

# **Sauble Township**

Lake County, Michigan

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Audited Financial Statements

March 31, 2007

Jay Thiebaut, P.C.  
Certified Public Accountant  
Cadillac, Michigan

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name SAUBLE TOWNSHIP	County LAKE
Fiscal Year End MARCH 31, 2007	Opinion Date SEPTEMBER 26, 2007	Date Audit Report Submitted to State OCTOBER 9, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

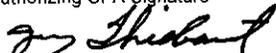
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

**YES**  **NO**  Check each applicable box below. (See instructions for further detail.)

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) JAY THIEBAUT PC CPA		Telephone Number 231-775-0174		
Street Address 222 HOWARD ST., PO BOX 807		City CADILLAC	State MI	Zip 49601
Authorizing CPA Signature 		Printed Name JAY THIEBAUT		License Number 8987

**Sauble Township**  
Lake County, Michigan  
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**Sauble Township**  
Lake County, Michigan  
Board Members  
March 31, 2007

Supervisor

Clerk

Treasurer

Trustee

Trustee

Duane Misener

Pamela Krusinski

Martha Misener

Wayne Boersen

John Aiken

**Jay Thiebaut, P.C.**

Certified Public Accountant  
P.O. Box 807  
Cadillac, Michigan 49601  
Telephone 231-775-0174

**INDEPENDENT AUDITOR'S REPORT**

To the Township Board  
Sauble Township  
Lake County, Michigan

I have audited the accompanying financial statements of the governmental activities and each major fund of Sauble Township as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

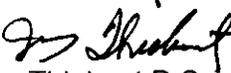
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sauble Township, as of March 31, 2007 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information identified in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United State of America. 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.

Township Board  
Sauble Township  
Page 2

The Township has not presented the Management's Discussion and Analysis information that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

  
Jay Thiebaut P.C.  
Certified Public Accountant  
September 26, 2007

## **Basic Financial Statements**

**Sauble Township**  
 Lake County, Michigan  
 Statement of Net Assets  
 March 31, 2007

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 267,936
Receivables	37,026
Capital assets, net	<u>432,324</u>
<b>Total assets</b>	<b><u>\$ 737,286</u></b>
<b>Liabilities</b>	
Noncurrent liabilities	
Due within one year	\$ 36,189
Due in more than one year	<u>110,114</u>
<b>Total liabilities</b>	<b><u>146,303</u></b>
<b>Net assets</b>	
Investment in capital assets, net of related debt	343,758
Unrestricted	<u>247,225</u>
<b>Total net assets</b>	<b><u>590,983</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 737,286</u></b>

See notes to financial statements.

**Sauble Township**  
 Lake County, Michigan  
 Statement of Activities  
 Year Ended March 31, 2007

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Assets
<b>Governmental activities</b>			
General government	\$ 71,750	\$ 1,740	\$ 70,010
Public safety	146,731	-	146,731
Parks and recreation	5,657	-	5,657
<b>Total governmental activities</b>	<b>\$ 224,138</b>	<b>\$ 1,740</b>	<b>222,398</b>
 <b>General revenues</b>			
Taxes			236,569
State sources			22,631
Interest			10,032
Other			2,612
<b>Total general revenues</b>			<b>271,844</b>
 <b>Changes in net assets</b>			<b>49,446</b>
 <b>Net assets-beginning of year</b>			<b>541,537</b>
 <b>Net assets-end of year</b>			<b>\$ 590,983</b>

See notes to financial statements.

## Sauble Township

Lake County, Michigan

Balance Sheet

Governmental Funds

March 31, 2007

	Special Revenue Funds					Total Governmental
	General	Fire	Liquor	Public Improvement	Lake Spraying	
<b>Assets</b>						
Cash	\$ 60,874	\$ 175,302	\$ 1,464	\$ -	\$ -	\$ 237,640
Investments	-	30,296	-	-	-	30,296
Due from other funds	17,484	-	-	15,403	20,242	53,129
<b>Total assets</b>	<b><u>\$ 78,358</u></b>	<b><u>\$ 205,598</u></b>	<b><u>\$ 1,464</u></b>	<b><u>\$ 15,403</u></b>	<b><u>\$ 20,242</u></b>	<b><u>\$ 321,065</u></b>
<b>Liabilities</b>						
Due to other funds	\$ 15,403	\$ -	\$ 700	\$ -	\$ -	\$ 16,103
<b>Fund balances</b>						
Unreserved and undesignated	62,955	205,598	764	15,403	20,242	304,962
<b>Total liabilities and fund balances</b>	<b><u>\$ 78,358</u></b>	<b><u>\$ 205,598</u></b>	<b><u>\$ 1,464</u></b>	<b><u>\$ 15,403</u></b>	<b><u>\$ 20,242</u></b>	<b><u>\$ 321,065</u></b>

See notes to financial statements.

**Sauble Township**  
Lake County, Michigan  
Reconciliation of the Balance Sheet of Governmental Funds  
to Net Assets of Governmental Activities  
March 31, 2007

<b>Total fund balances for governmental funds</b>	<b>\$ 304,962</b>
Total net assets for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	432,324
Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Due within one year	36,189
Due in more than one year	110,114
	<u>146,303</u>
<b>Net assets of governmental funds</b>	<b><u>\$ 590,983</u></b>

See notes to financial statements.

**Sauble Township**  
Lake County, Michigan  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended March 31, 2007

	Special Revenue Funds					Total Governmental
	General	Fire	Liquor	Public Improvement	Lake Spraying	
<b>Revenues</b>						
Taxes	\$ 50,583	\$ 160,458	\$ -	\$ 10,769	14,760	\$ 236,570
State sources	22,039	-	592	-	-	22,631
Charges for services	1,740	-	-	-	-	1,740
Interest	3,860	6,172	-	-	-	10,032
Other	1,801	811	-	-	-	2,612
<b>Total revenues</b>	<b>80,023</b>	<b>167,441</b>	<b>592</b>	<b>10,769</b>	<b>14,760</b>	<b>273,585</b>
<b>Expenditures</b>						
General government						
Council	12,103	-	-	-	-	12,103
President	5,294	-	-	-	-	5,294
Assessor	17,286	-	-	-	-	17,286
Clerk	6,144	-	-	-	-	6,144
Treasurer	10,711	-	-	-	-	10,711
Elections	3,498	-	-	-	-	3,498
Buildings and grounds	9,742	-	-	-	-	9,742
Public safety	-	230,784	550	-	-	231,334
Parks and recreation	-	-	-	14,809	5,657	20,466
Zoning	1,884	-	-	-	-	1,884
<b>Total expenditures</b>	<b>66,737</b>	<b>230,784</b>	<b>550</b>	<b>14,809</b>	<b>5,657</b>	<b>318,537</b>
<b>Excess of revenues over (under) expenditures</b>	<b>13,286</b>	<b>(63,343)</b>	<b>42</b>	<b>(4,040)</b>	<b>9,103</b>	<b>(44,952)</b>
<b>Other financing sources (uses)</b>						
Operating transfers in	-	57,737	-	-	-	57,737
Operating transfers out	-	(28,800)	-	-	-	(28,800)
<b>Total other financing sources</b>	<b>-</b>	<b>28,937</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,937</b>
<b>Net change in fund balance</b>	<b>13,286</b>	<b>(34,406)</b>	<b>42</b>	<b>(4,040)</b>	<b>9,103</b>	<b>(16,015)</b>
Fund balance-beginning of year	49,669	240,004	722	19,443	11,139	320,977
<b>Fund balance-end of year</b>	<b>\$ 62,955</b>	<b>\$ 205,598</b>	<b>\$ 764</b>	<b>\$ 15,403</b>	<b>\$ 20,242</b>	<b>\$ 304,962</b>

See notes to financial statements.

**Sauble Township**  
 Lake County, Michigan  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 Year Ended March 31, 2007

**Net changes in fund balances-total governmental funds** **\$ (16,015)**

Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	160,396
Depreciation expense	(61,711)

New borrowing of debt is revenue in the governmental funds but the borrowing increases debt in the statement of activities	(57,737)
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Repayment of principal is an expenditure in the governmental funds but the repayment reduces noncurrent liabilities in the statement of net assets	<u>24,513</u>
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**Changes in net assets of governmental activities** **\$ 49,446**

**Sauble Township**  
Lake County, Michigan  
Fiduciary Funds  
Statement of Net Assets  
March 31, 2007

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 37,026</u>
<b>Liabilities</b>	
Due to other funds	<u>\$ 37,026</u>

See notes to financial statements.

**Sauble Township**  
Lake County, Michigan  
Notes to Financial Statements  
March 31, 2007

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

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

**Reporting Entity**

Sauble Township ("the Township") is a municipal entity governed by an elected Board. The Township, for financial purposes, includes all of the funds relevant to the operations of Sauble Township. The financial statements herein do not include agencies which have been formed under applicable State laws or separate and distinct units of government apart from Sauble Township.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds (when applicable) even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

**Sauble Township**  
Lake County, Michigan  
Notes to Financial Statements  
March 31, 2007

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as well expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Township reports the following major governmental funds:

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

The Fire Fund accounts for revenue and expenditures for fire protection services provided by the township.

The Liquor Fund accounts for revenue and expenditures for liquor law enforcement.

The Public Improvements Fund accounts for revenue and expenditures for various township improvements.

The Lake Spraying Fund accounts for special assessments collected and expended for weed control in a local lake.

The Township also has a fiduciary fund. The Current Tax Collection Fund accounts for property taxes and other deposits collected on behalf of other units and individuals. Fiduciary funds are custodial in nature and are not included in the government-wide financial statements.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Government Accounting Standards Board.

**Sauble Township**  
Lake County, Michigan  
Notes to Financial Statements  
March 31, 2007

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

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

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

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

**Assets, liabilities, and net assets or equity**

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with a maturity of three months or less when acquired. Deposits are recorded at cost.

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

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on December 1 on property values assessed as of December 31 of the prior year. Taxes are due on or before March 1, after which the taxes are considered delinquent and penalties and interest may be charged. All delinquent real property taxes are purchased by the county tax revolving fund so the Township collects 100% of the real property tax levy. Delinquent personal property tax is not material is recorded as collected.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated cost, if purchased or constructed. The reported value does not include normal maintenance and repairs that do not increase the capacity of or extend

**Sauble Township**  
Lake County, Michigan  
Notes to Financial Statements  
March 31, 2007

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

the useful life of the asset. In the case of donated assets, the government values the assets at estimated fair value of the assets as of the date of the donation.

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

Buildings	40 years
Equipment	5 to 10 years

Fund equity – In the fund financial statements, governmental funds report reservations of fund balance (when applicable) for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Designations of fund balance represent management plans that are subject to change.

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary information**

The Township follows these budgeting procedures that are in accordance with Michigan Statutes. Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.

1. Budgets are adopted for the General Fund and all Special Revenue Funds.
2. Budget appropriations are adopted before the beginning of each fiscal year.
3. Both budgeted and actual financial results cannot incur a deficit (including an available un-reserved surplus).
4. Amendments to the budget are made prior to over expenditures and before the fiscal year end.
5. Budgetary control is exercised at the activity level. The clerk is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity require the approval of the Township board.

The Township does not use encumbrances. Budget appropriations are considered to be spent when goods are received or services rendered.

**Sauble Township**  
Lake County, Michigan  
Notes to Financial Statements  
March 31, 2007

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91 authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office located in Michigan. Local units are allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. Also, United States government or federal agency obligations; reverse repurchase agreements, bankers acceptance of United States Banks, commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase, obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade, and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township Board has authorized cash and cash equivalents to be in federally insured depository institutions. These cash accounts can be checking, savings, money markets, or certificates of deposit with original maturities of three months or less. Additionally, the Township Board specifically authorizes each depository institution.

At March 31, 2007, all cash and cash equivalents were on deposit with federally insured depository institutions. The bank balance was \$252,801 as of March 31, 2007, \$100,000 of which was covered by federal depository insurance and \$152,801 was uninsured and unsecured.

**NOTE 4 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

Michigan Statutes provides that a Township shall not incur expenditures in excess of the amount appropriated.

The unfavorable variances as shown on the Budgetary Comparison Schedules for the General Fund, Fire Fund, Liquor Fund, Public Improvement Fund and Lake Spraying Fund are not considered material violations as described in Michigan Statute due to the conditions and events that gave rise to these variances and the adequacy of the budgetary system.

**NOTE 5 – RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2007, the Township carried commercial insurance to cover all risks of losses. The Township had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

**Sauble Township**  
 Lake County, Michigan  
 Notes to Financial Statements  
 March 31, 2007

**NOTE 6 – CAPITAL ASSETS**

Capital assets activity of the primary government for the current year is as follows:

	Balance 04-01-06	Additions	Reductions	Balance 03-31-07
Land	\$ 34,658	\$ -	\$ -	\$ 34,658
Buildings and improvements	92,365	4,505	-	96,870
Furniture and office equipment	18,059	10,305	-	28,364
Fire equipment & trucks	<u>564,542</u>	<u>149,771</u>	<u>(4,184)</u>	<u>710,129</u>
Total depreciable assets	709,624	164,581	(4,184)	870,021
Less accumulated depreciation	<u>(375,986)</u>	<u>(61,711)</u>	<u>-</u>	<u>(437,697)</u>
Capital assets, net	<u>\$ 333,638</u>	<u>\$ 102,870</u>	<u>\$ (4,184)</u>	<u>\$ 432,324</u>

Depreciation Expense - Governmental Activities:

General Government	\$ 5,014
Public Safety	<u>56,697</u>
Total depreciation expense	<u>\$ 61,711</u>

**NOTE 7 – LONG TERM DEBT**

Long-term debt as of March 31, 2007 is comprised of the following notes payable on fire protection equipment purchases:

	Original Note	Maturity Date	Interest Rate	Balance 03/31/06	Additions (Reductions)	Balance 03/31/07	Due within One year
Governmental Activities							
Lake Osceola State Bank	\$ 132,173	5/10/2011	4.22%	\$ 72,158	\$ (14,050)	\$ 58,108	\$ 14,629
Lake Osceola State Bank	72,713	12/11/2012	4.22%	40,920	(10,463)	30,457	10,924
Lake Osceola State Bank	57,737	10/6/2011	4.10%	<u>-</u>	<u>57,737</u>	<u>57,737</u>	<u>10,637</u>
Total Governmental Activities				<u>\$113,078</u>	<u>\$ 33,224</u>	<u>\$ 146,302</u>	<u>\$ 36,190</u>

Total interest expense for the year ending March 31, 2007 was \$4,287. The total was included on the Statement of Activities under Government activities / Public Safety.

**Sauble Township**  
 Lake County, Michigan  
 Notes to Financial Statements  
 March 31, 2007

**NOTE 7 – LONG TERM DEBT (Continued)**

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

<u>Year Ending March 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 36,190	\$ 5,619	\$ 41,809
2009	37,726	4,083	41,809
2010	35,581	2,500	38,081
2011	24,310	1,223	25,533
2012	12,495	514	13,009
Totals	<u>\$ 146,302</u>	<u>\$13,939</u>	<u>\$160,241</u>

**NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES**

Balances at March 31, 2007, were:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General fund		
Liquor Fund	\$ 604	\$ -
Tax collection fund	8,984	-
Public improvement fund	-	16,457
Liquir Fund		
General fund	-	604
Public improvement fund		
General fund	16,457	-
Lake spraying fund		
Tax collection fund	6,063	
Tax collection fund		
General fund		8,984
Lake spraying fund	-	6,063
Totals	<u>\$ 32,108</u>	<u>\$ 32,108</u>

**Sauble Township**  
Lake County, Michigan  
Notes to Financial Statements  
March 31, 2007

**NOTE 9 – JOINT FIRE DISTRICT**

The Township is a member of the Sauble-Elk-Eden Fire Department. The Fire Department is a joint venture of Sauble, Elk and Eden Townships. The financial information of the Fire Department has been included in these audited financial statements. The Fire Department is funded by property taxes levied by each of the three townships. Sauble Township levied 1.5991 mills to support the Fire Department for the year ended March 31, 2007.

## **Required Supplementary Information**

**Sauble Township**  
 Lake County, Michigan  
 Budgetary Comparison Schedule  
 General Fund  
 Year Ended March 31, 2007

	Budgeted Amounts		Actual	Variance with Final Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 29,003	\$ 29,003	\$ 50,583	\$ 21,580
State sources	22,056	22,056	22,039	(17)
Charges for services	-	-	1,740	1,740
Interest	-	-	3,860	3,860
Other	-	-	1,801	1,801
<b>Total revenues</b>	<b><u>51,059</u></b>	<b><u>51,059</u></b>	<b><u>80,023</u></b>	<b><u>28,964</u></b>
<b>Expenditures</b>				
General government	52,739	52,739	64,851	(12,112)
Zoning	500	500	1,884	(1,384)
<b>Total expenditures</b>	<b><u>53,239</u></b>	<b><u>53,239</u></b>	<b><u>66,735</u></b>	<b><u>(13,496)</u></b>
<b>Excess of revenues over (under) expenditures</b>	<b><u>\$ (2,180)</u></b>	<b><u>\$ (2,180)</u></b>	<b>13,288</b>	<b><u>\$ 15,468</u></b>
Fund balance-beginning of year			49,668	
<b>Fund balance-end of year</b>			<b><u>\$ 62,956</u></b>	

**Sauble Township**  
Lake County, Michigan  
Budgetary Comparison Schedule  
Fire Fund  
Year Ended March 31, 2007

	Budgeted Amounts		Actual	Variance with Final Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 159,950	\$ 159,950	\$ 160,458	\$ 508
Interest	5,000	5,000	6,172	1,172
Other	-	-	811	811
<b>Total revenues</b>	<b>164,950</b>	<b>164,950</b>	<b>167,441</b>	<b>2,491</b>
<b>Expenditures</b>				
Public safety	216,500	216,500	230,784	(14,284)
<b>Excess of revenues over (under) expenditures</b>	<b>(51,550)</b>	<b>(51,550)</b>	<b>(63,343)</b>	<b>(11,793)</b>
<b>Other financing sources (uses)</b>				
Operating transfers in	58,000	58,000	57,737	(263)
Operating transfers out	(28,800)	(28,800)	(28,800)	-
<b>Total other financing sources (uses)</b>	<b>29,200</b>	<b>29,200</b>	<b>28,937</b>	<b>(263)</b>
<b>Excess of revenues and other financing sources over (under) expenditures and other uses</b>	<b>\$ (22,350)</b>	<b>\$ (22,350)</b>	<b>(34,406)</b>	<b>\$ (12,056)</b>
Fund balance-beginning of year			240,004	
<b>Fund balance-end of year</b>			<b>\$ 205,598</b>	

**Sauble Township**  
 Lake County, Michigan  
 Budgetary Comparison Schedule  
 Liquor Fund  
 Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
State sources	\$ 577	\$ 577	\$ 592	\$ 15
<b>Expenditures</b>				
Public safety	600	600	550	50
<b>Excess of revenues over (under) expenditures</b>	<b><u>\$ (23)</u></b>	<b><u>\$ (23)</u></b>	<b>42</b>	<b><u>\$ 65</u></b>
Fund balance-beginning of year			<u>722</u>	
<b>Fund balance-end of year</b>			<b><u>\$ 764</u></b>	

**Sauble Township**  
 Lake County, Michigan  
 Budgetary Comparison Schedule  
 Public Improvement Fund  
 Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	<u>\$ 9,086</u>	<u>\$ 9,086</u>	\$ 10,769	<u>\$ 1,683</u>
<b>Expenditures</b>				
Parks and recreation	<u>12,000</u>	<u>12,000</u>	<u>14,809</u>	<u>(2,809)</u>
<b>Excess of revenues over (under) expenditures</b>	<u><b>\$ (2,914)</b></u>	<u><b>\$ (2,914)</b></u>	<b>(4,040)</b>	<u><b>\$ (1,126)</b></u>
Fund balance-beginning of year			<u>19,443</u>	
<b>Fund balance-end of year</b>			<u><b>\$ 15,403</b></u>	

**Sauble Township**  
 Lake County, Michigan  
 Budgetary Comparison Schedule  
 Lake Spraying Fund  
 Year Ended March 31, 2007

	Budgeted Amounts		Actual	Variance with Final Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 15,000	\$ 15,000	\$ 14,760	\$ (240)
<b>Expenditures</b>				
Parks and recreation	<u>15,000</u>	<u>15,000</u>	<u>5,657</u>	<u>9,343</u>
<b>Excess of revenues over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<b>9,103</b>	<b><u>\$ 9,583</u></b>
Fund balance-beginning of year			<u>11,139</u>	
<b>Fund balance-end of year</b>			<b><u>\$ 20,242</u></b>	

**JAY THIEBAUT, P.C.**

CERTIFIED PUBLIC ACCOUNTANT

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Cadillac, Michigan 49601

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To the Members of the Township Board  
Sauble Township  
Lake County, Michigan

In planning and performing my audit of the statements of Sauble Township for the year ended March 31, 2007, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on internal control. However, I noted certain matters involving the internal control and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect Sauble Township's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components do not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, no material weaknesses were noted.

This report is intended solely for the information and use of the Township Board, management and others within the administration, and Department of Treasury, Local Audit Division of the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.



Jay Thiebaut, P.C.

Certified Public Accountant

September 26, 2007