | 41,245                     | 38,107                    | 38,001         | 106   |
| Residential appraiser wages      | 35,298                     | 35,318                    | 35,317         | 1   |
| Payroll taxes                    | 5,860                      | 5,685                     | 5,643          | 42  |
| Pensions                         | 4,130                      | 7,005                     | 6,991          | 14  |
| Health benefits                  | 5,000                      | 10,450                    | 10,442         | 8   |
| Sick day compensation            | 800                        | 1,918                     | 1,918          | -   |
| Office supplies                  | 700                        | 1,700                     | 1,561          | 139   |
| Dues and memberships             | 500                        | 350                       | 340            | 10  |
| Education and training           | 1,500                      | 500                       | 405            | 95  |
| Assessing expenses               | 900                        | 900                       | 798            | 102   |
| Miscellaneous                    | 50                         | 50                        | -              | 50  |
| Total assessor                   | <u>95,983</u>              | <u>101,983</u>            | <u>101,416</u> | <u>567</u>                                      |
| Clerk:                           |                            |                           |                |   |
| Salary                           | 51,500                     | 51,500                    | 51,500         | -   |
| Deputy clerk wages               | 32,000                     | 30,726                    | 29,048         | 1,678   |
| Payroll taxes                    | 6,392                      | 6,392                     | 6,110          | 282   |
| Pensions                         | 9,400                      | 9,400                     | 9,355          | 45  |
| Health benefits                  | 10,000                     | 10,152                    | 10,152         | -   |
| Sick day compensation            | 750                        | 872                       | 870            | 2   |

**Township of Alpine**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended June 30, 2007

|                                 | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u>  | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|---------------------------------|----------------------------|---------------------------|----------------|---|
| <b>EXPENDITURES (Continued)</b> |                            |                           |                |   |
| General government (continued): |                            |                           |                |   |
| Clerk (continued):              |                            |                           |                |   |
| Dues and memberships            | \$ 300                     | \$ 300                    | \$ 250         | \$ 50   |
| Education and training          | 900                        | 900                       | 388            | 512   |
| Department expenses             | 1,000                      | 1,000                     | 667            | 333   |
| Miscellaneous                   | 100                        | 100                       | -              | 100   |
| Total clerk                     | <u>112,342</u>             | <u>111,342</u>            | <u>108,340</u> | <u>3,002</u>                                    |
| Legal counsel                   | <u>38,000</u>              | <u>22,000</u>             | <u>20,796</u>  | <u>1,204</u>                                    |
| Auditing services               | <u>14,100</u>              | <u>15,000</u>             | <u>15,000</u>  | <u>-</u>  |
| Board of review:                |                            |                           |                |   |
| Fees and per diem               | 500                        | 585                       | 585            | -   |
| Payroll taxes                   | 50                         | 50                        | 45             | 5   |
| Miscellaneous                   | 300                        | 215                       | 94             | 121   |
| Total board of review           | <u>850</u>                 | <u>850</u>                | <u>724</u>     | <u>126</u>                                      |
| Treasurer:                      |                            |                           |                |   |
| Salary                          | 51,500                     | 51,500                    | 51,500         | -   |
| Payroll taxes                   | 3,940                      | 3,940                     | 3,940          | -   |
| Pensions                        | 5,850                      | 5,850                     | 5,850          | -   |
| Health benefits                 | 5,065                      | 5,075                     | 5,072          | 3   |
| Dues and memberships            | 135                        | 135                       | 85             | 50  |
| Department expenses             | 675                        | 665                       | 471            | 194   |
| Education and training          | 600                        | 600                       | -              | 600   |
| Total treasurer                 | <u>67,765</u>              | <u>67,765</u>             | <u>66,918</u>  | <u>847</u>                                      |
| Buildings and grounds:          |                            |                           |                |   |
| Wages                           | 15,550                     | 13,000                    | 12,722         | 278   |
| Twp safety director             | 2,810                      | 2,860                     | 2,842          | -   |
| Payroll taxes                   | 1,413                      | 1,413                     | 1,283          | 130   |
| Maintenance supplies            | 6,500                      | 6,500                     | 5,906          | 594   |
| Leaf recycling                  | 5,000                      | 4,900                     | 3,139          | 1,761   |
| Contracted services             | 29,000                     | 29,000                    | 22,554         | 6,446   |
| Grounds maintenance             | 27,000                     | 18,500                    | 18,022         | 478   |
| Utilities                       | 19,500                     | 19,600                    | 18,396         | 1,204   |
| Telephone                       | 9,500                      | 12,500                    | 12,164         | 336   |

**Township of Alpine**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended June 30, 2007

|                                   | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u>  | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|-----------------------------------|----------------------------|---------------------------|----------------|---|
| <b>EXPENDITURES (Continued)</b>   |                            |                           |                |   |
| General government (continued):   |                            |                           |                |   |
| Building and grounds (continued): |                            |                           |                |   |
| Safety requirements               | \$ 750                     | \$ 750                    | \$ 670         | \$ 80   |
| Repairs and maintenance           | 2,500                      | 2,400                     | 1,658          | 742   |
| Miscellaneous                     | 700                        | 800                       | 799            | 1   |
| Total buildings and grounds       | <u>120,223</u>             | <u>112,223</u>            | <u>100,155</u> | <u>12,050</u>                                   |
| Cemeteries:                       |                            |                           |                |   |
| Contracted services               | 3,500                      | 1,000                     | 560            | 440   |
| Utilities                         | 250                        | 250                       | 98             | 152   |
| Repairs and maintenance           | 600                        | 600                       | 432            | 168   |
| Total cemeteries                  | <u>4,350</u>               | <u>1,850</u>              | <u>1,090</u>   | <u>760</u>                                      |
| Other:                            |                            |                           |                |   |
| Insurance and bonds               | 32,500                     | 25,625                    | 25,065         | 560   |
| Pension maintenance costs         | 4,000                      | 4,000                     | 1,895          | 2,105   |
| Other                             | 66,500                     | 1,500                     | 466            | 1,034   |
| Total other                       | <u>103,000</u>             | <u>31,125</u>             | <u>27,426</u>  | <u>3,699</u>                                    |
| Total general government          | <u>799,991</u>             | <u>693,805</u>            | <u>660,253</u> | <u>33,534</u>                                   |
| Public safety:                    |                            |                           |                |   |
| Police protection                 | <u>340,000</u>             | <u>330,000</u>            | <u>312,621</u> | <u>17,379</u>                                   |
| Fire department:                  |                            |                           |                |   |
| Salaries and wages:               |                            |                           |                |   |
| Fire chief                        | 48,925                     | 48,925                    | 48,925         | -   |
| Assistant fire chief              | 3,793                      | 3,793                     | 3,793          | -   |
| Secretary                         | 12,000                     | 12,000                    | 11,817         | 183   |
| Firemen                           | 96,800                     | 98,650                    | 96,538         | 2,112   |
| Fire practice                     | 50,000                     | 46,223                    | 33,345         | 12,878  |
| Head mechanics                    | 2,700                      | 2,700                     | 2,625          | 75  |
| Payroll taxes                     | 16,387                     | 15,287                    | 14,630         | 657   |
| Firefighter insurances            | 4,200                      | 4,200                     | 2,960          | 1,240   |
| Pensions                          | 5,493                      | 5,993                     | 5,936          | 57  |
| Health benefits                   | 5,000                      | 5,112                     | 5,112          | -   |
| Sick day compensation             | 1,100                      | 1,100                     | 685            | 415   |
| Gas and oil                       | 7,000                      | 7,000                     | 5,581          | 1,419   |
| Office supplies                   | 1,600                      | 1,700                     | 1,699          | 1   |

**Township of Alpine**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended June 30, 2007

|                                   | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u>  | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|-----------------------------------|----------------------------|---------------------------|----------------|---|
| <b>EXPENDITURES (Continued)</b>   |                            |                           |                |   |
| Public safety (continued):        |                            |                           |                |   |
| Fire department (continued):      |                            |                           |                |   |
| Maintenance supplies              | \$ 9,000                   | \$ 9,525                  | \$ 9,523       | \$ 2  |
| Medical and rescue supplies       | 2,000                      | 2,000                     | 1,963          | 37  |
| Contracted services               | 8,500                      | 4,834                     | 4,829          | 5   |
| Dues and memberships              | 800                        | 800                       | 500            | 300   |
| Utilities                         | 11,500                     | 12,250                    | 12,559         | (309)   |
| Repairs and maintenance           | 3,500                      | 4,000                     | 3,859          | 141   |
| County fire assessment            | 11,000                     | 14,278                    | 14,277         | 1   |
| Education and training            | 6,500                      | 9,500                     | 9,460          | 40  |
| Department expenses               | 800                        | 1,088                     | 1,084          | 4   |
| Medical services to firefighters  | 2,000                      | 2,000                     | 1,284          | 716   |
| Safety and MIOSHA                 | -                          | 890                       | 890            | -   |
| Miscellaneous                     | 3,300                      | 3,300                     | 2,287          | 1,013   |
| Total fire department             | <u>313,898</u>             | <u>317,148</u>            | <u>296,161</u> | <u>20,987</u>                                   |
| Building inspection:              |                            |                           |                |   |
| Salaries and wages                | 54,792                     | 48,180                    | 47,961         | 219   |
| Administrative building assistant | 32,136                     | 32,186                    | 32,184         | 2   |
| Payroll taxes                     | 7,381                      | 7,381                     | 6,100          | 1,281   |
| Pensions                          | 9,540                      | 8,940                     | 8,911          | 29  |
| Health benefits                   | 10,000                     | 11,112                    | 11,105         | 7   |
| Sick day compensation             | 700                        | 4,000                     | 3,982          | 18  |
| Office supplies                   | 1,800                      | 1,800                     | 1,656          | 144   |
| Plumbing inspections              | 10,000                     | 7,000                     | 5,122          | 1,878   |
| Electrical inspections            | 15,000                     | 12,500                    | 10,733         | 1,767   |
| Mechanical inspections            | 15,000                     | 12,000                    | 9,920          | 2,080   |
| Contracted services               | 500                        | 1,000                     | 669            | 331   |
| Dues and memberships              | 600                        | 600                       | 100            | 500   |
| Education and training            | 1,500                      | 500                       | -              | 500   |
| Department expenses               | 2,000                      | 2,000                     | 1,150          | 850   |
| Miscellaneous                     | 1,500                      | 1,500                     | -              | 1,500   |
| Total building inspection         | <u>162,449</u>             | <u>150,699</u>            | <u>139,593</u> | <u>11,106</u>                                   |
| Total public safety               | <u>816,347</u>             | <u>797,847</u>            | <u>748,375</u> | <u>49,472</u>                                   |

**Township of Alpine**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended June 30, 2007

|   | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u>    | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|---|----------------------------|---------------------------|------------------|---|
| <b>EXPENDITURES (Continued)</b>             |                            |                           |                  |   |
| Public works:                               |                            |                           |                  |   |
| Public transportation - ITP                 | \$ 62,793                  | \$ 74,793                 | \$ 72,198        | \$ 2,595  |
| Street lighting                             | 36,000                     | 36,000                    | 38,722           | (2,722)   |
| Road maintenance                            | 53,000                     | 53,000                    | 32,439           | 20,561  |
| Watersheds and drains                       | 92,000                     | 912,736                   | 980,542          | (67,806)  |
| Total public works                          | <u>243,793</u>             | <u>1,076,529</u>          | <u>1,123,901</u> | <u>(47,372)</u>                                 |
| Community and economic development:         |                            |                           |                  |   |
| Planning:                                   |                            |                           |                  |   |
| Salaries and wages                          | 42,990                     | 35,990                    | 35,698           | 292   |
| Fees and per diem                           | 14,400                     | 13,400                    | 12,480           | 920   |
| Payroll taxes                               | 4,321                      | 4,321                     | 3,208            | 1,113   |
| Pensions                                    | 4,199                      | 4,199                     | 3,701            | 498   |
| Health benefits                             | 5,000                      | 5,000                     | 4,350            | 650   |
| Sick day compensation                       | 941                        | 941                       | -                | 941   |
| Contracted services                         | 25,000                     | 25,000                    | 25,155           | (155)   |
| Education and training                      | 2,000                      | 1,400                     | 831              | 569   |
| Printing and publishing                     | 3,500                      | 1,000                     | 765              | 235   |
| Dues and memberships                        | 400                        | 1,000                     | 960              | 40  |
| Department expenses                         | 1,000                      | 1,000                     | 181              | 819   |
| Miscellaneous                               | 2,050                      | 550                       | -                | 550   |
| Total planning                              | <u>105,801</u>             | <u>93,801</u>             | <u>87,329</u>    | <u>6,472</u>                                    |
| Zoning:                                     |                            |                           |                  |   |
| Zoning administrator salary                 |                            |                           |                  | -   |
| Zoning enforcement                          | 13,000                     | 12,000                    | 11,333           | 667   |
| Fees and per diem                           | 3,500                      | 1,950                     | 1,560            | 390   |
| Payroll taxes                               | 1,305                      | 1,305                     | 984              | 321   |
| Education and training                      | 500                        | 435                       | 192              | 243   |
| Department expenses                         | 1,000                      | 1,215                     | 1,214            | 1   |
| Other                                       | 520                        | 520                       | -                | 520   |
| Total zoning                                | <u>19,825</u>              | <u>17,425</u>             | <u>15,283</u>    | <u>2,142</u>                                    |
| Total community and<br>economic development | <u>125,626</u>             | <u>111,226</u>            | <u>102,612</u>   | <u>8,614</u>                                    |

**Township of Alpine**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended June 30, 2007

|                                 | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u> | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|---------------------------------|----------------------------|---------------------------|---------------|---|
| <b>EXPENDITURES (Continued)</b> |                            |                           |               |   |
| Recreation and culture:         |                            |                           |               |   |
| Recreation and parks:           |                            |                           |               |   |
| Salary and wages                | \$ 14,000                  | \$ 9,500                  | \$ 9,059      | \$ 441  |
| Payroll taxes                   | 1,122                      | 1,122                     | 681           | 441   |
| Gas and oil                     | 750                        | 1,250                     | 1,227         | 23  |
| Maintenance supplies            | 5,000                      | 4,300                     | 2,752         | 1,548   |
| Contracted services             | 13,500                     | 11,575                    | 10,531        | 1,044   |
| Supplies and equipment          | 3,500                      | 1,300                     | 751           | 549   |
| Umpires                         | 2,500                      | 2,500                     | 1,835         | 665   |
| Utilities                       | 900                        | 800                       | 286           | 514   |
| Department office supplies      | 50                         | 50                        | -             | 50  |
| Miscellaneous                   | 100                        | 200                       | 140           | 60  |
| Total recreation and parks      | <u>41,422</u>              | <u>32,597</u>             | <u>27,262</u> | <u>5,335</u>                                    |
| Library:                        |                            |                           |               |   |
| Contracted services             | 3,000                      | 3,000                     | 2,304         | 696   |
| Utilities                       | 6,000                      | 6,000                     | 4,232         | 1,768   |
| Miscellaneous                   | 600                        | 600                       | 550           | 50  |
| Total library                   | <u>9,600</u>               | <u>9,600</u>              | <u>7,086</u>  | <u>2,514</u>                                    |
| Historical committee:           |                            |                           |               |   |
| Office supplies                 | 1,000                      | 1,175                     | 1,170         | 5   |
| Community promotion             | 1,000                      | 1,000                     | 827           | 173   |
| Resource materials and books    | 400                        | 400                       | 125           | 275   |
| Dues and memberships            | 200                        | 200                       | 80            | 120   |
| Miscellaneous                   | 300                        | 125                       | -             | 125   |
| Total historical committee      | <u>2,900</u>               | <u>2,900</u>              | <u>2,202</u>  | <u>698</u>                                      |
| Historical hall:                |                            |                           |               |   |
| Contracted services             | 900                        | 900                       | 240           | 660   |
| Utilities                       | 3,900                      | 3,900                     | 3,659         | 241   |
| Total historical hall           | <u>4,800</u>               | <u>4,800</u>              | <u>3,899</u>  | <u>901</u>                                      |
| Total recreation and culture    | <u>58,722</u>              | <u>49,897</u>             | <u>40,449</u> | <u>9,448</u>                                    |

**Township of Alpine**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended June 30, 2007

|  | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> | <u>Actual</u>       | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|--|----------------------------|---------------------------|---------------------|---|
| <b>EXPENDITURES (Continued)</b>                              |                            |                           |                     |   |
| Capital outlay:  |                            |                           |                     |   |
| Equipment  | \$ 1,500                   | \$ 500                    | \$ 142              | \$ 358  |
| Office equipment and furniture                               | 10,000                     | 4,500                     | 3,447               | 1,053   |
| Computers and software                                       | 13,000                     | 14,500                    | 13,462              | 1,038   |
| Recreation department  | 28,000                     | 2,000                     | -                   | 2,000   |
| Fire equipment   | 8,000                      | 8,500                     | 8,490               | 10  |
| Fire clothing and boots                                      | 5,000                      | 1,250                     | 505                 | 745   |
| Fire memorial funds spending                                 | -                          | 7,000                     | 6,702               | 298   |
| Library office equipment and furniture                       | 4,500                      | 3,500                     | 3,341               | 159   |
| Historical building equip/furniture                          | 1,000                      | 1,000                     | 960                 | 40  |
| Historical building capital outlay                           | 20,000                     | 311                       | -                   | 311   |
| Land improvements  | 5,000                      | 5,500                     | 5,285               | 215   |
| Building additions and improvements                          | 30,000                     | 19,500                    | 15,811              | 3,689   |
|  | <u>126,000</u>             | <u>68,061</u>             | <u>58,145</u>       | <u>9,916</u>                                    |
| Total capital outlay   |                            |                           |                     |   |
| Debt service - principal                                     | <u>105,000</u>             | <u>144,900</u>            | <u>144,199</u>      | <u>701</u>                                      |
| Debt service - interest and issuance costs                   | <u>17,050</u>              | <u>37,264</u>             | <u>37,185</u>       | <u>79</u>                                       |
| Total expenditures   | <u>2,309,521</u>           | <u>2,999,521</u>          | <u>2,934,034</u>    | <u>65,469</u>                                   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                            |                           |                     |   |
|  | 2,873                      | (210,777)                 | (87,142)            | 123,617   |
| <b>OTHER FINANCING SOURCE</b>                                |                            |                           |                     |   |
| Special assessment bonds issued                              | <u>-</u>                   | <u>690,000</u>            | <u>690,000</u>      | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                           | 2,873                      | 479,223                   | 602,858             | 123,617   |
| <b>FUND BALANCES - BEGINNING</b>                             | <u>1,257,160</u>           | <u>1,257,160</u>          | <u>1,257,160</u>    | <u>-</u>  |
| <b>FUND BALANCES - ENDING</b>                                | <u>\$ 1,260,033</u>        | <u>\$ 1,736,383</u>       | <u>\$ 1,860,018</u> | <u>\$ 123,617</u>                               |

## **SUPPLEMENTARY DATA**

**Township of Alpine**

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -  
\$550,000 1997 KENOWA HILLS WATER SPECIAL ASSESSMENT BONDS**

June 30, 2007

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| <u>Fiscal<br/>period</u> | <u>Interest requirements</u> |                 | <u>Maturity<br/>date</u> | <u>Principal</u>  | <u>Total<br/>requirements</u> |
|--------------------------|------------------------------|-----------------|--------------------------|-------------------|-------------------------------|
|                          | <u>December 1</u>            | <u>June 1</u>   |                          |                   |                               |
| 2008                     | \$ 3,055                     | \$ 2,443        | 12/01/07                 | \$ 25,000         | \$ 30,498                     |
| 2009                     | 2,443                        | 1,818           | 12/01/08                 | 25,000            | 29,261                        |
| 2010                     | 1,818                        | 1,180           | 12/01/09                 | 25,000            | 27,998                        |
| 2011                     | 1,180                        | 530             | 12/01/10                 | 25,000            | 26,710                        |
| 2012                     | 530                          | -               | 12/01/11                 | 20,000            | 20,530                        |
|                          | <u>\$ 9,026</u>              | <u>\$ 5,971</u> |                          | <u>\$ 120,000</u> | <u>\$ 134,997</u>             |

**Township of Alpine**

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -  
\$260,000 1997 KENOWA HILLS WATER GENERAL OBLIGATION BONDS**

June 30, 2007

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| <u>Fiscal<br/>period</u> | <u>Interest requirements</u> |                 | <u>Maturity<br/>date</u> | <u>Principal</u>  | <u>Total<br/>requirements</u> |
|--------------------------|------------------------------|-----------------|--------------------------|-------------------|-------------------------------|
|                          | <u>December 1</u>            | <u>June 1</u>   |                          |                   |                               |
| 2008                     | \$ 2,940                     | \$ 2,450        | 12/01/07                 | \$ 20,000         | \$ 25,390                     |
| 2009                     | 2,450                        | 1,950           | 12/01/08                 | 20,000            | 24,400                        |
| 2010                     | 1,950                        | 1,313           | 12/01/09                 | 25,000            | 28,263                        |
| 2011                     | 1,313                        | 663             | 12/01/10                 | 25,000            | 26,976                        |
| 2012                     | 663                          | -               | 12/01/11                 | 25,000            | 25,663                        |
|                          | <u>\$ 9,316</u>              | <u>\$ 6,376</u> |                          | <u>\$ 115,000</u> | <u>\$ 130,692</u>             |

**Township of Alpine**

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -  
\$690,000 2006 ALPINE-ALPENHORN SPECIAL ASSESSMENT BONDS**

June 30, 2007

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| <u>Fiscal<br/>period</u> | <u>Interest requirements</u> |                  | <u>Maturity<br/>date</u> | <u>Principal</u>  | <u>Total<br/>requirements</u> |
|--------------------------|------------------------------|------------------|--------------------------|-------------------|-------------------------------|
|                          | <u>October 1</u>             | <u>April 1</u>   |                          |                   |                               |
| 2008                     | \$ 12,921                    | \$ 12,211        | 10/01/07                 | \$ 40,000         | \$ 65,132                     |
| 2009                     | 12,211                       | 10,771           | 10/01/08                 | 80,000            | 102,982                       |
| 2010                     | 10,771                       | 9,511            | 10/01/09                 | 70,000            | 90,282                        |
| 2011                     | 9,511                        | 8,325            | 10/01/10                 | 65,000            | 82,836                        |
| 2012                     | 8,325                        | 7,030            | 10/01/11                 | 70,000            | 85,355                        |
| 2013                     | 7,030                        | 5,718            | 10/01/12                 | 70,000            | 82,748                        |
| 2014                     | 5,718                        | 4,388            | 10/01/13                 | 70,000            | 80,106                        |
| 2015                     | 4,388                        | 2,944            | 10/01/14                 | 75,000            | 82,332                        |
| 2016                     | 2,944                        | 1,481            | 10/01/15                 | 75,000            | 79,425                        |
| 2017                     | 1,481                        | -                | 10/01/16                 | 75,000            | 76,481                        |
|                          | <u>\$ 75,300</u>             | <u>\$ 62,379</u> |                          | <u>\$ 690,000</u> | <u>\$ 827,679</u>             |

**Township of Alpine**

**SCHEDULE OF NOTE RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -  
\$800,000 INSTALLMENT NOTE PAYABLE - TOWNSHIP HALL**

June 30, 2007

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| <u>Fiscal<br/>period</u> | <u>Interest requirements</u> |                  | <u>Maturity<br/>date</u> | <u>Principal</u>  | <u>Total<br/>requirements</u> |
|--------------------------|------------------------------|------------------|--------------------------|-------------------|-------------------------------|
|                          | <u>October 1</u>             | <u>April 1</u>   |                          |                   |                               |
| 2008                     | \$ 7,700                     | \$ 5,913         | 10/01/07                 | \$ 65,000         | \$ 78,613                     |
| 2009                     | 5,912                        | 3,988            | 10/01/08                 | 70,000            | 79,900                        |
| 2010                     | 3,987                        | 2,063            | 10/01/09                 | 70,000            | 76,050                        |
| 2011                     | 2,063                        | -                | 10/01/10                 | 75,000            | 77,063                        |
|                          | <u>\$ 19,662</u>             | <u>\$ 11,964</u> |                          | <u>\$ 280,000</u> | <u>\$ 311,626</u>             |

**Township of Alpine**

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -  
\$995,000 1998 KENOWA HILLS SEWER SPECIAL ASSESSMENT BONDS**

June 30, 2007

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| <u>Fiscal<br/>period</u> | <u>Interest requirements</u> |                  | <u>Maturity<br/>date</u> | <u>Principal</u>  | <u>Total<br/>requirements</u> |
|--------------------------|------------------------------|------------------|--------------------------|-------------------|-------------------------------|
|                          | <u>July 1</u>                | <u>January 1</u> |                          |                   |                               |
| 2008                     | \$ 13,875                    | \$ 13,875        | 01/01/08                 | \$ 50,000         | \$ 77,750                     |
| 2009                     | 12,625                       | 12,625           | 01/01/09                 | 50,000            | 75,250                        |
| 2010                     | 11,375                       | 11,375           | 01/01/10                 | 50,000            | 72,750                        |
| 2011                     | 10,125                       | 10,125           | 01/01/11                 | 50,000            | 70,250                        |
| 2012                     | 8,875                        | 8,875            | 01/01/12                 | 50,000            | 67,750                        |
| 2013                     | 7,625                        | 7,625            | 01/01/13                 | 50,000            | 65,250                        |
| 2014                     | 6,375                        | 6,375            | 01/01/14                 | 50,000            | 62,750                        |
| 2015                     | 5,125                        | 5,125            | 01/01/15                 | 50,000            | 60,250                        |
| 2016                     | 3,875                        | 3,875            | 01/01/16                 | 50,000            | 57,750                        |
| 2017                     | 2,625                        | 2,625            | 01/01/17                 | 50,000            | 55,250                        |
| 2018                     | <u>1,375</u>                 | <u>1,375</u>     | 01/01/18                 | <u>55,000</u>     | <u>57,750</u>                 |
|                          | <u>\$ 83,875</u>             | <u>\$ 83,875</u> |                          | <u>\$ 555,000</u> | <u>\$ 722,750</u>             |

**Township of Alpine**

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -  
1998 NORTH KENT SEWER AUTHORITY SEWER CONTRACT PAYABLE**

June 30, 2007

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| <b><i>Fiscal<br/>period</i></b> | <b><i>Interest requirements</i></b> |                     | <b><i>Maturity<br/>date</i></b> | <b><i>Principal</i></b> | <b><i>Total<br/>requirements</i></b> |
|---------------------------------|-------------------------------------|---------------------|---------------------------------|-------------------------|--------------------------------------|
|                                 | <b><i>November 1</i></b>            | <b><i>May 1</i></b> |                                 |                         |                                      |
| 2008                            | \$ 3,220                            | \$ 3,220            | 11/01/07                        | \$ 9,906                | \$ 16,346                            |
| 2009                            | 2,874                               | 2,874               | 11/01/08                        | 10,401                  | 16,149                               |
| 2010                            | 2,510                               | 2,510               | 11/01/09                        | 11,144                  | 16,164                               |
| 2011                            | 2,119                               | 2,119               | 11/01/10                        | 11,639                  | 15,877                               |
| 2012                            | 1,785                               | 1,785               | 11/01/11                        | 12,382                  | 15,952                               |
| 2013                            | 1,506                               | 1,506               | 11/01/12                        | 13,125                  | 16,137                               |
| 2014                            | 1,211                               | 1,211               | 11/01/13                        | 14,115                  | 16,537                               |
| 2015                            | 999                                 | 999                 | 11/01/14                        | 15,106                  | 17,104                               |
| 2016                            | 773                                 | 773                 | 11/01/15                        | 15,849                  | 17,395                               |
| 2017                            | 535                                 | 535                 | 11/01/16                        | 17,087                  | 18,157                               |
| 2018                            | 279                                 | 279                 | 11/01/17                        | 18,078                  | 18,636                               |
|                                 | <u>\$ 17,811</u>                    | <u>\$ 17,811</u>    |                                 | <u>\$ 148,832</u>       | <u>\$ 184,454</u>                    |

**Township of Alpine**

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -  
2001 NORTH KENT SEWER AUTHORITY SEWER CONTRACT PAYABLE**

June 30, 2007

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| <u>Fiscal<br/>period</u> | <u>Interest requirements</u> |                   | <u>Maturity<br/>date</u> | <u>Principal</u>    | <u>Total<br/>requirements</u> |
|--------------------------|------------------------------|-------------------|--------------------------|---------------------|-------------------------------|
|                          | <u>November 1</u>            | <u>May 1</u>      |                          |                     |                               |
| 2008                     | \$ 27,239                    | \$ 26,562         | 11/01/07                 | \$ 37,620           | \$ 91,421                     |
| 2009                     | 26,562                       | 25,814            | 11/01/08                 | 39,900              | 92,276                        |
| 2010                     | 25,814                       | 25,055            | 11/01/09                 | 39,900              | 90,769                        |
| 2011                     | 25,055                       | 24,212            | 11/01/10                 | 42,180              | 91,447                        |
| 2012                     | 24,212                       | 23,335            | 11/01/11                 | 43,320              | 90,867                        |
| 2013                     | 23,335                       | 22,388            | 11/01/12                 | 45,600              | 91,323                        |
| 2014                     | 22,388                       | 21,371            | 11/01/13                 | 47,880              | 91,639                        |
| 2015                     | 21,371                       | 20,255            | 11/01/14                 | 51,300              | 92,926                        |
| 2016                     | 20,255                       | 19,063            | 11/01/15                 | 53,580              | 92,898                        |
| 2017                     | 19,063                       | 17,766            | 11/01/16                 | 57,000              | 93,829                        |
| 2018                     | 17,766                       | 16,388            | 11/01/17                 | 59,280              | 93,434                        |
| 2019                     | 16,388                       | 14,941            | 11/01/18                 | 61,560              | 92,889                        |
| 2020                     | 14,941                       | 13,398            | 11/01/19                 | 64,980              | 93,319                        |
| 2021                     | 13,398                       | 11,784            | 11/01/20                 | 67,260              | 92,442                        |
| 2022                     | 11,784                       | 10,088            | 11/01/21                 | 70,680              | 92,552                        |
| 2023                     | 10,088                       | 8,309             | 11/01/22                 | 74,100              | 92,497                        |
| 2024                     | 8,309                        | 6,392             | 11/01/23                 | 78,660              | 93,361                        |
| 2025                     | 6,392                        | 4,363             | 11/01/24                 | 83,220              | 93,975                        |
| 2026                     | 4,363                        | 2,252             | 11/01/25                 | 86,640              | 93,255                        |
| 2027                     | 2,252                        | -                 | 11/01/26                 | 91,200              | 93,452                        |
|                          | <u>\$ 340,975</u>            | <u>\$ 313,736</u> |                          | <u>\$ 1,195,860</u> | <u>\$ 1,850,571</u>           |

**Township of Alpine**

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -  
2005 NORTH KENT SEWER AUTHORITY SEWER CONTRACT PAYABLE**

June 30, 2007

| <b><u>Fiscal period</u></b> | <b><u>Interest requirements</u></b> |                          | <b><u>Maturity date</u></b> | <b><u>Principal</u></b>    | <b><u>Total requirements</u></b> |
|-----------------------------|-------------------------------------|--------------------------|-----------------------------|----------------------------|----------------------------------|
|                             | <b><u>November 1</u></b>            | <b><u>May 1</u></b>      |                             |                            |                                  |
| 2008                        | \$ 27,892                           | \$ 27,892                | 11/01/07                    | \$ -                       | \$ 55,784                        |
| 2009                        | 27,892                              | 27,892                   | 11/01/08                    | -                          | 55,784                           |
| 2010                        | 27,892                              | 27,174                   | 11/01/09                    | 41,040                     | 96,106                           |
| 2011                        | 27,174                              | 26,404                   | 11/01/10                    | 42,180                     | 95,758                           |
| 2012                        | 26,404                              | 25,613                   | 11/01/11                    | 43,320                     | 95,337                           |
| 2013                        | 25,613                              | 24,770                   | 11/01/12                    | 45,600                     | 95,983                           |
| 2014                        | 24,770                              | 23,905                   | 11/01/13                    | 46,740                     | 95,415                           |
| 2015                        | 23,905                              | 22,986                   | 11/01/14                    | 49,020                     | 95,911                           |
| 2016                        | 22,986                              | 22,045                   | 11/01/15                    | 50,160                     | 95,191                           |
| 2017                        | 22,045                              | 21,049                   | 11/01/16                    | 52,440                     | 95,534                           |
| 2018                        | 21,049                              | 20,009                   | 11/01/17                    | 54,720                     | 95,778                           |
| 2019                        | 20,009                              | 18,898                   | 11/01/18                    | 57,000                     | 95,907                           |
| 2020                        | 18,898                              | 17,764                   | 11/01/19                    | 58,140                     | 94,802                           |
| 2021                        | 17,764                              | 16,556                   | 11/01/20                    | 60,420                     | 94,740                           |
| 2022                        | 16,556                              | 15,279                   | 11/01/21                    | 63,840                     | 95,675                           |
| 2023                        | 15,279                              | 13,956                   | 11/01/22                    | 66,120                     | 95,355                           |
| 2024                        | 13,956                              | 1,554                    | 11/01/23                    | 68,400                     | 83,910                           |
| 2025                        | 1,554                               | 11,073                   | 11/01/24                    | 71,820                     | 84,447                           |
| 2026                        | 11,073                              | 9,545                    | 11/01/25                    | 74,100                     | 94,718                           |
| 2027                        | 9,545                               | 7,800                    | 11/01/26                    | 77,520                     | 94,865                           |
| 2028                        | 7,800                               | 5,979                    | 11/01/27                    | 80,940                     | 94,719                           |
| 2029                        | 5,979                               | 4,081                    | 11/01/28                    | 84,360                     | 94,420                           |
| 2030                        | 4,081                               | 2,106                    | 11/01/29                    | 87,780                     | 93,967                           |
| 2031                        | 2,106                               | -                        | 11/01/30                    | 92,340                     | 94,446                           |
|                             | <b><u>\$ 422,222</u></b>            | <b><u>\$ 394,330</u></b> |                             | <b><u>\$ 1,368,000</u></b> | <b><u>\$ 2,184,552</u></b>       |

**Township of Alpine****SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -  
2006 NORTH KENT SEWER AUTHORITY SEWER CONTRACT PAYABLE**

June 30, 2007

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| <u>Fiscal<br/>period</u> | <u>Interest requirements</u> |                     | <u>Maturity<br/>date</u> | <u>Principal</u>    | <u>Total<br/>requirements</u> |
|--------------------------|------------------------------|---------------------|--------------------------|---------------------|-------------------------------|
|                          | <u>November 1</u>            | <u>May 1</u>        |                          |                     |                               |
| 2008                     | \$ 216,214                   | \$ 216,214          | 11/01/07                 | \$ -                | \$ 432,428                    |
| 2009                     | 216,214                      | 216,214             | 11/01/08                 | -                   | 432,428                       |
| 2010                     | 216,214                      | 212,771             | 11/01/09                 | 172,140             | 601,125                       |
| 2011                     | 212,771                      | 209,123             | 11/01/10                 | 182,400             | 604,294                       |
| 2012                     | 209,123                      | 205,407             | 11/01/11                 | 185,820             | 600,350                       |
| 2013                     | 205,407                      | 201,508             | 11/01/12                 | 194,940             | 601,855                       |
| 2014                     | 201,508                      | 197,472             | 11/01/13                 | 201,780             | 600,760                       |
| 2015                     | 197,472                      | 193,414             | 11/01/14                 | 202,920             | 593,806                       |
| 2016                     | 193,414                      | 189,219             | 11/01/15                 | 209,760             | 592,393                       |
| 2017                     | 189,219                      | 184,909             | 11/01/16                 | 215,460             | 589,588                       |
| 2018                     | 184,909                      | 179,409             | 11/01/17                 | 220,020             | 584,338                       |
| 2019                     | 179,409                      | 173,709             | 11/01/18                 | 228,000             | 581,118                       |
| 2020                     | 173,709                      | 165,615             | 11/01/19                 | 323,760             | 663,084                       |
| 2021                     | 165,615                      | 157,122             | 11/01/20                 | 339,720             | 662,457                       |
| 2022                     | 157,122                      | 148,215             | 11/01/21                 | 356,820             | 662,157                       |
| 2023                     | 148,215                      | 138,825             | 11/01/22                 | 375,060             | 662,100                       |
| 2024                     | 138,825                      | 129,049             | 11/01/23                 | 391,020             | 658,894                       |
| 2025                     | 129,049                      | 119,275             | 11/01/24                 | 411,540             | 659,864                       |
| 2026                     | 119,275                      | 109,095             | 11/01/25                 | 428,640             | 657,010                       |
| 2027                     | 109,095                      | 96,478              | 11/01/26                 | 531,240             | 736,813                       |
| 2028                     | 96,478                       | 80,233              | 11/01/27                 | 649,800             | 826,511                       |
| 2029                     | 80,233                       | 62,022              | 11/01/28                 | 728,460             | 870,715                       |
| 2030                     | 62,022                       | 42,927              | 11/01/29                 | 763,800             | 868,749                       |
| 2031                     | 42,927                       | 22,834              | 11/01/30                 | 803,700             | 869,461                       |
| 2032                     | 22,834                       | 22,834              | 11/01/31                 | 912,000             | 957,668                       |
|                          | <u>\$ 3,867,273</u>          | <u>\$ 3,673,893</u> |                          | <u>\$ 9,028,800</u> | <u>\$ 16,569,966</u>          |

**Township of Alpine**

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -  
2007 NORTH KENT SEWER AUTHORITY SEWER CONTRACT PAYABLE**

June 30, 2007

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| <b><u>Fiscal<br/>period</u></b> | <b><u>Interest requirements</u></b> |                     | <b><u>Maturity<br/>date</u></b> | <b><u>Principal</u></b> | <b><u>Total<br/>requirements</u></b> |
|---------------------------------|-------------------------------------|---------------------|---------------------------------|-------------------------|--------------------------------------|
|                                 | <b><u>November 1</u></b>            | <b><u>May 1</u></b> |                                 |                         |                                      |
| 2008                            | \$ 27,835                           | \$ 27,835           | 11/01/07                        | \$ 5,700                | \$ 61,370                            |
| 2009                            | 27,721                              | 27,721              | 11/01/08                        | 5,700                   | 61,142                               |
| 2010                            | 27,607                              | 27,607              | 11/01/09                        | 5,700                   | 60,914                               |
| 2011                            | 27,493                              | 27,493              | 11/01/10                        | 41,040                  | 96,026                               |
| 2012                            | 26,672                              | 26,672              | 11/01/11                        | 61,560                  | 114,904                              |
| 2013                            | 25,441                              | 25,441              | 11/01/12                        | 68,400                  | 119,282                              |
| 2014                            | 24,073                              | 24,073              | 11/01/13                        | 69,540                  | 117,686                              |
| 2015                            | 22,682                              | 22,682              | 11/01/14                        | 68,400                  | 113,764                              |
| 2016                            | 21,228                              | 21,228              | 11/01/15                        | 75,240                  | 117,696                              |
| 2017                            | 19,629                              | 19,629              | 11/01/16                        | 79,800                  | 119,058                              |
| 2018                            | 17,934                              | 17,934              | 11/01/17                        | 85,500                  | 121,368                              |
| 2019                            | 16,117                              | 16,117              | 11/01/18                        | 87,780                  | 120,014                              |
| 2020                            | 14,251                              | 14,251              | 11/01/19                        | 93,480                  | 121,982                              |
| 2021                            | 12,265                              | 12,265              | 11/01/20                        | 94,620                  | 119,150                              |
| 2022                            | 10,373                              | 10,373              | 11/01/21                        | 99,180                  | 119,926                              |
| 2023                            | 8,389                               | 8,389               | 11/01/22                        | 104,880                 | 121,658                              |
| 2024                            | 6,291                               | 6,291               | 11/01/23                        | 108,300                 | 120,882                              |
| 2025                            | 4,125                               | 4,125               | 11/01/24                        | 115,140                 | 123,390                              |
| 2026                            | 1,751                               | 1,751               | 11/01/25                        | 39,900                  | 43,402                               |
| 2027                            | 928                                 | 928                 | 11/01/26                        | 43,320                  | 45,176                               |
|                                 | <u>\$ 342,805</u>                   | <u>\$ 342,805</u>   |                                 | <u>\$ 1,353,180</u>     | <u>\$ 2,038,790</u>                  |

**SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 CONTINUING DISCLOSURE  
(UNAUDITED)**

**Alpine Township  
Taxable Value  
Fiscal Years Ended June 30, 2003 Through 2007**

| Assessed<br>Value as of<br>December 31 | Year of State<br>Equalization<br>and Tax Levy | Township's<br>Fiscal<br>Years Ended<br>June 30 | Ad<br>Valorem<br>Taxable<br>Value | Property Granted<br>Tax Abatement<br>Under Acts 198<br>and 255 (1) | Total<br>Taxable<br>Value | Percent<br>Increase<br>Over Prior<br>Year |
|--|---|--|-----------------------------------|--|---------------------------|---|
| 2001                                   | 2002  | 2003   | 314,725,013                       | 7,287,906  | 322,012,919               | 0.00%                                     |
| 2002                                   | 2003  | 2004   | 328,858,213                       | 7,873,579  | 336,731,792               | 4.57%                                     |
| 2003                                   | 2004  | 2005   | 342,982,054                       | 6,932,781  | 349,914,835               | 3.91%                                     |
| 2004                                   | 2005  | 2006   | 352,971,709                       | 7,790,558  | 360,762,267               | 3.10%                                     |
| 2005                                   | 2006  | 2007   | 370,761,846                       | 9,101,286  | 379,863,132               | 5.29%                                     |

Per Capita Total Taxable Value for the Fiscal Year Ending June 30, 2007 (2)..... \$27,180

(1) At the full tax rate. See "Tax Abatement".

(2) Based on Alpine Township's 2000 census population of 13,976.

Source: Alpine Township

**Alpine Township  
Total Taxable Value by Use and Class  
Fiscal Years Ended June 30, 2003 Through 2007**

| Use               | 2003                  | 2004                  | 2005                  | 2006                  | 2007                  |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Agriculture       | \$ 21,961,892         | \$ 22,768,714         | \$ 23,532,617         | \$ 24,232,409         | \$ 25,484,761         |
| Commercial        | 110,274,946           | 114,319,973           | 118,435,533           | 121,358,800           | 126,595,555           |
| Industrial        | 26,401,915            | 29,207,981            | 31,899,715            | 32,816,255            | 36,094,457            |
| Residential       | 157,125,266           | 164,040,924           | 170,822,970           | 177,508,103           | 186,712,059           |
| Utility           | 6,248,900             | 6,394,200             | 5,224,000             | 4,846,700             | 4,976,300             |
|                   | <u>\$ 322,012,919</u> | <u>\$ 336,731,792</u> | <u>\$ 349,914,835</u> | <u>\$ 360,762,267</u> | <u>\$ 379,863,132</u> |
| Class             | 2003                  | 2004                  | 2005                  | 2006                  | 2007                  |
| Real Property     | \$ 294,566,275        | \$ 307,897,735        | \$ 321,875,927        | \$ 334,241,849        | \$ 352,723,762        |
| Personal Property | 27,446,644            | 28,834,057            | 28,038,908            | 26,520,418            | 27,139,370            |
|                   | <u>\$ 322,012,919</u> | <u>\$ 336,731,792</u> | <u>\$ 349,914,835</u> | <u>\$ 360,762,267</u> | <u>\$ 379,863,132</u> |

Source: Alpine Township

(UNAUDITED)

**Alpine Township  
State Equalized Valuation  
Fiscal Years Ended June 30, 2003 Through 2007**

| Assessed Value as of December 31 | Year of State Equalization and Tax Levy | Alpine Township's Fiscal Years Ended June 30 | Ad Valorem SEV | SEV of Property General Tax Abatement Under Acts 198 and 255 (1) | Total SEV   | Percent Increase Over Prior Year |
|----------------------------------|---|--|----------------|--|-------------|----------------------------------|
| 2001                             | 2002                                    | 2003   | 378,953,000    | 14,675,700   | 393,628,700 | 0.00%                            |
| 2002                             | 2003                                    | 2004   | 397,310,500    | 15,961,000   | 413,271,500 | 4.99%                            |
| 2003                             | 2004                                    | 2005   | 412,756,100    | 14,043,800   | 426,799,900 | 3.27%                            |
| 2004                             | 2005                                    | 2006   | 423,227,800    | 15,727,000   | 438,954,800 | 2.85%                            |
| 2005                             | 2006                                    | 2007   | 445,299,000    | 18,575,600   | 463,874,600 | 5.68%                            |

Per Capita Total SEV for the Fiscal Year Ending June 30, 2007 (2) ..... \$33,191

(1) See "Tax Abatement".

(2) Based on Alpine Township's 2000 census population of 13,976.

Source: Alpine Township

**Alpine Township  
Total SEV by Use and Class  
Fiscal Years Ended June 30, 2003 Through 2007**

| Use               | Fiscal Years Ended June 30 |                       |                       |                       |                       |
|-------------------|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                   | 2003                       | 2004                  | 2005                  | 2006                  | 2007                  |
| Agriculture       | \$ 34,376,000              | \$ 37,396,100         | \$ 37,694,400         | \$ 39,263,200         | \$ 40,267,900         |
| Commercial        | 128,323,000                | 133,353,200           | 139,555,600           | 140,892,500           | 149,147,400           |
| Industrial        | 36,392,400                 | 41,046,100            | 42,437,500            | 44,298,300            | 48,853,900            |
| Residential       | 188,288,400                | 195,081,900           | 201,888,400           | 209,654,100           | 220,629,100           |
| Utility           | 6,248,900                  | 6,394,200             | 5,224,000             | 4,846,700             | 4,976,300             |
|                   | <u>\$ 393,628,700</u>      | <u>\$ 413,271,500</u> | <u>\$ 426,799,900</u> | <u>\$ 438,954,800</u> | <u>\$ 463,874,600</u> |
| Class             | 2003                       | 2004                  | 2005                  | 2006                  | 2007                  |
| Real Property     | \$ 362,363,100             | \$ 380,494,700        | \$ 394,974,200        | \$ 407,989,600        | \$ 432,113,500        |
| Personal Property | 31,265,600                 | 32,776,800            | 31,825,700            | 30,956,200            | 31,761,100            |
|                   | <u>\$ 393,628,700</u>      | <u>\$ 413,271,500</u> | <u>\$ 426,799,900</u> | <u>\$ 438,945,800</u> | <u>\$ 463,874,600</u> |

Source: Alpine Township

(UNAUDITED)

## ***Tax Abatement***

Alpine Township's taxable value does not include the value of certain facilities, which have temporarily been removed from the Ad Valorem Tax Roll pursuant to Act 198 (the "Act"). The Act was designed to provide a stimulus in the form of significant tax incentives to industrial enterprises to renovate and expand aging facilities ("Rehab Properties") and to build new facilities ("New Properties"). Except as indicated below, under the provisions of the Act, a local governmental unit (i.e., a city, village, or township) may establish plant rehabilitation districts, industrial development districts, and redevelopment districts and offer industrial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area.

An industrial facilities exemption certificate granted under the Act entitles an eligible facility to exemption from Ad Valorem Taxes for a period of up to 12 years. In lieu of Ad Valorem Taxes, the eligible facility will pay an industrial facilities tax (the "IFT Tax"). For properties granted tax abatement under the Act, there exists a separate tax roll referred to as the industrial facilities tax roll (the "IFT Tax Roll"). The IFT Tax for an obsolete facility, which is being restored or replaced, is determined in exactly the same manner as the Ad Valorem Tax; the important difference being that the value of the property remains at the taxable value level prior to the improvements even though the restoration or replacement substantially increases the value of the facility. For a new facility, the IFT Tax is also determined the same as the Ad Valorem Tax but, instead of using the total mills levied as Ad Valorem Taxes, a lower millage rate is applied. For abatements granted prior to 1994, this millage rate equals  $\frac{1}{2}$  of all tax rates levied by other than the state and local school district for operating purposes plus  $\frac{1}{2}$  of the 1993 rate levied by the local school district for operating purposes. For abatements granted after 1994, this millage rate equals  $\frac{1}{2}$  of all tax rates levied by other than the state plus none,  $\frac{1}{2}$ , or all of the state tax rate (as determined by the State Treasurer).

Alpine Township has established goals, objectives, and procedures to provide the opportunity for industrial development and expansion. Since 1974, Alpine Township has approved a number of applications for local property tax relief for industrial firms. Most abatements have been for new industrial facilities. The SEV of properties, which have been granted tax abatement under the Act 198, removed from the Ad Valorem Tax Roll, and placed on the IFT Tax Rolls, totaled \$18,575,600 for the fiscal year ending June 30, 2007. The IFT Taxes paid on these properties is equivalent to Ad Valorem Taxes paid on \$9,101,286 of taxable value at the full tax rate (the "Equivalent Taxable Value"). Upon expiration of the industrial facilities exemption certificates, the current equalized valuation of the abated properties will return to the Ad Valorem Tax Roll as taxable value.

**Alpine Township  
Maximum Property Tax Rates  
Fiscal Year Ended June 30, 2007**

| Millage<br>Classification | Millage<br>Authorized | Applicable Millage<br>Reduction Fraction (1) | Maximum<br>Allowable Millage |
|---------------------------|-----------------------|--|------------------------------|
| Allocated Operating       | 1.1000                | 0.8557                                       | 0.9413                       |
| Voted Operating           | 1.0000                | 0.9508                                       | 0.9508                       |

(1) Cumulative.

Source: Alpine Township

**Alpine Township  
Property Tax Rates  
Fiscal Years Ended June 30, 2003 Through 2007**

| Levy<br>December 1 | Fiscal Year<br>Ended June 30 | Allocated<br>Operating | Voted<br>Operating | Total  |
|--------------------|------------------------------|------------------------|--------------------|--------|
| 2002               | 2003                         | 0.9532                 | 0.7816             | 1.7348 |
| 2003               | 2004                         | 0.9431                 | 0.7917             | 1.7348 |
| 2004               | 2005                         | 0.9431                 | 0.9527             | 1.8958 |
| 2005               | 2006                         | 0.9431                 | 0.9527             | 1.8958 |
| 2006               | 2007                         | 0.9413                 | 0.9508             | 1.8921 |

Source: Alpine Township

**Alpine Township  
Property Tax Collections  
Fiscal Years Ended June 30, 2003 Through 2007**

| Levy<br>December 1 | Fiscal Year<br>Ended June 30 | Tax Levy (1) | Collections<br>to March 1<br>Following Levy | Percent<br>Collected |
|--------------------|------------------------------|--------------|---|----------------------|
| 2002               | 2003                         | 558,837      | 539,779                                     | 96.59%               |
| 2003               | 2004                         | 582,954      | 564,691                                     | 96.87%               |
| 2004               | 2005                         | 649,918      | 630,669                                     | 97.04%               |
| 2005               | 2006                         | 683,244      | 681,900                                     | 99.80%               |
| 2006               | 2007                         | 715,810      | 689,873                                     | 96.38%               |

(1) Township taxes only. Includes taxes on properties granted tax abatement under Act 198. See "Tax Abatement."

Source: Alpine Township

**Alpine Township  
Ten Largest Taxpayers  
Fiscal Year Ended June 30, 2007**

| Taxpayer                 | Principal Product or Service | Taxable<br>Value (1) | % of<br>Total (2) |
|--------------------------|------------------------------|----------------------|-------------------|
| York Creek Ltd.          | Apartments                   | \$ 30,174,255        | 7.94%             |
| Churchill Apartments     | Apartments                   | 5,122,019            | 1.35%             |
| Behr Industries          | Automobile Components        | 4,870,502            | 1.28%             |
| Aspen/Alpine Project LP  | Apartments                   | 4,399,425            | 1.16%             |
| Menards, Inc.            | Home Improvement             | 4,329,006            | 1.14%             |
| Sam's Club               | Retail                       | 4,201,500            | 1.11%             |
| Art Van Furniture        | Furniture                    | 3,936,839            | 1.04%             |
| Alpine Slopes Apartments | Apartments                   | 3,871,050            | 1.02%             |
| Wal-Mart                 | Retail                       | 3,837,805            | 1.01%             |
| Commercial Tool & Die.   | Die Manufacturer             | 2,804,410            | 0.74%             |
|                          |                              | <u>\$ 67,546,811</u> | <u>17.79%</u>     |

(1) Includes the Equivalent Taxable Value of property granted tax abatement under Act 198. See "Tax Abatement."

(2) Based on \$379,863,132, which is Alpine Township's Total Taxable Value for its fiscal year ended June 30, 2007.

Includes the equivalent taxable value of property granted tax abatement under Act 198. See "Tax Abatement."

Source: Alpine Township

**Alpine Township  
Legal Debt Margin  
As of June 30, 2007**

|                   |                   |                      |
|-------------------|-------------------|----------------------|
| Debt Limit (1)    |                   | \$ 46,387,460        |
| Debt Outstanding  | \$ 13,982,418     |                      |
| Less: Exempt Debt | <u>13,527,418</u> |                      |
|                   |                   | <u>455,000</u>       |
| Legal Debt Margin |                   | <u>\$ 45,932,460</u> |

(1) 10% of \$463,874,600, which is Alpine Township's Total SEV for the fiscal year ended June 30, 2007. Includes the SEV of property granted tax abatement under Act 198. See "Tax Abatement."

Source: Municipal Advisory Council of Michigan and Alpine Township

**Alpine Township  
Debt Statement  
As of June 30, 2007**

| Alpine Township Direct Debt                       | Gross         | Self-Supporting | Net        |
|---|---------------|-----------------|------------|
| <b>Share of North Kent Sewer Authority Bonds:</b> |               |                 |            |
| Dated January 30, 2007 (Limited Tax) (1)          | \$ 1,353,180  | \$ 1,353,180    | \$ -       |
| Dated November 21, 2006 (Limited Tax) (2)         | 9,028,800     | 9,028,800       | -          |
| Dated December 22, 2005 (Limited Tax) (3)         | 1,368,000     | 1,368,000       | -          |
| Dated September 12, 2001 (Limited Tax) (4)        | 1,195,860     | 1,195,860       | -          |
| Dated May 1998 (Limited Tax) (5)                  | 148,832       | 148,832         | -          |
| Subtotal  | 13,094,672    | 13,094,672      | -          |
| <b>Special Assessment Bonds:</b>                  |               |                 |            |
| Dated October 1, 2006 (Limited Tax)               | 690,000       | 690,000         | -          |
| Dated August 1, 1998 (Limited Tax)                | 555,000       | 555,000         | -          |
| Dated September 1, 1997 (Limited Tax)             | 120,000       | 120,000         | -          |
| Subtotal  | 1,365,000     | 1,365,000       | -          |
| <b>General Obligation Bonds:</b>                  |               |                 |            |
| Dated September 1, 1997 (Limited Tax)             | 115,000       | 115,000         | -          |
| Subtotal  | 115,000       | 115,000         | -          |
| <b>Installment Purchase Obligations:</b>          |               |                 |            |
| Building and Property                             | 280,000       | -               | 280,000    |
| Subtotal  | 280,000       | -               | 280,000    |
| <b>Total</b>                                      | \$ 14,854,672 | \$ 14,574,672   | \$ 280,000 |

Per Capita Net Alpine Township Direct Debt (5)..... \$24  
Percent of Net Direct Debt to Total SEV (6)..... 0.07%

| Overlapping Debt (7)           | Gross         | Township Share<br>As Percent<br>of Gross | Net           |
|--------------------------------|---------------|--|---------------|
| Kent County                    | \$ 73,490,000 | 1.83%                                    | \$ 1,344,867  |
| Grand Rapids Community College | 54,210,000    | 1.79%                                    | 970,359       |
| Sparta School District         | 39,010,000    | 11.19%                                   | 4,365,219     |
| Comstock Park School District  | 43,313,629    | 40.49%                                   | 17,537,688    |
| Kenowa Hills School District   | 34,375,000    | 17.01%                                   | 5,847,188     |
| <b>Totals</b>                  |               |  | \$ 30,065,321 |

Per Capita Net Overlapping Debt ..... \$2,151  
Percent of Net Overlapping Debt to Total SEV ..... 6.48%

Per Capita Net Direct and Overlapping Debt ..... \$2,171  
Percent of Net Direct and Overlapping Debt to Total SEV ..... 6.54%

- (1) Represents Township's portion of the North Kent Sewer Authority Bonds dated January 30, 2007.
- (2) Represents Township's portion of the North Kent Sewer Authority Bonds dated November 21, 2006.
- (3) Represents Township's portion of the North Kent Sewer Authority Bonds dated December 22, 2005.
- (4) Represents Township's portion of the North Kent Sewer Authority Bonds dated September 12, 2001.
- (5) Based on Alpine Township's 2000 census population of 13,976.
- (6) Based on \$463,874,600 which is Alpine Township's Total SEV for the fiscal year ending June 30, 2007. Includes the SEV of property granted tax abatement under Act 198.
- (7) Overlapping debt is the portion of another taxing unit's debt for which property taxpayers of Alpine Township are liable in addition to debt issued by Alpine Township.

Source: Municipal Advisory Council of Michigan and Alpine Township  
(UNAUDITED)

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December 5, 2007

Members of the Board  
Township of Alpine

In planning and performing our audit of the financial statements of the Township of Alpine for the year ended June 30, 2007, we considered the Township's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 5, 2007, on the financial statements of the Township of Alpine.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Township management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing these recommendations.

*Siegfried Crandall P.C.*



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## **COMMENTS AND RECOMMENDATIONS**

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### ***Fire Department payroll monitoring***

The internal controls related to payroll disbursements to employees within the Fire Department could be enhanced through the following procedures:

- Document Board approval of pay rates and salaries, and changes thereto.
- The officer-in-charge of the incident should obtain signatures of the responding firefighters on the incident report at the scene to document attendance. No one should be allowed to sign for another member of the Department.
- Copies of all incident reports (run sheets) must be presented to the Township Clerk within one week of the incident.
- Periodic reconciliation, by an employee independent of the Fire Department, of hours per incident reports to hours to be paid.
- Approval, by the Fire Chief, of hours to be paid.
- Consider paying the firefighters on a monthly basis for all services so as to permit timely and manageable recalculations of pay.

### ***Policies and procedures***

Many of the Township's policies and procedures, especially those related to the accounting function, have not been formally documented.

We recommend that the Township develop a written accounting policies and procedures manual. Committing the Township's policies and procedures to writing would provide several benefits, including:

- clarification of responsibilities and segregation of duties.
- communication of appropriate systems of internal controls.
- improve continuity at the time of personnel changes.

**Members of the Township Board  
Township of Alpine, Michigan**

**In planning and performing our audit of the financial statements of the Township of Alpine, Michigan, as of and for the year ended June 30, 2007, in accordance with U.S. generally accepted auditing standards, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they had been implemented, but it did not include procedures to test the operating effectiveness of controls, and, accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.**

**Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we have identified certain deficiencies in internal control that we consider to be significant deficiencies and deficiencies that we consider to be material weaknesses.**

**A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Township's ability to initiate, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.**

**A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control. We believe that the following control deficiency constitutes a material weakness.**



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- Policies and procedures to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record receivables and payables, changes in capital assets and related debt, and to develop appropriate footnote disclosures were not in place. As in prior years, the Township has relied upon our firm as auditor to identify and develop material adjustments necessary to convert cash basis financial statements into full accrual financial statements and to prepare the financial statements and appropriate disclosures. This service is allowable under current auditing standards and ethical guidelines, and may be the most efficient and effective method for preparation of the Township's financial statements. However, when an organization (on its own) lacks the ability to produce financial statements that conform to generally accepted accounting principles, or when material audit adjustments are identified by the auditor, auditing standards require that such conditions be communicated in writing as material weaknesses. We recommend that management and those charged with governance evaluate and document their informed decision on the costs and benefits of contracting financial statement preparation services with its auditor.

This communication is intended solely for the information and use of management, the Township Council, and the Department of Treasury of the State of Michigan, and is not intended to be and should not be used by anyone other than these specified parties.

*Sigfried Crandall P.C.*

December 5, 2007