

## 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 Bridgeport Charter Township	County Saginaw
Fiscal Year End December 31, 2006	Opinion Date April 10, 2007	Date Audit Report Submitted to State May 16, 2007	

We affirm that:

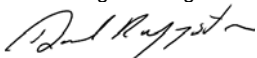
We are certified public accountants licensed to practice in Michigan.

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.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 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.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 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.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.  |
| 4.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit has adopted a budget for all required funds.   |
| 5.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | A public hearing on the budget was held in accordance with State statute.   |
| 6.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 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.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.  |
| 8.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit only holds deposits/investments that comply with statutory requirements.   |
| 9.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the <i>Bulletin for Audits of Local Units of Government in Michigan</i> , as revised (see Appendix H of Bulletin).  |
| 10. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 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. | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | The local unit is free of repeated comments from previous years.  |
| 12. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The audit opinion is UNQUALIFIED.   |
| 13. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 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. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The board or council approves all invoices prior to payment as required by charter or statute.  |
| 15. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 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) Yeo & Yeo, P.C.		Telephone Number 989-793-9830
Street Address 3023 Davenport		City Saginaw
		State MI
		Zip 48605
Authorizing CPA Signature 	Printed Name David Youngstrom	License Number I262757

**Bridgeport Charter Township**  
**Annual Financial Statements**  
**and**  
**Auditors' Report**  
**December 31, 2006**

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**Bridgeport Charter Township**  
**List of Elected and Appointed Officials**  
**December 31, 2006**

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Township Board

Patrick Gilles - Supervisor

Marie Wuerfel - Treasurer

Lee G. Carpenter - Clerk

Richard A. Fisher - Trustee

Walter LaShore - Trustee

Frank Morrison - Trustee

Lisa A. Shaw-Scott - Trustee

Other Officers and Officials

Richard F. Dunnill - Township Manager

Jamie Sowers - Chief Accountant



3023 Davenport  
Saginaw, MI 48602  
Phone (989) 793-9830 / (800) 968-0010  
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## Independent Auditors' Report

To the Township Board  
Bridgeport Charter Township  
Bridgeport, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bridgeport Charter Township as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bridgeport Charter Township as of December 31, 2006 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 managements' discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 Bridgeport Charter Township's basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
April 10, 2007

## Bridgeport Charter Township Management's Discussion and Analysis December 31, 2006

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As management of Bridgeport Charter Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

### **Financial Highlights**

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$ 20,383,110. Of this amount, \$ 6,623,300 is unrestricted and may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets decreased by \$ 493,803.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,469,654 a decrease of \$ 322,531 in comparison with the prior year. Approximately 87% of this total amount, or \$2,156,936, is *available for spending* at the Township's discretion (*unreserved fund balance*). This amount is inclusive of both the *unreserved-designated* amount, which has been designated based upon either Township policy or for a specific purpose, and the *unreserved-undesignated* amount.
- At the end of the current fiscal year, the general fund's unreserved-undesignated fund balance was \$ 1,071,644 or 39% of total general fund expenditures. Total fund balance for the general fund was \$ 1,624,854.
- The Township's total debt decreased by \$ 67,726 or 10% during the current fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

**Bridgeport Charter Township**  
**Management's Discussion and Analysis**  
**December 31, 2006**

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The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected special assessments and accrued interest expense).

The governmental-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, community and economic development and recreation and culture. The business-type activities of the Township consist of a Water Fund, Sewer Fund, and Internal Service Fund. The water and sewer funds are both major funds.

The government-wide financial statements can be found on pages 4-1 and 4-2 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Activities**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The Township Board creates funds to help manage money for specific purposes as well as show accountability for certain activities. The Township's major governmental funds include the General Fund and Refuse Collection Fund.

**Bridgeport Charter Township**  
**Management's Discussion and Analysis**  
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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 Refuse Collection Fund accounts for the revenue and expenditures with the government's refuse collection operation.

The basic governmental fund financial statements can be found on pages 4-3 to 4-8 of this report.

**Proprietary funds.** The Township maintains two different types of proprietary funds; enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for its water and sewer operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Township's various functions. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund and Sewer Fund, each of which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 4-9 to 4-14 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 4-15 to 4-16 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide fund financial statements. The notes to the financial statements can be found on pages 4-17 to 4-28 of this report.

**Government Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Bridgeport Charter Township, as the following table demonstrates, assets exceeded liabilities by \$ 20,383,110 at the close of the most recent fiscal year.

**Bridgeport Charter Township  
Management's Discussion and Analysis  
December 31, 2006**

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	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
<b>Assets</b>						
Current assets	\$ 3,020,590	\$ 3,371,204	\$ 4,040,681	\$ 4,266,595	\$ 7,061,271	\$ 7,637,799
Capital assets	<u>2,429,511</u>	<u>2,601,063</u>	<u>11,737,059</u>	<u>11,517,695</u>	<u>14,166,570</u>	<u>14,118,758</u>
Total assets	<u>5,450,101</u>	<u>5,972,267</u>	<u>15,777,740</u>	<u>15,784,290</u>	<u>21,227,841</u>	<u>21,756,557</u>
<b>Liabilities</b>						
Current liabilities	167,202	264,299	76,141	73,253	243,343	337,552
Long term liabilities	<u>601,388</u>	<u>601,388</u>	<u>-</u>	<u>-</u>	<u>601,388</u>	<u>601,388</u>
Total liabilities	<u>768,590</u>	<u>865,687</u>	<u>76,141</u>	<u>73,253</u>	<u>844,731</u>	<u>938,940</u>
<b>Net assets</b>						
Invested in capital assets- net of related debt	1,828,123	1,929,649	11,737,059	11,576,991	13,565,182	13,506,640
Restricted	194,628	202,411	-	-	194,628	202,411
Unrestricted	<u>2,658,760</u>	<u>2,974,520</u>	<u>3,964,540</u>	<u>4,193,342</u>	<u>6,623,300</u>	<u>7,167,862</u>
Total net assets	<u>\$ 4,681,511</u>	<u>\$ 5,106,580</u>	<u>\$ 15,701,599</u>	<u>\$ 15,770,333</u>	<u>\$ 20,383,110</u>	<u>\$ 20,876,913</u>

One of the largest portions of the Township's net assets, \$ 13,565,182 (67%), reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$ 194,628 (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$ 6,623,300 (32%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Bridgeport Charter Township  
Management's Discussion and Analysis  
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	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
<b>Revenue</b>						
Program revenue						
Charges for services	\$ 737,096	\$ 653,395	\$2,086,189	\$2,164,913	\$2,823,285	\$2,818,308
Operating grants and contributions	86,116	29,748	-	-	86,116	29,748
Capital grants and contributions	31,400	102,076	22,089	318,662	53,489	420,738
General revenue:						
Property taxes	1,021,191	1,024,757	-	-	1,021,191	1,024,757
State-shared revenue	988,690	998,118	-	-	988,690	998,118
Unrestricted investment earnings	100,972	118,931	177,758	88,986	278,730	207,917
Gain on sale of capital assets	3,131	30,932	-	-	3,131	30,932
Miscellaneous revenue	161,455	212,016	16,112	31,062	177,567	243,078
Total revenue	<u>3,130,051</u>	<u>3,169,973</u>	<u>2,302,148</u>	<u>2,603,623</u>	<u>5,432,199</u>	<u>5,773,596</u>
<b>Program expenses</b>						
General government	794,307	689,851	-	-	794,307	689,851
Public safety	1,635,122	1,643,703	-	-	1,635,122	1,643,703
Public works	926,247	1,008,398	-	-	926,247	1,008,398
Community and economic development	16,734	19,875	-	-	16,734	19,875
Recreation and culture	152,151	122,429	-	-	152,151	122,429
Other	-	83,141	-	-	-	83,141
Interest on long-term debt	30,559	30,379	-	-	30,559	30,379
Water and sewer	-	-	2,370,882	2,321,791	2,370,882	2,321,791
Total program expenses	<u>3,555,120</u>	<u>3,597,776</u>	<u>2,370,882</u>	<u>2,321,791</u>	<u>5,926,002</u>	<u>5,919,567</u>
<b>Change in net assets</b>	<u>\$(425,069)</u>	<u>\$(427,803)</u>	<u>\$ (68,734)</u>	<u>\$ 281,832</u>	<u>\$ (493,803)</u>	<u>\$ (145,971)</u>

The Township's net assets decreased by \$ 493,803 during the current fiscal year.

**Governmental activities.** Governmental activities decreased the Township's net assets by \$ 425,069. Key elements of this decrease are as follows:

Bridgeport Township outsourced a growth and development study to be performed by Online Realty in the amount of \$100,000.

In 2006, Bridgeport Township paid for the resurfacing of Southfield Street at a cost of approximately \$96,000.

Bridgeport Charter Township saw a decrease in state revenue sharing by approximately \$38,000, impacting the original budget.

**Bridgeport Charter Township**  
**Management's Discussion and Analysis**  
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The Township Clerk purchased a new elections trailer at a cost of \$9,600.

The Township accounting office saw an increase in personnel services that was two-fold: First, a former employee was brought in to assist in training and processing of accounting work. Second, a new chief accountant was hired as a contract employee through Trillium until 2007.

Bridgeport Charter Township replaced main entrance doors and sidewalk approach to the Governmental Center to comply with ADA requirements for handicap voting access.

Safety upgrades to inside elevator at the Governmental Center.

Governmental Center installed energy efficient thermostats and heat pumps to contain and reduce future energy costs.

Request by Township Supervisor to transfer \$82,228 unused and unappropriated 2005 road funds to the 2006 budget year.

**Business-type activities (enterprise funds).**

Bridgeport Charter Township's business-type activities consist of Water Fund, Sewer Fund, and Internal Service Fund. The water and sewer are both major funds.

Bridgeport Water System increased water rates in June, 2006 to \$3.42 per thousand from \$3.28 per thousand in response to a rate increase received from the City of Saginaw.

Bridgeport Sewer System also increased their sewer rates in January, 2006 to \$4.43 per thousand to \$4.48 per thousand at the rate of inflation.

As part of the Saginaw County Solid Waste Management Committee, Bridgeport Township was able to garner solid waste funds to initiate pilot rubberized asphalt road projects, diverting 6,000 tires per mile from landfills, etc. This program has brought recognition state-wide from agencies including the Michigan Department of Transportation and other communities.

Bridgeport Township Water System complied with the Stage II Disinfection By-Product Rule mandated by the Environmental Protection Agency (EPA). This rule sets protocol for period testing of drinking water measuring total trihalomethanes and haloacetic acids.

Bridgeport Township Water System is in on-going negotiations with the City of Saginaw for wholesale water services.

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Bridgeport Sewer System replaced the bar screen in 2006 at a cost of \$41,140. Other projects included cleaning and inspecting the collection system, and replacing the digester roof, which is responsible for breaking down primary sludge, at a cost of \$6,800.

Bridgeport Sewer System installed new variable drives for the Dixie pump station which pumps raw sewage to the treatment plant.

Bridgeport Sewer System saw a decrease in net assets of \$225,918 for fiscal year 2006 due mainly to depreciation expense.

**Bridgeport Charter Township Funds.**

The fund financial statements provide detailed information about the most significant funds of Bridgeport Charter Township. The Township Board creates funds to help manage money for specific purposes as well as show accountability for certain activities. The Township's major governmental funds include the General Fund, and Refuse Collection Fund.

**General Fund**

Functions relating to the general governmental activities of the Township, which are financed by property tax levies, by distribution of State revenues, and from fees charged to various municipal activities and services are recorded in the General Fund. The Township's Board approved budget for the 2006 fiscal year included the use of \$167,109 of the fund balance in the General Fund, of which the Township actually used \$273,527 and left \$1,624,854 in fund balance at year end.

**Refuse Collection Fund**

The Refuse Collection Fund accounts for the revenue and expenditures with the governments refuse collection operation. The Township's Board approved budget for the 2006 fiscal year included excess of revenues over expenditures of \$71,294 in the Refuse Collection Fund. The Township actually used \$16,425 and left \$479,151 in fund balance at year end.

**General Fund Budgetary Highlights.**

Prior to the beginning of any year, the Township's budget is compiled based upon certain assumptions and facts available at the time. During the year, the Township acts to amend its budget to reflect changes in these original assumptions, facts, and/or economic conditions that were unknown at the time the original budget was compiled. In addition, by policy, the Board reviews and authorizes large expenditures when requested throughout the year.

**Bridgeport Charter Township**  
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Variations in the 2006 budget reflect:

- Increased income received from investments.
- Decrease in revenues due to Metro Act and Right of Way cuts.
- Increased expenditures in training for Board members attending additional sessions that were not anticipated.
- Township received additional revenue from permit fees.
- Building repairs were postponed for the Fire Department in anticipation of revenue cuts.
- Anticipated increase in electrical rates that did not materialize.
- Property taxes were incorrectly budgeted based on an assumption of a 2% increase in real and personal property for the 2006 fiscal year.

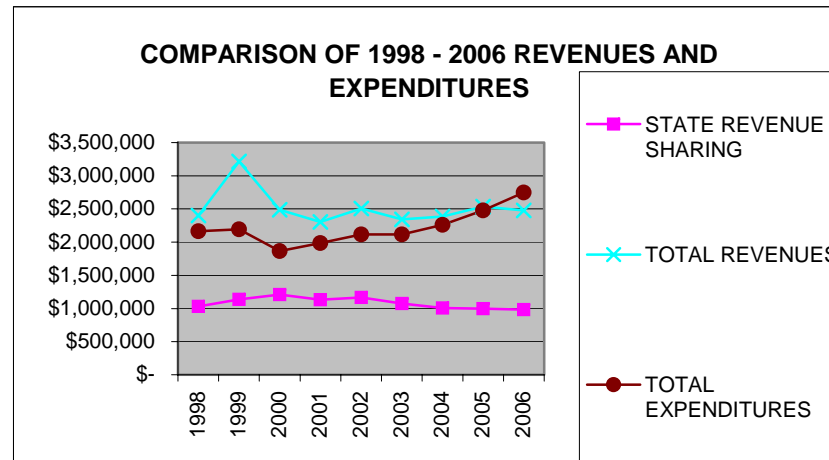
Following are additional events that have impacted the 2006 budget:

- Township negotiated new BCBS health insurance plan for thirty-six full time employees reducing costs to the Township while providing improved coverage for employees.
- Reduced BCBS medical insurance premium costs for Township's eleven retirees over sixty-five while improving coverage.
- Ongoing labor negotiations with Township's two labor groups.
- Hired/replaced Account Clerk IV in Accounting Department with a full time Chief Accountant.
- Retirement of Building, Zoning and Codes Administrator King and outsourcing position to a contract provider.
- Elimination of one Police Officer position (down from 8 to 7) due to State Revenue Sharing cuts.
- Hired one full time Fire Fighter using cable franchise fee to cover labor and benefit costs.
- No raises for salaried employees during 2006 due to revenue sharing concerns and cuts.
- Chart 1 is a comparison of revenues and expenditures for the years 1998 through 2006. Also, charted is the state revenue sharing received for these years.

# Bridgeport Charter Township Management's Discussion and Analysis December 31, 2006

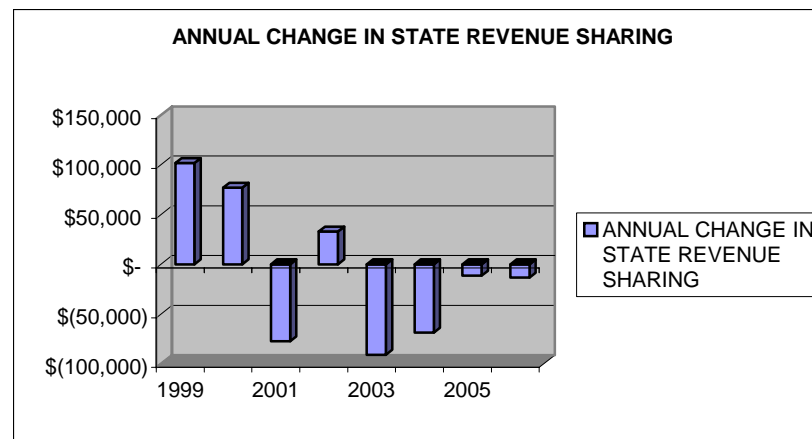
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Chart 1



- Chart 2 characterizes the annual change in state revenue sharing for the last nine years.

Chart 2



## Bridgeport Charter Township Management's Discussion and Analysis December 31, 2006

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- Charts 3 and 4 show budgeted 2006 revenues and expenditures by source.

Chart 3

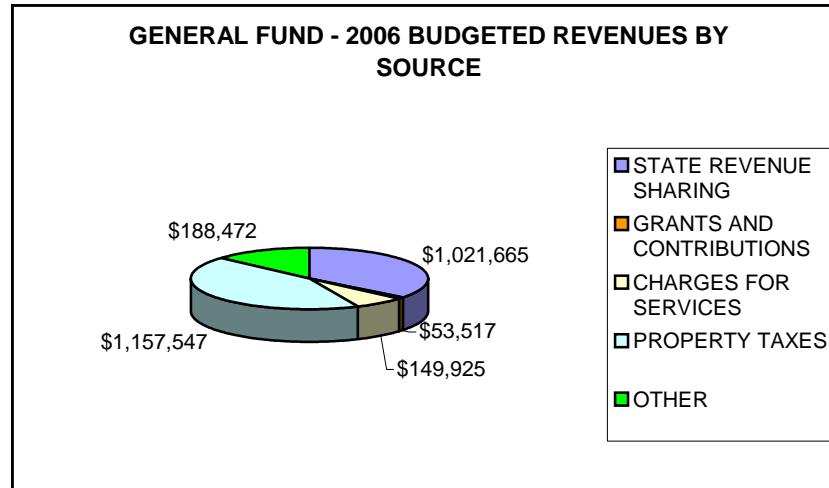
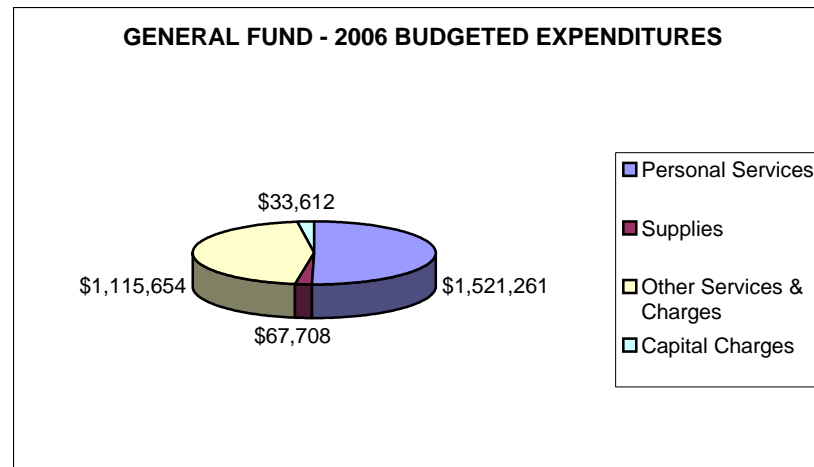


Chart 4



**Bridgeport Charter Township**  
**Management's Discussion and Analysis**  
**December 31, 2006**

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**Capital Asset and Debt Administration**

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

Township's equipment pool purchased one (1) new police vehicle.

Bridgeport Township Water Department replaced water main on State St. from Grant to Bearcat, Grant St., Sherman St., Shreve St., and Grotto St. at a cost \$693,457.

The Township's total debt decreased by \$67,726 or 10% during the current fiscal year.

At the end of 2006, the Township has \$14,166,570 invested in a wide range of capital assets, including land, buildings, equipment, computer equipment, and water and sewer lines.

**Economic Factors and Next Year's Budget and Rates**

The following factors were considered in preparing the Township's budget for the 2007 fiscal year:

- Rising cost to furnish employee healthcare benefits.
- Replacement of two (2) police vehicles.
- Promotion of Rose Licht to office manager upon the retirement of Jim Krapohl.
- Increase in legal costs due to negotiations between the Township and two labor unions.
- Continued state revenue sharing cuts.
- Township has elected not to replace an eighth police officer.
- An additional \$10,000 added to Building and Codes budget for home demolitions.
- Parks and Recreation budget increased for Bi-Hall roof replacement and sidewalk repairs at a cost of \$10,000.
- Fire Department budget increased for floor repairs in the amount of \$15,000.

The following activities occurred in 2006 impacting business in Bridgeport Charter Township:

- Dixie Cut Stone plant one closed, plant two remodeled.
- McDonalds remodel and expansion.
- Nagel Paper building façade, parking lot redesign and landscaping.
- D.D.A. purchase of empty Burger King – sale completed in 2007.
- Beautification efforts around railroad tracks on Dixie Highway near Chamber Building.

**Bridgeport Charter Township**  
**Management's Discussion and Analysis**  
**December 31, 2006**

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- Reopening of old Charter Communication Office as a property maintenance firm and mortgage company.
- New advertising firm opened in old Doctor Shaheen building.
- Purchase of empty grocery store at 3131 Williamson and ongoing remodel to create a beauty supply sales center.
- GLDC hired full time Coordinator with D.D.A. supplied funds, which reduced time and project demands placed on Township Manager. Project is moving forward with business plan creation and fund raising activities.
- Michigan State Police consolidation and elimination of Bridgeport Dispatcher and trooper reduction.
- Reopening of Bridgeport Hardware with expansion of store offerings.

**Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in Bridgeport Charter Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Bridgeport Charter Township, 6206 Dixie Highway, Bridgeport, Michigan 48722.

**Bridgeport Charter Township**  
**Statement of Net Assets**  
**December 31, 2006**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 1,503,227	\$ 3,224,565	\$ 4,727,792	\$ 1,096,955
Investments	139,494	219,324	358,818	-
Receivables				
Taxes	878,955	-	878,955	256,670
Customers	31,255	472,927	504,182	-
Special assessments	-	4,028	4,028	-
Accrued interest and other	1,343	31,207	32,550	2,563
Due from other units of government	333,816	-	333,816	-
Internal balances	(674)	674	-	-
Due from component unit	9,943	(3,751)	6,192	-
Inventories	3,883	75,419	79,302	-
Prepaid items	119,348	16,288	135,636	4,103
Capital assets not being depreciated	502,890	41,902	544,792	181,465
Capital assets being depreciated	1,926,621	11,695,157	13,621,778	4,371
Total assets	<u>5,450,101</u>	<u>15,777,740</u>	<u>21,227,841</u>	<u>1,546,127</u>
<b>Liabilities</b>				
Accounts payable	107,274	49,841	157,115	18,155
Accrued and other liabilities	5,228	-	5,228	8,100
Due to primary government	-	-	-	6,192
Noncurrent liabilities				
Due within one year	123,462	26,300	149,762	51,700
Due in more than one year	532,626	-	532,626	1,130,000
Total liabilities	<u>768,590</u>	<u>76,141</u>	<u>844,731</u>	<u>1,214,147</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	1,828,123	11,737,059	13,565,182	185,836
Restricted for:				
Debt service	194,628	-	194,628	-
Unrestricted	2,658,760	3,964,540	6,623,300	146,144
<b>Total net assets</b>	<u>\$ 4,681,511</u>	<u>\$ 15,701,599</u>	<u>\$ 20,383,110</u>	<u>\$ 331,980</u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Statement of Activities**  
**For the Year Ended December 31, 2006**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Functions/Programs</b>								
<b>Primary government</b>								
Governmental activities								
General government	\$ 794,307	\$ 104,075	\$ -	\$ -	\$ (690,232)	\$ -	\$ (690,232)	\$ -
Public safety	1,635,122	67,669	73,473	31,400	(1,462,580)	-	(1,462,580)	-
Public works	926,247	547,445	12,643	-	(366,159)	-	(366,159)	-
Community and economic development	16,734	1,980	-	-	(14,754)	-	(14,754)	-
Recreation and culture	152,151	15,927	-	-	(136,224)	-	(136,224)	-
Interest on long-term debt	30,559	-	-	-	(30,559)	-	(30,559)	-
Total governmental activities	<u>3,555,120</u>	<u>737,096</u>	<u>86,116</u>	<u>31,400</u>	<u>(2,700,508)</u>	<u>-</u>	<u>(2,700,508)</u>	<u>-</u>
Business-type activities								
Sewer	1,204,175	822,332	-	7,315	-	(374,528)	(374,528)	-
Water	1,166,707	1,263,857	-	14,774	-	111,924	111,924	-
Total business-type activities	<u>2,370,882</u>	<u>2,086,189</u>	<u>-</u>	<u>22,089</u>	<u>-</u>	<u>(262,604)</u>	<u>(262,604)</u>	<u>-</u>
Total primary government	<u>\$ 5,926,002</u>	<u>\$ 2,823,285</u>	<u>\$ 86,116</u>	<u>\$ 53,489</u>	<u>(2,700,508)</u>	<u>(262,604)</u>	<u>(2,963,112)</u>	<u>-</u>
<b>Component unit</b>								
Downtown Development Authority	<u>\$ 327,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(327,672)</u>
General revenues								
Property taxes					1,021,191	-	1,021,191	360,823
State shared revenue					988,690	-	988,690	-
Unrestricted investment earnings					100,972	177,758	278,730	52,688
Gain on sale of capital assets					3,131	-	3,131	-
Miscellaneous					161,455	16,112	177,567	34,843
Total general revenues					<u>2,275,439</u>	<u>193,870</u>	<u>2,469,309</u>	<u>448,354</u>
Change in net assets					<u>(425,069)</u>	<u>(68,734)</u>	<u>(493,803)</u>	<u>120,682</u>
Net assets - beginning of year					5,106,580	15,711,037	20,817,617	211,298
Prior period adjustment					-	59,296	59,296	-
Net assets - beginning of year (restated)					<u>5,106,580</u>	<u>15,770,333</u>	<u>20,876,913</u>	<u>211,298</u>
<b>Net assets - end of year</b>					<u>\$ 4,681,511</u>	<u>\$ 15,701,599</u>	<u>\$ 20,383,110</u>	<u>\$ 331,980</u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2006**

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
		<u>Refuse Collection</u>		
<b>Assets</b>				
Cash and cash equivalents	\$ 697,457	\$ 321,918	\$ 354,514	\$ 1,373,889
Investments	32,854	-	-	32,854
Receivables				
Taxes	612,972	246,445	19,538	878,955
Customers	31,255	-	-	31,255
Accrued interest and other	1,150	129	-	1,279
Due from other units of government	333,816	-	-	333,816
Due from other funds	-	-	807	807
Due from component unit	9,943	-	-	9,943
Prepaid items	<u>66,956</u>	<u>47,735</u>	<u>3,399</u>	<u>118,090</u>
<b>Total assets</b>	<u>\$ 1,786,403</u>	<u>\$ 616,227</u>	<u>\$ 378,258</u>	<u>\$ 2,780,888</u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2006**

	General	Special Revenue Fund Refuse Collection	Nonmajor Governmental Funds	Total Governmental Funds
<b>Liabilities</b>				
Accounts payable	\$ 26,304	\$ 76,029	\$ 2,800	\$ 105,133
Accrued and other liabilities	3,128	-	-	3,128
Due to other funds	12,006	-	-	12,006
Deferred revenue	120,111	61,047	9,809	190,967
Total liabilities	161,549	137,076	12,609	311,234
<b>Fund Balances</b>				
Reserved for:				
Debt service	-	-	194,628	194,628
Prepaid items	66,956	47,735	3,399	118,090
Unreserved				
Designated for:				
Police department	31,509	-	-	31,509
Bridge	37,500	-	-	37,500
Fire safety house	1,026	-	-	1,026
Drains	41,873	-	-	41,873
Roads	284,982	-	-	284,982
Government center	42,366	-	-	42,366
Township property	46,193	-	-	46,193
Training	805	-	-	805
Unreserved, reported in:				
General fund	1,071,644	-	-	1,071,644
Special revenue funds	-	431,416	25,391	456,807
Capital project funds	-	-	142,231	142,231
Total fund balances	1,624,854	479,151	365,649	2,469,654
<b>Total liabilities and fund balances</b>	<b>\$ 1,786,403</b>	<b>\$ 616,227</b>	<b>\$ 378,258</b>	<b>\$ 2,780,888</b>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Governmental Funds**  
**Reconciliation of Fund Balances of Governmental Funds**  
**to Net Assets of Governmental Activities**  
**December 31, 2006**

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<b>Total fund balances for governmental funds</b>	\$ 2,469,654
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.	2,119,625
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	190,967
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(2,100)
Compensated absences	(54,700)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	(601,388)
Internal service funds are included as part of governmental activities.	<u>559,453</u>
<b>Net assets of governmental activities</b>	<u><u>\$ 4,681,511</u></u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2006**

	General	Special Revenue Fund Refuse Collection	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 1,009,992	\$ -	\$ -	\$ 1,009,992
Licenses and permits	516	-	67,603	68,119
Federal grants	31,400	-	-	31,400
State revenue sharing	988,690	-	-	988,690
Other state grants	40,427	-	-	40,427
Local contributions	4,834	-	-	4,834
Charges for services	173,293	466,902	15,155	655,350
Fines and forfeitures	35,545	-	6,940	42,485
Interest income	74,992	8,254	14,455	97,701
Rental income	65,789	-	-	65,789
Other revenue	42,562	305	56,063	98,930
Total revenues	<u>2,468,040</u>	<u>475,461</u>	<u>160,216</u>	<u>3,103,717</u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2006**

	General	Special Revenue Fund Refuse Collection	Nonmajor Governmental Funds	Total Governmental Funds
<b>Expenditures</b>				
Current				
General government	\$ 659,556	\$ -	\$ 84,140	\$ 743,696
Public safety	1,210,679	-	259,756	1,470,435
Public works	410,851	491,886	-	902,737
Community and economic development	12,843	-	-	12,843
Recreation and culture	131,862	-	-	131,862
Other functions	40,495	-	-	40,495
Capital outlay	33,612	-	405	34,017
Debt service				
Principal retirement	25,544	-	42,182	67,726
Interest and fiscal charges	4,447	-	26,312	30,759
Total expenditures	<u>2,529,889</u>	<u>491,886</u>	<u>412,795</u>	<u>3,434,570</u>
Deficiency of revenues under expenditures	<u>(61,849)</u>	<u>(16,425)</u>	<u>(252,579)</u>	<u>(330,853)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	220,000	220,000
Transfers out	(220,000)	-	-	(220,000)
Insurance recoveries	8,172	-	-	8,172
Sale of fixed assets	150	-	-	150
Total other financing sources and uses	<u>(211,678)</u>	<u>-</u>	<u>220,000</u>	<u>8,322</u>
Net change in fund balance	<u>(273,527)</u>	<u>(16,425)</u>	<u>(32,579)</u>	<u>(322,531)</u>
Fund balance - beginning of year	<u>1,898,381</u>	<u>495,576</u>	<u>398,228</u>	<u>2,792,185</u>
<b>Fund balance - end of year</b>	<u><b>\$ 1,624,854</b></u>	<u><b>\$ 479,151</b></u>	<u><b>\$ 365,649</b></u>	<u><b>\$ 2,469,654</b></u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Governmental Funds**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2006**

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**Net change in fund balances - Total governmental funds** \$ (322,531)

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.

Depreciation expense	(198,652)
Capital outlay	36,360

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue  
in the funds.

Property taxes	11,199
Other revenue	(4,911)

Expenses are recorded when incurred in the statement of activities

Accrued interest	200
Compensated absences	(7,500)

Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in  
fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not  
affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds  
but reduces the liability in the statement of net assets.

Repayments of long-term debt	67,726
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Internal service funds are also included as governmental activities	<u>(6,960)</u>
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**Change in net assets of governmental activities** \$ (425,069)

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Proprietary Funds**  
**Statement of Net Assets**  
**December 31, 2006**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 2,435,592	\$ 788,973	\$ 3,224,565	\$ 129,338
Investments	219,324	-	219,324	106,640
Receivables				
Customers	169,548	303,379	472,927	-
Special assessments, current	488	-	488	-
Accrued interest and other	30,006	1,201	31,207	64
Due from other funds	3,182	9,305	12,487	306
Inventories	-	75,419	75,419	3,883
Prepaid items	9,933	6,355	16,288	1,258
	<u>2,868,073</u>	<u>1,184,632</u>	<u>4,052,705</u>	<u>241,489</u>
Total current assets				
Noncurrent assets				
Special assessments receivable, deferred	3,540	-	3,540	-
Capital assets not being depreciated	28,000	13,902	41,902	-
Capital assets being depreciated	5,332,745	6,362,412	11,695,157	309,886
	<u>5,364,285</u>	<u>6,376,314</u>	<u>11,740,599</u>	<u>309,886</u>
Total noncurrent assets				
	<u>8,232,358</u>	<u>7,560,946</u>	<u>15,793,304</u>	<u>551,375</u>
Total assets				

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Proprietary Funds**  
**Statement of Net Assets**  
**December 31, 2006**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 3,036	\$ 46,805	\$ 49,841	\$ 2,141
Due to other funds	1,594	-	1,594	-
Due to component unit	3,751	-	3,751	-
Current portion of noncurrent liabilities	16,000	10,300	26,300	-
Total current liabilities	24,381	57,105	81,486	2,141
<b>Net Assets</b>				
Invested in capital assets, net of related debt	5,360,745	6,376,314	11,737,059	309,886
Unrestricted	2,847,232	1,127,527	3,974,759	239,348
Total net assets	\$ 8,207,977	\$ 7,503,841	15,711,818	\$ 549,234
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service funds assets and liabilities are reported with business-type activities			(10,219)	
<b>Net assets of business-type activities</b>			<b>\$ 15,701,599</b>	

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended December 31, 2006**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Operating revenue</b>				
Customer fees	\$ 822,332	\$ 1,263,857	\$ 2,086,189	\$ 13,355
Billings to other funds	-	-	-	164,451
Other revenue	<u>12,006</u>	<u>4,106</u>	<u>16,112</u>	<u>12,344</u>
Total operating revenue	<u>834,338</u>	<u>1,267,963</u>	<u>2,102,301</u>	<u>190,150</u>
<b>Operating expenses</b>				
Personnel services	535,963	270,381	806,344	45,152
Supplies	41,878	486,573	528,451	2,243
Contractual services	15,084	34,214	49,298	6,286
Utilities	102,185	1,864	104,049	-
Repairs and maintenance	3,497	22,576	26,073	25,578
Other expenses	111,930	60,470	172,400	43,288
Depreciation	<u>388,618</u>	<u>280,740</u>	<u>669,358</u>	<u>92,886</u>
Total operating expenses	<u>1,199,155</u>	<u>1,156,818</u>	<u>2,355,973</u>	<u>215,433</u>
Operating income (loss)	<u>(364,817)</u>	<u>111,145</u>	<u>(253,672)</u>	<u>(25,283)</u>
<b>Nonoperating revenue (expenses)</b>				
Interest income	132,331	45,427	177,758	8,743
Gain on sale of assets	-	-	-	2,981
Loss on disposal of assets	<u>(747)</u>	<u>(7,563)</u>	<u>(8,310)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>131,584</u>	<u>37,864</u>	<u>169,448</u>	<u>11,724</u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended December 31, 2006**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Income (loss) before contributions	\$ (233,233)	\$ 149,009	\$ (84,224)	\$ (13,559)
Capital contributions	7,315	14,774	22,089	-
Change in net assets	(225,918)	163,783	(62,135)	(13,559)
Net assets - beginning of year	8,433,895	7,280,762		562,793
Prior period adjustment	-	59,296		-
Net assets - beginning of year restated	8,433,895	7,340,058		562,793
Net assets - end of year	\$ 8,207,977	\$ 7,503,841		\$ 549,234
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities			(6,599)	
<b>Change in net assets of business-type activities</b>			<b>\$ (68,734)</b>	

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2006**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	<u>Equipment</u>
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 852,052	\$ 1,321,816	\$ 2,173,868	\$ 26,335
Receipts from interfund users	-	-	-	164,451
Receipts from other funds	(3,182)	(9,305)	(12,487)	(306)
Payments to other funds	1,594	-	1,594	-
Payments to suppliers	(204,110)	(576,203)	(780,313)	(49,893)
Payments to employees	(535,963)	(270,381)	(806,344)	(45,152)
Payments for interfund services used	(27,793)	(15,057)	(42,850)	-
Net cash provided by operating activities	<u>82,598</u>	<u>450,870</u>	<u>533,468</u>	<u>95,435</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from special assessments	488	-	488	-
Capital contributions	7,315	14,774	22,089	-
Purchases/construction of capital assets	(106,641)	(731,095)	(837,736)	(93,325)
Proceeds from sale of capital assets	-	-	-	12,680
Net cash used by capital and related financing activities	<u>(98,838)</u>	<u>(716,321)</u>	<u>(815,159)</u>	<u>(80,645)</u>
<b>Cash flows from investing activities</b>				
Proceeds from sales and maturities of investments	2,153,742	602,095	2,755,837	18,866
Interest received	132,331	45,427	177,758	8,743
Net cash provided by investing activities	<u>2,286,073</u>	<u>647,522</u>	<u>2,933,595</u>	<u>27,609</u>
Net increase in cash and cash equivalents	2,269,833	382,071	2,651,904	42,399
Cash and cash equivalents - beginning of year	<u>165,759</u>	<u>406,902</u>	<u>572,661</u>	<u>86,939</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 2,435,592</u>	<u>\$ 788,973</u>	<u>\$ 3,224,565</u>	<u>\$ 129,338</u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2006**

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	Equipment
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (364,817)	\$ 111,145	\$ (253,672)	\$ (25,283)
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation expense	388,618	280,740	669,358	92,886
Changes in assets and liabilities				
Receivables (net)	17,714	53,853	71,567	636
Due from other funds	(3,182)	(9,305)	(12,487)	(306)
Inventories	-	(7,027)	(7,027)	3,083
Prepaid items	41,306	16,190	57,496	29,802
Accounts payable	(7,386)	6,775	(611)	(5,383)
Accrued and other liabilities	5,000	(1,501)	3,499	-
Due to other funds	1,594	-	1,594	-
Due to component unit	3,751	-	3,751	-
<b>Net cash provided by operating activities</b>	<b>\$ 82,598</b>	<b>\$ 450,870</b>	<b>\$ 533,468</b>	<b>\$ 95,435</b>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Fiduciary Funds**  
**Statement of Net Assets**  
**December 31, 2006**

	<u>Deferred Compensation Fund</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 1,209,436
Investments	421,946	-
Receivables		
Taxes	-	2,861,032
	<u>421,946</u>	<u>2,861,032</u>
Total assets	<u>421,946</u>	<u>\$ 4,070,468</u>
<b>Liabilities</b>		
Accrued and other liabilities	-	\$ 64,272
Due to other units of government	-	4,006,196
	<u>-</u>	<u>4,070,468</u>
Total liabilities	<u>-</u>	<u>\$ 4,070,468</u>
<b>Net Assets</b>		
Held in trust for pension benefits and other purposes	<u>\$ 421,946</u>	

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Fiduciary Funds**  
**Statement of Changes in Net Assets**  
**For the Year Ended December 31, 2006**

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	<u>Deferred Compensation Fund</u>
<b>Additions</b>	
Contributions	
Plan members	\$ 14,464
<b>Investment earnings</b>	
Interest	<u>28,936</u>
Total additions	<u>43,400</u>
<b>Deductions</b>	
Benefits	2,892
Administrative expenses	<u>1,659</u>
Total deductions	<u>4,551</u>
Change in net assets	38,849
Net assets - beginning of year	<u>383,097</u>
<b>Net assets - end of year</b>	<u><u>\$ 421,946</u></u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2006**

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**Note 1 - Summary of Significant Accounting Policies**

**Reporting entity**

Bridgeport Charter Township is governed by an elected seven-member Board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Discretely Presented Component Units – The component unit column in the entity wide financial statements include the financial data of the Township's Downtown Development Authority. This unit is reported in a separate column to emphasize that it is legally separate from the Township. The members of the Governing Board of the Downtown Development Authority are appointed by the Township Board. The budgets and expenditures of the Downtown Development Authority must be approved by the Township Board. The Township also has the ability to significantly influence operations of the Downtown Development Authority. The Downtown Development Authority does not issue any other form of financial statements except as contained in the Bridgeport Charter Township annual financial statements.

**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 nonfiduciary activities of the primary government and its component units. *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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise 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*, 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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.

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2006**

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Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, 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 assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government 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 Refuse Collection Fund accounts for the revenue and expenditures with the government's refuse collection operation.

The government reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection system.

The Water Fund accounts for the activities of the water distribution system.

Additionally, the government reports the following:

The nonmajor special revenue funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative requirements.

The Debt Service Fund accounts for the accumulation of

resources for, and payment of governmental activities principal, interest and related costs.

Junction Sewer Capital Projects Fund accounts for the construction and acquisition of the Junction Sewer project.

Internal Service Funds accounts for major machinery and equipment purchases and maintenance provided to other departments of the government on a cost reimbursement basis.

The Deferred Compensation Trust Fund accounts for amounts withheld from employees' pay in accordance with the Internal Revenue Code section 457.

Trust and Agency Fund and Current Tax Collection Fund accounts for property tax and other deposits collected on behalf of other units and individuals.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2006**

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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.

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 sewer and water funds and the internal service funds are charges to customers for sales and services. The government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for sewer and water funds and the internal service 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 government's policy to use restricted resources 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, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

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

arrangement 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 the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

The 2006 taxable valuation of the government totaled \$217,839,206, on which ad valorem taxes consisted of 4.7332 mills for operating purposes. This resulted in \$930,972 for operating expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments. In addition, the taxable valuation of the IFT totaled \$4,580,007, on which taxes consisted of 2.3666 mills. This provided \$2,233 for expenses.

Inventories and prepaid items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

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 historical cost, if purchased or constructed.

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2006**

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The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Water and sewer lines	50 to 75 years
Machinery and equipment	3 to 7 years
Vehicles	3 to 5 years

Compensated absences – It is the Township’s policy to permit employees to accumulate earned but unused vacation and personal time benefits. All personal time must be used prior to the use of any accrued vacation leave. Any unused personal time is paid out at the end of the 12 month period during which they could have been used. Upon resignation, any unused personal time is compensated at 50% of the personal leave hours remaining at the time of termination. Vacation pay and personal time benefits are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

payable are reported net of the applicable bond premium or discount.

Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 purposes. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative data**

Comparative data is not included in the government’s financial statements.

**Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary information**

The Township is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2006**

Prior to September 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. Public hearings are obtained to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to November 1.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Township Clerk is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Township Board.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

**Excess of expenditures over appropriations**

The Township incurred expenditures in excess of budget in the following funds. Excess expenditures in these funds occurred in the following areas:

	Budget	Actual	Excess
General Fund			
General government	\$ 641,946	\$ 659,556	\$ 17,610
Recreation and culture	131,747	131,862	115
Debt service	-	29,991	29,991
Refuse Collection Fund			
Public works	414,012	491,886	77,874
Cemetery Fund			
General government	82,530	84,140	1,610
Downtown Development Authority			
Community and economic development	92,621	145,038	52,417
Building Inspection Fund			
Public safety	244,226	248,463	4,237
Drug Enforcement Fund			
Public safety	10,962	11,698	736

**Note 3 - Deposits and Investments**

As of year end, the government had the following investments:

Investment	Fair Value	Maturities	Rating	Rating Organization
ML Institutional Fund	\$ 53,884	Daily	AAA	Standard's & Poor's

*Interest rate risk* – The Township’s investment policy does not address exposure to fair value losses from changes in interest rates.

*Credit risk* – State statutes 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 local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the three 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.

*Concentration of credit risk* – The Township minimizes credit risk by investing only in the safer types of securities, pre-qualifying financial institutions, brokers/dealers, intermediaries, and advisors with whom the Township will do business; and diversifying the investment portfolio so that the impact on the investment portfolio resulting from losses on individual securities will be minimized. Not more than 50% of any fund may be invested in commercial paper at any time.

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2006**

*Custodial credit risk – deposits* – In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to them. The Township's deposit policy limits use to twelve (12) banks. As of December 31, 2006, \$ 6,704,301 of the Township's bank balance of \$ 7,677,452 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Note 4 - Receivables and Deferred Revenue**

The only receivables not expected to be collected within one year are as follows:

	Due After One Year	Fund
<b>Primary government</b>		
Special assessments	\$ 3,540	Sewer

Governmental funds report deferred revenue in connection with receivables for revenue 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. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>
<b>Primary government</b>	
Property taxes	\$ 190,967
<b>Component unit</b>	
Property taxes	\$ 63,102

**Note 5 - Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 502,890	\$ -	\$ -	\$ 502,890
Capital assets being depreciated				
Land improvements	613,012	-	-	613,012
Buildings, additions and improvements	1,728,300	32,360	-	1,760,660
Machinery and equipment	1,788,525	56,460	145,334	1,699,651
Vehicles	1,111,921	40,865	20,440	1,132,346
Total capital assets being depreciated	5,241,758	129,685	165,774	5,205,669
Less accumulated depreciation for				
Land improvements	405,196	19,937	-	425,133
Buildings, additions and improvements	1,110,137	45,708	-	1,155,845
Machinery and equipment	1,178,332	148,451	135,635	1,191,148
Vehicles	449,920	77,442	20,440	506,922
Total accumulated depreciation	3,143,585	291,538	156,075	3,279,048
Net capital assets being depreciated	2,098,173	(161,853)	9,699	1,926,621
Governmental activities capital assets, net	\$ 2,601,063	\$ (161,853)	\$ 9,699	\$ 2,429,511
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 29,110	\$ -	\$ -	\$ 29,110
Construction in progress	297,749	12,792	297,749	12,792
Total capital assets not being depreciated	326,859	12,792	297,749	41,902
Capital assets being depreciated				
Machinery and equipment	4,005,407	15,065	29,762	3,990,710
Water system	9,467,738	1,016,052	206,678	10,277,112
Sewer system	8,408,875	91,576	-	8,500,451
Total capital assets being depreciated	21,882,020	1,122,693	236,440	22,768,273
Less accumulated depreciation for				
Machinery and equipment	3,020,978	188,213	28,859	3,180,332
Water system	4,224,362	254,761	199,271	4,279,852
Sewer system	3,386,548	226,384	-	3,612,932
Total accumulated depreciation	10,631,888	669,358	228,130	11,073,116
Net capital assets being depreciated	11,250,132	453,335	8,310	11,695,157
Business-type capital assets, net	\$ 11,576,991	\$ 466,127	\$ 306,059	\$ 11,737,059

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2006**

Capital assets activity of the component unit for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Unit</b>				
Capital assets not being depreciated				
Land	\$ 151,380	\$ 30,085	\$ -	\$ 181,465
Capital assets being depreciated				
Machinery and equipment	-	4,857	-	4,857
Less accumulated depreciation for				
Machinery and equipment	-	486	-	486
Net capital assets being depreciated	-	4,371	-	4,371
Component unit capital assets, net	\$ 151,380	\$ 34,456	\$ -	\$ 185,836

Depreciation expense was charged to programs of the primary government as follows:

<b>Governmental activities</b>	
General government	\$ 34,230
Public safety	134,918
Public works	8,790
Community and economic development	3,891
Recreation and culture	16,823
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>92,886</u>
Total governmental activities	<u>291,538</u>
<b>Business-type activities</b>	
Sewer	388,618
Water	<u>280,740</u>
Total business-type activities	<u>669,358</u>
Total primary government	<u>\$ 960,896</u>

**Note 6 - Interfund Receivables, Payable and Transfers**

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Other governmental funds	General	\$ 807
Internal Service fund	General	306
Water	Sewer	1,594
Sewer	General	3,182
Water	General	<u>7,711</u>
		<u>\$ 13,600</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Due to/from primary government and component units

Receivable Fund	Payable Fund	Amount
General	Downtown Development Authority	\$ 9,943
Downtown Development Authority	Sewer	<u>3,751</u>
		<u>\$ 13,694</u>

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General	Other governmental funds	<u>\$ 220,000</u>

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2006**

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programs.

**Note 7 - Leases**

**Operating Leases**

The government leases a mailing machine and copier under noncancelable operating leases. Total costs for such leases were \$ 5,612 for the year ending December 31, 2006. The future minimum lease payments for these leases are as follows:

Year ending December 31,

2007	\$ 6,312
2008	5,497
2009	<u>2,541</u>
	<u>\$ 14,350</u>

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2006**

**Note 8 - Long-Term Debt**

The government issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Installment purchase agreements are also general obligations of the government. Other long-term obligations include compensated absences. Compensated absences are typically liquidated with funds from the General, Sewer and Water Funds.

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>									
Bonds and notes payable									
General obligation bonds									
1988 Drain Bonds	\$ 825,000	2018	4.75% - 6.80%	\$39,543 - \$42,182	\$ 545,727	\$ -	\$ 42,182	\$ 503,545	\$ 42,182
Installment purchase agreements									
Fire equipment loan	\$ 135,775	2010	3.98%	\$2,175 - \$2,491	<u>123,387</u>	<u>-</u>	<u>25,544</u>	<u>97,843</u>	<u>26,580</u>
Total bonds payable					669,114	-	67,726	601,388	68,762
Compensated absences					<u>47,200</u>	<u>7,500</u>	<u>-</u>	<u>54,700</u>	<u>54,700</u>
Total governmental activities					<u>\$ 716,314</u>	<u>\$ 7,500</u>	<u>\$ 67,726</u>	<u>\$ 656,088</u>	<u>\$ 123,462</u>
<b>Business-type activities</b>									
Compensated absences					<u>\$ 22,800</u>	<u>\$ 5,000</u>	<u>\$ 1,500</u>	<u>\$ 26,300</u>	<u>\$ 26,300</u>
<b>Component units</b>									
General obligation bonds									
Downtown development bonds series 2002	\$ 1,365,000	2022	3.00% - 4.80%	\$45,000 - \$110,000	\$ 1,225,000	\$ -	\$ 45,000	\$ 1,180,000	\$ 50,000
Compensated absences					<u>7,100</u>	<u>-</u>	<u>5,400</u>	<u>1,700</u>	<u>1,700</u>
Total component units					<u>\$ 1,232,100</u>	<u>\$ -</u>	<u>\$ 50,400</u>	<u>\$ 1,181,700</u>	<u>\$ 51,700</u>

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2006**

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

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2007	\$ 68,762	\$ 27,424
2008	69,839	24,343
2009	70,960	21,187
2010	57,010	18,079
2011	42,182	15,818
2012-2016	210,910	47,455
2017-2018	<u>81,725</u>	<u>4,219</u>
	<u>\$ 601,388</u>	<u>\$ 158,525</u>

Year Ending December 31,	Component Unit	
	Principal	Interest
2007	\$ 50,000	\$ 49,430
2008	50,000	47,805
2009	55,000	45,899
2010	55,000	43,837
2011	60,000	41,606
2012-2016	345,000	168,630
2017-2021	455,000	82,309
2022	<u>110,000</u>	<u>2,640</u>
	<u>\$ 1,180,000</u>	<u>\$ 482,156</u>

**Note 9 - Risk Management**

The government is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The government has purchased commercial insurance for all claims.

Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**Note 10 - Employee Retirement and Benefit Systems**

**Defined benefit pension plan**

Plan description – The government participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the government. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 447 N. Canal Rd., Lansing, Michigan 48917.

Funding policy – The obligation to contribute to and maintain the system for these employees was established by negotiation with the government's competitive bargaining units and requires a contribution from the employees of 6 percent of gross wages for General, and Police and Fire employees.

Annual pension costs – For year ended 2006, the government's annual pension cost of \$212,847 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry actual age cost method. Significant actuarial assumptions used include: 1) a 8% investment rate of return; 2) projected salary increases of 4.5% percent per year; and 3) 4.5% percent per year cost of living adjustments. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 30 years.

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2006**

Three year trend information as of December 31 follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Annual pension cost	\$ 188,620	\$ 182,478	\$ 152,413
Percentage of APC contributed	100%	100%	100%
Actuarial value of assets	4,205,888	4,033,986	3,852,601
Actuarial accrued liabilities	5,572,592	5,160,030	4,901,650
Unfunded AAL	1,366,704	1,126,044	1,049,049
Funded ratio	75%	78%	79%
Covered payroll	1,570,722	1,480,177	1,458,425
UAAL as a percentage of covered payroll	87%	76%	72%

**Note 11 - Deferred Compensation Plan**

The government Board offers all government employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans are held in trust by the {Entity}. The plan balances and activities are reflected in the government's financial statements.

**Note 12 - Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

**Note 13 - Post-Employment Benefits**

The Township currently provides post-employment health insurance benefits to qualified retired employees. The cost of these benefits is

paid by the Township and is funded on a pay-as-you-go basis. The Township's cost of providing the health insurance benefits to retirees for 2006 was approximately \$55,454. There were thirteen participants at December 31, 2006.

**Note 14 - Prior Period Adjustment**

The December 31, 2005 financial statements have been restated to account for assets purchased in 2001 that were not previously recorded. The following shows the effects of the restatements on the statement of net assets.

**Business-type Activities**

Net assets - beginning of year	\$ 15,711,037
Capital assets being depreciated	<u>59,296</u>
Net assets - beginning of year restated	<u>\$ 15,770,333</u>

**Note 15 - Upcoming Accounting and Reporting Changes**

The Government Accounting Standards Board has issued Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits other than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care. The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2009.

The Government Accounting Standards Board has issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This Statement establishes criteria that governments will use to ascertain whether the

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2006**

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proceeds received should be reported as revenue or as a liability. The criteria should be used to determine the extent to which a transferor government either retains or relinquishes control over the receivables or future revenues through its continuing involvement with those receivables or future revenues. This Statement establishes that a transaction will be reported as a collateralized borrowing unless the criteria indicating that a sale has taken place are met. If it is determined that a transaction involving *receivables* should be reported as a sale, the difference between the carrying value of the receivables and the proceeds should be recognized in the period of the sale in the change statements. If it is determined that a transaction involving future revenues should be reported as a sale, the revenue should be deferred and amortized, except when specific criteria are met. This Statement also provides additional guidance for sales of receivables and future revenues within the same financial reporting entity. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2006.

The Government Accounting Standards Board has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses how to account for pollution remediation activities of the effects of *existing* pollution. It does not include *prevention* or *control* activities nor future remediation required upon retirement of an asset. In general, a liability will be recorded based on the *current value* of expected costs as estimated using the *expected cash flows method*. This statement is effective for financial statements with periods ending after December 15, 2007. However, measurement is required as of the beginning of the period.

**Bridgeport Charter Township**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
<b>Revenues</b>				
Taxes				
Property taxes	\$ 1,038,968	\$ 1,066,625	\$ 924,080	\$ (142,545)
Other taxes	3,080	2,991	2,972	(19)
Administration fee	100,442	87,931	82,940	(4,991)
Licenses and permits	315	516	516	-
Federal grants	-	-	31,400	31,400
State revenue sharing	1,021,665	1,021,665	988,690	(32,975)
State grants	17,250	47,183	40,427	(6,756)
Local contributions	1,500	6,334	4,834	(1,500)
Charges for services	137,689	149,925	173,293	23,368
Fines and forfeitures	16,500	33,932	35,545	1,613
Interest income	55,800	25,105	74,992	49,887
Rental income	50,000	58,527	65,789	7,262
Other revenue	95,780	68,940	42,562	(26,378)
Sale of fixed assets	10,000	150	150	-
Insurance recoveries	2,000	1,302	8,172	6,870
Total revenues	<u>2,550,989</u>	<u>2,571,126</u>	<u>2,476,362</u>	<u>(94,764)</u>
<b>Expenditures</b>				
General government				
Township board	11,540	33,705	44,435	10,730
Supervisor	10,907	10,467	10,555	88
Manager	155,132	156,886	158,578	1,692
Accounting	53,688	67,921	69,560	1,639
Clerk	11,582	16,456	16,503	47
Audit	9,500	7,454	9,385	1,931
Board of review	1,094	1,086	1,085	(1)
Treasurer	11,309	16,271	16,366	95
Assessor	47,332	56,195	55,911	(284)
Elections	28,418	44,569	44,659	90
Buildings and grounds	127,834	191,863	194,008	2,145
Attorney	13,500	39,073	38,511	(562)
Total general government	<u>481,836</u>	<u>641,946</u>	<u>659,556</u>	<u>17,610</u>

**Bridgeport Charter Township**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Public safety				
Police	\$ 797,994	\$ 766,873	\$ 778,223	\$ 11,350
Liquor law enforcement	6,700	-	-	-
Fire department	457,272	478,073	432,456	(45,617)
Total public safety	<u>1,261,966</u>	<u>1,244,946</u>	<u>1,210,679</u>	<u>(34,267)</u>
Public works				
Department of public works	156,464	139,041	140,872	1,831
Sidewalks	500	-	-	-
Drains	66,097	41,965	42,252	287
Highways, streets and bridges	104,100	135,151	141,637	6,486
Street lighting	85,800	95,954	86,090	(9,864)
Total public works	<u>412,961</u>	<u>412,111</u>	<u>410,851</u>	<u>(1,260)</u>
Community and economic development				
Planning	17,105	11,941	12,843	902
Zoning	1,437	1,437	-	(1,437)
Total community and economic development	<u>18,542</u>	<u>13,378</u>	<u>12,843</u>	<u>(535)</u>
Recreation and culture				
Parks and recreation	136,028	126,855	126,970	115
Library	-	4,892	4,892	-
Total recreation and culture	<u>136,028</u>	<u>131,747</u>	<u>131,862</u>	<u>115</u>

**Bridgeport Charter Township**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Other functions				
Insurance and bonds	\$ 30,000	\$ -	\$ -	\$ -
Unallocated employee fringe benefits	35,603	40,304	40,304	-
Tax tribunal refunds	5,000	191	191	-
Total other functions	<u>70,603</u>	<u>40,495</u>	<u>40,495</u>	<u>-</u>
Capital outlay	<u>-</u>	<u>33,612</u>	<u>33,612</u>	<u>-</u>
Debt service				
Principal retirement	-	-	25,544	25,544
Interest and fiscal charges	-	-	4,447	4,447
Total debt service	<u>-</u>	<u>-</u>	<u>29,991</u>	<u>29,991</u>
Transfers out	<u>-</u>	<u>220,000</u>	<u>220,000</u>	<u>-</u>
Total expenditures	<u>2,381,936</u>	<u>2,738,235</u>	<u>2,749,889</u>	<u>11,654</u>
Excess (deficiency) of revenues over expenditures	169,053	(167,109)	(273,527)	(106,418)
Fund balance - beginning of year	<u>1,898,381</u>	<u>1,898,381</u>	<u>1,898,381</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u><b>\$ 2,067,434</b></u>	<u><b>\$ 1,731,272</b></u>	<u><b>\$ 1,624,854</b></u>	<u><b>\$ (106,418)</b></u>

**Bridgeport Charter Township**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**Refuse Collection Fund**  
**For the Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>Revenues</b>				
Charges for services	\$ 488,000	\$ 468,243	\$ 466,902	\$ (1,341)
Interest income	6,500	16,758	8,254	(8,504)
Other revenue	1,000	305	305	-
Total revenues	<u>495,500</u>	<u>485,306</u>	<u>475,461</u>	<u>(9,845)</u>
<b>Expenditures</b>				
Current				
Public works	<u>512,711</u>	<u>414,012</u>	<u>491,886</u>	<u>77,874</u>
Excess (deficiency) of revenues over expenditures	(17,211)	71,294	(16,425)	(87,719)
Fund balance - beginning of year	<u>495,576</u>	<u>495,576</u>	<u>495,576</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 478,365</u>	<u>\$ 566,870</u>	<u>\$ 479,151</u>	<u>\$ (87,719)</u>

**Bridgeport Charter Township**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2006**

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
	Cemetery	Building Inspection	Drug Enforcement	Williamson Debt Service	Junction Sewer Capital Projects	
<b>Assets</b>						
Cash and cash equivalents	\$ 9,560	\$ 16,223	\$ 1,601	\$ 184,899	\$ 142,231	\$ 354,514
Receivables						
Taxes	-	-	-	19,538	-	19,538
Due from other funds	367	440	-	-	-	807
Prepaid items	<u>1,532</u>	<u>1,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,399</u>
Total assets	<u>\$ 11,459</u>	<u>\$ 18,530</u>	<u>\$ 1,601</u>	<u>\$ 204,437</u>	<u>\$ 142,231</u>	<u>\$ 378,258</u>
<b>Liabilities</b>						
Accounts payable	\$ 273	\$ 2,527	\$ -	\$ -	\$ -	\$ 2,800
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,809</u>	<u>-</u>	<u>9,809</u>
Total liabilities	<u>273</u>	<u>2,527</u>	<u>-</u>	<u>9,809</u>	<u>-</u>	<u>12,609</u>
<b>Fund Balances</b>						
Reserved for:						
Debt service	-	-	-	194,628	-	194,628
Prepaid items	1,532	1,867	-	-	-	3,399
Unreserved						
Undesignated	<u>9,654</u>	<u>14,136</u>	<u>1,601</u>	<u>-</u>	<u>142,231</u>	<u>167,622</u>
Total fund balances	<u>11,186</u>	<u>16,003</u>	<u>1,601</u>	<u>194,628</u>	<u>142,231</u>	<u>365,649</u>
<b>Total liabilities and fund balances</b>	<u>\$ 11,459</u>	<u>\$ 18,530</u>	<u>\$ 1,601</u>	<u>\$ 204,437</u>	<u>\$ 142,231</u>	<u>\$ 378,258</u>

**Bridgeport Charter Township**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2006**

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
	Cemetery	Building Inspection	Drug Enforcement	Williamson Debt Service	Junction Sewer Capital Projects	
<b>Revenues</b>						
Licenses and permits	\$ -	\$ 67,603	\$ -	\$ -	\$ -	\$ 67,603
Charges for services	15,155	-	-	-	-	15,155
Fines and forfeitures	-	90	6,850	-	-	6,940
Interest income	-	-	165	7,926	6,364	14,455
Other revenue	161	3,117	-	52,785	-	56,063
Total revenues	15,316	70,810	7,015	60,711	6,364	160,216
<b>Expenditures</b>						
Current						
General government	84,140	-	-	-	-	84,140
Public safety	-	248,058	11,698	-	-	259,756
Capital outlay	-	405	-	-	-	405
Debt service						
Principal retirement	-	-	-	42,182	-	42,182
Interest and fiscal charges	-	-	-	26,312	-	26,312
Total expenditures	84,140	248,463	11,698	68,494	-	412,795
Excess (deficiency) of revenues over expenditures	(68,824)	(177,653)	(4,683)	(7,783)	6,364	(252,579)
<b>Other financing sources (uses)</b>						
Transfers in	60,000	160,000	-	-	-	220,000
Net change in fund balance	(8,824)	(17,653)	(4,683)	(7,783)	6,364	(32,579)
Fund balance - beginning of year	20,010	33,656	6,284	202,411	135,867	398,228
<b>Fund balance - end of year</b>	<b>\$ 11,186</b>	<b>\$ 16,003</b>	<b>\$ 1,601</b>	<b>\$ 194,628</b>	<b>\$ 142,231</b>	<b>\$ 365,649</b>

**Bridgeport Charter Township**  
**Other Supplemental Information**  
**Component Unit - Downtown Development Authority**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 350,000	\$ 380,643	\$ 345,108	\$ (35,535)
Interest income	16,000	43,399	52,678	9,279
Other revenue	<u>10,000</u>	<u>39,944</u>	<u>40,440</u>	<u>496</u>
Total revenues	<u>376,000</u>	<u>463,986</u>	<u>438,226</u>	<u>(25,760)</u>
<b>Expenditures</b>				
Current				
Community and economic development	80,334	92,621	278,261	185,640
Capital outlay	705,000	192,613	38,637	(153,976)
Debt service				
Principal retirement	45,000	45,000	45,000	-
Interest and fiscal charges	<u>54,140</u>	<u>51,130</u>	<u>51,130</u>	<u>-</u>
Total expenditures	<u>884,474</u>	<u>381,364</u>	<u>413,028</u>	<u>31,664</u>
Excess (deficiency) of revenues over expenditures	(508,474)	82,622	25,198	(57,424)
Fund balance - beginning of year	<u>1,247,644</u>	<u>1,247,644</u>	<u>1,247,644</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 739,170</u>	<u>\$ 1,330,266</u>	<u>\$ 1,272,842</u>	<u>\$ (57,424)</u>

**Bridgeport Charter Township**  
**Component Unit - Downtown Development Authority**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2006**

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**Net change in fund balances - Total governmental funds** \$ 25,198

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.

Depreciation expense	(486)
Capital outlay	34,942

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Property taxes	15,715
Other revenue	(5,587)

Expenses are recorded when incurred in the statement of activities

Accrued interest	500
Compensated absences	5,400

Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Repayments of long-term debt	45,000
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**Change in net assets of governmental activities** **\$ 120,682**

**Bridgeport Charter Township**  
**Other Supplemental Information**  
**Schedule of Indebtedness**  
**December 31, 2006**

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest		Total
				Payment 1	Payment 2	
<b>Governmental Activities</b>						
General Obligation Bonds						
1998 Drain Bonds						
Amount of issue - \$ 825,000	4.750%	2007	\$ 42,182	\$ 12,507	\$ 11,505	\$ 66,194
	4.750%	2008	42,182	11,505	10,503	64,190
	5.000%	2009	42,182	10,503	9,470	62,155
	5.000%	2010	42,182	9,470	8,436	60,088
	5.000%	2011	42,182	8,436	7,382	58,000
	5.000%	2012	42,182	7,382	6,327	55,891
	5.000%	2013	42,182	6,327	5,273	53,782
	5.000%	2014	42,182	5,273	4,218	51,673
	5.000%	2015	42,182	4,218	3,164	49,564
	5.000%	2016	42,182	3,164	2,109	47,455
	5.000%	2017	42,182	2,109	1,055	45,346
	6.800%	2018	39,543	1,055	-	40,598
			<u>\$ 503,545</u>	<u>\$ 81,949</u>	<u>\$ 69,442</u>	<u>\$ 654,936</u>
Installment purchase agreements						
Fire equipment loan						
Amount of issue - \$ 135,775	3.98%	2007	\$ 26,580	\$ 1,838	\$ 1,574	\$ 29,992
	3.98%	2008	27,657	1,305	1,030	29,992
	3.98%	2009	28,778	751	463	29,992
	3.98%	2010	14,828	173	-	15,001
			<u>\$ 97,843</u>	<u>\$ 4,067</u>	<u>\$ 3,067</u>	<u>\$ 104,977</u>

**Bridgeport Charter Township**  
**Other Supplemental Information**  
**Schedule of Indebtedness**  
**December 31, 2006**

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest		Total
				Payment 1	Payment 2	
<b>Component Unit</b>						
Downtown Development Bonds						
Series 2002						
Amount of issue - \$ 1,365,000						
	3.000%	2007	\$ 50,000	\$ 25,090	\$ 24,340	\$ 99,430
	3.500%	2008	50,000	24,340	23,465	97,805
	3.750%	2009	55,000	23,465	22,434	100,899
	3.750%	2010	55,000	22,434	21,403	98,837
	4.000%	2011	60,000	21,403	20,203	101,606
	4.000%	2012	60,000	20,203	19,002	99,205
	4.000%	2013	65,000	19,002	17,702	101,704
	4.100%	2014	70,000	17,702	16,267	103,969
	4.200%	2015	75,000	16,267	14,693	105,960
	4.250%	2016	75,000	14,693	13,099	102,792
	4.375%	2017	80,000	13,099	11,349	104,448
	4.500%	2018	85,000	11,349	9,436	105,785
	4.600%	2019	90,000	9,436	7,366	106,802
	4.700%	2020	95,000	7,366	5,134	107,500
	4.750%	2021	105,000	5,134	2,640	112,774
	4.800%	2022	110,000	2,640	-	112,640
			<u>\$ 1,180,000</u>	<u>\$ 253,623</u>	<u>\$ 228,533</u>	<u>\$ 1,662,156</u>

April 10, 2007

To the Township Board  
Bridgeport Charter Township  
Saginaw, Michigan

In planning and performing our audit of the financial statements of Bridgeport Charter Township as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered Bridgeport Charter Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's 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 weakness.

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 combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, 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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We identified no deficiencies that we considered to be significant deficiencies or material weaknesses in internal control.

We have noted though various items we feel could improve your internal controls or operating efficiencies. These items are not considered significant deficiencies or material weaknesses but are presented for your consideration.

**The following is a listing of the comments from the previous year. Their status for the current year follows:**

#### **TAX RECONCILIATION**

The Current Tax Fund was not reconciled again in the current year. Undistributed taxes to other entities and to the Township were commingled, thus amounts owed to the applicable entities was not clear. With the change in personnel in the accounting department in the current year and due to time constraints this is one area that was not reconciled. Management has since implemented a process to track all receipts and payments as it relates to taxes to make sure they are reconciled on a routine basis.

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April 10, 2007

To the Township Board  
Bridgeport Charter Township

**OTHER PRIOR YEAR COMMENTS AND CURRENT STATUS**

<u>Other Prior Year Comments</u>	<u>Addressed</u>	<u>Progress Made</u>	<u>No Progress Made</u>
<b>Proper support for journal entries</b>	X		
<b>Board meeting minutes maintained for the DDA</b>	X		
<b>Account reconciliations</b>		X	
<b>Timely deposits</b>	X		

This communication is intended solely for the information and use of management, Township Board and others within the Township and is not intended to be and should not be used by anyone other than these specified parties.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
April 10, 2007