

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 Sumpter Township	County Wayne
Fiscal Year End 03/31/2007	Opinion Date 07/13/2007	Date Audit Report Submitted to State 09/25/2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

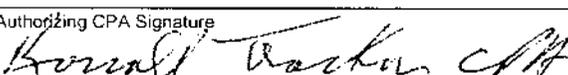
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

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

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Post, Smythe, Lutz & Ziel of Wayne, LLP		Telephone Number 734-722-9190		
Street Address 4621 S. Wayne Road		City Wayne	State MI	Zip 48184
Authorizing CPA Signature 		Printed Name Ronald H. Traskos, CPA		License Number 1101006610

SUMPTER TOWNSHIP, MICHIGAN

AUDIT REPORT

APRIL 1, 2006 - MARCH 31, 2007

POST, SMYTHE, LUTZ & ZIEL OF WAYNE, LLP
Certified Public Accountants

Sumpter Township, Michigan
Annual Financial Report
For the Year Ended March 31, 2007

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POST, SMYTHE, LUTZ & ZIEL OF WAYNE, LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

July 13, 2007

To the Township Board
Sumpter Township
Belleville, Michigan 48111

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sumpter Township, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sumpter Township, Michigan'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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that 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 the 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, each major fund, and the aggregate remaining fund information of Sumpter Township, Michigan, as of March 31, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

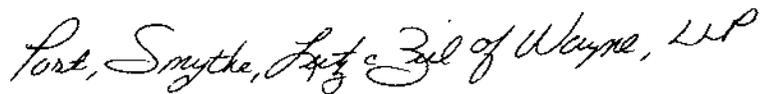
In accordance with Government Auditing Standards, we have also issued our report dated July 13, 2007, on our consideration of Sumpter Township, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Sumpter Township
July 13, 2007
Page 2

The management's discussion and analysis and budgetary comparison information on pages 5 through 12 and 58 through 61, 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 the Sumpter Township, Michigan basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



POST, SMYTHE, LUTZ & ZIEL OF WAYNE LLP
Certified Public Accountants

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

TOWNSHIP OF SUMPTER, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2007
PAGE 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sumpter Township management offers this narrative overview and analysis of the Township's financial activities and statements for the fiscal year ended March 31, 2007. This narrative is an overview of the financial health of the Township based on the information in the statements. This discussion is intended to be an objective, straightforward and understandable introduction to the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded liabilities at the close of the fiscal year ended March 31, 2007, by \$26,131,324 (*net assets*). Of this amount \$5,666,703 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$518,166. This increase is attributable to a decrease in net assets in the governmental funds of (\$1,453,579), and in the business-type fund, an increase in net assets of \$1,971,745.
- At the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$3,402,052 of which \$1,733,719 is *available for spending* at the Township's discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$596,231 or 13.63% of total general fund expenditures.
- The Township invested \$1,678,512 in two Bemis Road water main projects, and \$181,728 in completion of the Phase II Sewer project during the current year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 13 and 14-15) provide information about the activities of the Township as a whole and present a longer-term view of the Township finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Township as a whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the Township as a whole begins on page 13. The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer the question - "Is the Township as a whole better off or worse off as a result of the year's activities?" The statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

TOWNSHIP OF SUMPTER, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2007
PAGE 2

These two statements report the Township's *net assets* and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or *financial position*. Over time, *increases* or *decreases* in the Township's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non financial factors, however, such as changes in the Township's tax base, to assess the *overall health* of the Township.

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two kinds of activities:

- **Governmental Activities** -- Most of the Township's basic services are reported here, including general government (administration), public safety (police, fire and animal control), public services, sanitation (refuse collection), highways and streets, and recreation and culture (parks, recreation, library) and other functions. Property taxes, state shared revenues and royalties revenues finance most of these activities.
- **Business-type activities** - The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's water and sewer system is reported here.

Reporting the Township's Most Significant Funds

Our analysis of the Township's major funds begins on page 16. The fund financial statements provide detailed information about the most significant funds - not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes (like the Fire Fund and the Police Fund) or to show that it is meeting legal responsibility for using certain taxes, grants and other money (like grants received from Wayne County for the Community Development Block Grant program). The Township's two kinds of funds - *governmental and proprietary* - use different accounting approaches.

- **Governmental Funds** -Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can be readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Township's governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation on page 19 and page 23 which follow the fund financial statements - Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

TOWNSHIP OF SUMPTER, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2007
PAGE 3

- *Proprietary Funds* - When the Township charges customers for services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The Township as Trustee

Reporting the Township's Fiduciary Responsibilities

The Township is the trustee, or fiduciary, for its employees' pension plan. All of the Township's fiduciary activities are reported in a separate Statements of Net Assets and Changes in Fiduciary Net Assets on pages 29 and 30. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE TOWNSHIP AS A WHOLE

Net assets serve over time as a useful indicator of a government's financial position. At the close of the fiscal year ended March 31, 2007, Sumpter Township's assets exceeded liabilities by \$26,131,324 . By far the largest portion of the net assets (77.11%) reflects its investment in capital assets (land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. Sumpter Township uses these capital assets to provide services to citizens, consequently, these assets are *not* available for future spending. Although investment in 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.

For the year ended March 31, 2007, net assets changed as follows:

	SUMPTER TOWNSHIP'S NET ASSETS					
	Governmental Activities		Business-type Activities		Totals Primary Government	
	2006	2007	2006	2007	2006	2007
Assets:						
Current Assets	\$ 5,937,507	\$ 4,154,112	\$ 1,927,298	\$ 1,923,768	\$ 7,864,805	\$ 6,077,880
Non Current Assets	4,771,671	5,223,950	21,375,957	22,005,001	26,147,628	27,228,951
Total Assets	<u>10,709,178</u>	<u>9,378,062</u>	<u>23,303,255</u>	<u>23,928,769</u>	<u>34,012,433</u>	<u>33,306,831</u>
Liabilities:						
Current Liabilities	484,096	500,719	1,297,802	778,798	1,781,898	1,279,517
Long-Term Debt Outstanding	805,725	911,564	5,811,653	4,984,426	6,617,378	5,895,990
Total Liabilities	<u>1,289,821</u>	<u>1,412,283</u>	<u>7,109,455</u>	<u>5,763,224</u>	<u>8,399,276</u>	<u>7,175,507</u>
Net Assets:						
Invested in Capital Assets net of Debt	3,965,946	4,312,386	13,559,994	15,838,341	17,525,940	20,150,727
Restricted	199,956	209,186	986,494	104,708	1,186,450	313,894
Unrestricted	5,253,455	3,444,207	1,647,312	2,222,496	6,900,767	5,666,703
Total Net Assets	<u>\$ 9,419,357</u>	<u>\$ 7,965,779</u>	<u>\$ 16,193,800</u>	<u>\$ 18,165,545</u>	<u>\$ 25,613,157</u>	<u>\$ 26,131,324</u>

TOWNSHIP OF SUMPTER, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2007
PAGE 4

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

Net assets of the Township's governmental activities decreased by 15.43%. Governmental activities were charged with \$273,671 of depreciation.

Net assets of the Township's business-type activities increased by 12.18% (\$16,193,800 compared to \$18,165,545). This increase includes a capital contribution of \$2,222,458 from the Royalty Fund during the current year to cover a portion of the cost of two water main projects and the completion of the Phase II sewer project.

SUMPTER TOWNSHIP'S CHANGE IN NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2006	2007	2006	2007	2006	2007
Revenues						
Program Revenues:						
Charges for Services	\$ 646,851	\$ 680,672	\$ 4,018,658	\$ 1,775,408	\$ 4,665,509	\$ 2,456,080
Operating Grants	250,532	251,052	--	--	250,532	251,052
Capital Grants	35,050	73,233	--	--	35,050	73,233
General Revenues:						
Property Taxes	1,204,153	1,243,834	1,172	(9)	1,205,325	1,243,825
Other	152,397	232,068	94,683	71,763	247,080	303,831
Grants and Contributions not Restricted to specific Programs	929,403	909,547	--	--	929,403	909,547
Royalty Fees from Landfill	2,659,212	2,551,193	--	--	2,659,212	2,551,193
Total Revenues	<u>5,877,598</u>	<u>5,941,599</u>	<u>4,114,513</u>	<u>1,847,162</u>	<u>9,992,111</u>	<u>7,788,761</u>
Program Expenses						
General Government	1,254,866	1,136,697	--	--	1,254,866	1,136,697
Public Safety	2,581,687	2,787,855	--	--	2,581,687	2,787,855
Public Services	40,808	57,923	--	--	40,808	57,923
Highways and Streets	13,999	13,999	--	--	13,999	13,999
Sanitation	174,314	178,111	--	--	174,314	178,111
Recreation and Culture	362,096	457,507	--	--	362,096	457,507
Other Functions	154,909	210,729	--	--	154,909	210,729
Interest on Long-Term Debt	45,673	47,549	--	--	45,673	47,549
Water and Sewer	--	--	2,104,533	2,380,225	2,104,533	2,380,225
Total Expenses	<u>4,628,352</u>	<u>4,890,370</u>	<u>2,104,533</u>	<u>2,380,225</u>	<u>6,732,885</u>	<u>7,270,595</u>
Increase/(Decrease) in Net Assets before Transfers	1,249,246	1,051,229	2,009,980	(533,063)	3,259,226	518,166
Transfers	(281,650)	(2,504,808)	281,650	2,504,808	--	--
Increase/(Decrease) in Net Assets	967,596	(1,453,579)	2,291,630	1,971,745	3,259,226	518,166
Net Assets, Beginning	8,451,761	9,419,358	13,902,170	16,193,800	22,353,931	25,613,158
Net Assets, Ending	<u>\$ 9,419,357</u>	<u>\$ 7,965,779</u>	<u>\$ 16,193,800</u>	<u>\$ 18,165,545</u>	<u>\$ 25,613,157</u>	<u>\$ 26,131,324</u>

TOWNSHIP OF SUMPTER, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2007

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Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expense and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Township's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

General Government	Licenses and fees
Public Safety	Ordinance Fines and Fees, State 911 Service Fees
Public Works	Building, electrical and other permits and licenses
Recreation and Culture	Recreation rentals, Federal CDBG grant
Other Functions	Federal CDBG grants for housing rehab

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

Business-type Activities

The Township has one business-type activity - the Water and Sewage Disposal System Fund. The operating revenues of the Water and Sewage Disposal System Fund decreased by 55.82% (\$4,018,658 in 2005-06 compared to \$1,775,408 in 2006-07). Most of the decrease was attributable to \$2,443,043 of Sewer Connection Charges in the 2005-06 year compared to \$139,652 in the current year. The majority of new sewer customers on the Phase II system were included in the revenue during 2005-06. Operating expenses increased by 16.01% (\$1,832,597 in 2005-06 to \$2,125,974 in 2006-07). Interest earned in the fund decreased from \$94,684 in the prior year to \$71,763 in the current year. The Township Water and Sewer System Fund experienced a net income for the current year of \$1,971,745 compared to a net income of \$2,291,631 in the prior year.

The Township purchases water from the City of Detroit. The Detroit rates to the Township increased from \$9.67 per Mcf to \$11.13 per Mcf on all water purchased July 1, 2006 through March 31, 2007 (a 15.1% increase). Water rates charged to Sumpter customers were increased on January 15, 2007, the first increase since July 1, 2003.

The Township purchases Sewer flow from Ypsilanti Communities Utility Authority. On September 1, 2006, the YCUA rate to the Township increased from \$1.29308 per 100 cu.ft. to \$1.42346 per 100 cu.ft. Rates to Sumpter customers for sewer usage were raised on January 15, 2007, the first increase since September 1, 2002.

TOWNSHIP OF SUMPTER, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2007
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THE TOWNSHIP'S FUNDS

Governmental Funds

At the end of the current fiscal year, Sumpter Township's governmental funds reported combined ending fund balances of \$3,402,052, a decrease of 34.02% in comparison with the prior year. Approximately 50.96% or \$1,733,719 is *unreserved, undesignated fund balance*, which is available for spending at the Township's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes.

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$596,231, while total fund balance was \$667,918. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 13.63% of total general fund expenditures. The fund balance of the general fund decreased by \$20,451 during the current year, as compared to the fund balance at the beginning of the year, which resulted from a combined increase in revenues and transfers in and an increase in expenditures.

The Royalties Fund, is used to record royalties received from the landfill which is budgeted as transfers to other funds for specific purposes. This fund reports a fund balance at year end of \$1,157,798 which is a decrease of \$1,663,292 from the prior year fund balance of \$2,821,090. Revenue decreased from the previous year by \$74,161. Transfers out to other funds increased \$2,298,738 (\$1,953,080 in 2005-06 to \$4,251,818 in 2006-07). Included in the increase for the current year was the transfer to the Water and Sewage Disposal Fund to cover a portion of the Bemis Road water main projects and the completion of the Phase II sewer project.

Proprietary Fund

The Township's proprietary fund, the Water and Sewage Disposal System Fund provides the same type of information found in the government-wide financial statements, but in more detail.

Total net assets of this fund at the end of the current year are \$18,165,545 which was an increase of \$1,971,745 over the previous year net assets of \$16,193,800. Additional facts concerning this fund have been addressed in the discussion of Business-type Activities.

General Fund Budgetary Highlights

On March 28, 2006, the Township Board approved the General Fund and Special Revenue Fund Budgets for the 2006-07 fiscal year. The original budget was amended once during the year - on March 27, 2007. There was a 4.94% increase (approximately \$207,000) in general fund appropriations between the original budget and the amended budget as highlighted below:

A significant increase in the public safety department. During the current year, the joint venture for communication services, the Central Dispatch Network, was dissolved. Building renovations were made to accommodate equipment and staff that are now included in our Township's general fund budget.

TOWNSHIP OF SUMPTER, MICHIGAN
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 FOR THE YEAR ENDED MARCH 31, 2007
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Increased expenditure appropriations in the sanitation department for the contracted service fuel adjustments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of March 31, 2007, the Township had \$26,368,095 invested in capital assets including land, land improvements, buildings, machinery and equipment, infrastructure (roads that were special assessed) and water and sewer lines (see table below). This represents an increase of \$2,003,210 or 8.22% over the previous year.

	Governmental Activities		Business-type Activities		Totals	
	2006	2007	2006	2007	2006	2007
Land & Land Improvements	\$ 77,988	\$ 77,988	\$ 112,552	\$ 133,727	\$ 190,540	\$ 211,715
Buildings	2,938,927	2,864,878	33,437	27,865	2,972,364	2,892,743
Improvements	108,481	172,717	--	--	108,481	172,717
Equipment	1,366,405	1,842,496	14,255	61,644	1,380,660	1,904,140
Infrastructure	279,870	265,871	--	--	279,870	265,871
Utility Property	--	--	18,893,267	20,879,347	18,893,267	20,879,347
Construction-in-Progress	--	--	539,703	41,562	539,703	41,562
	<u>\$ 4,771,671</u>	<u>\$ 5,223,950</u>	<u>\$ 19,593,214</u>	<u>\$ 21,144,145</u>	<u>\$ 24,364,885</u>	<u>\$ 26,368,095</u>

The major capital asset events during the current fiscal year included the following:

The lease - purchase of a 2007 Fire Pumper at a total cost of \$494,717 with \$300,000 paid on August 21, 2006 and payments scheduled annually through August 21, 2011.

The completion of the Phase II sewer system during 2006-07 added \$181,728 to this project. The Township has \$8,729,950 invested in the Phase II sewer system, which is now substantially complete.

Construction concluded on the two Bemis Road Water main projects. Capital asset expenses during 2006-07 added \$1,678,512, making the total investment on these two projects \$2,300,199.

Additional information on Sumpter Township's capital assets can be found in Note 3.C. On page 45 of this report.

Debt

At year end the Township had \$6,313,816 in bonds and capital leases versus \$7,055,205 last year - a decrease of 10.51% - as shown in the following table:

TOWNSHIP OF SUMPTER, MICHIGAN
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 FOR THE YEAR ENDED MARCH 31, 2007
 PAGE 8

	Governmental Activities		Business-type Activities		Totals	
	2006	2007	2006	2007	2006	2007
General Obligation Bonds	\$ 630,000	\$ 540,000	\$ 2,900,000	\$ 2,795,000	\$ 3,530,000	\$ 3,335,000
Revenue Bonds	--	--	2,880,000	2,620,000	2,880,000	2,620,000
Special Assessment Bonds	175,725	133,551	134,275	96,449	310,000	230,000
Contracts	--	--	460,000	--	460,000	--
Capital Leases	--	238,013	--	--	--	238,013
	<u>805,725</u>	<u>911,564</u>	<u>6,374,275</u>	<u>5,511,449</u>	<u>7,180,000</u>	<u>6,423,013</u>
Less: Deferred Interest on Refunding	--	--	(124,795)	(109,197)	(124,795)	(109,197)
	<u>\$ 805,725</u>	<u>\$ 911,564</u>	<u>\$ 6,249,480</u>	<u>\$ 5,402,252</u>	<u>\$ 7,055,205</u>	<u>\$ 6,313,816</u>

A significant portion of the Township's debt (\$5,402,252) is attributable to the business-type activities - the water and sewer system. During the 2006-07 year, the contract with the Canton, Van Buren and Sumpter Water and Sewerage Authority was paid in full and the Authority was dissolved.

Two new capital leases were signed during the 2006-07 fiscal year to purchase a fire pumper and two new police Ford Explorers.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate is still high in the State of Michigan. We have projected only slight additional cuts in State Revenue Sharing, which is approximately 46% of general fund revenue in our 2007-08 general fund budget.

Appropriations in our 2007-08 general fund budget have been reduced. Overtime pay, except for emergency work, has been cut in most departments.

On January 15, 2007, the Township Board approved a water capital benefit fee to be charged to new construction and existing homes and business as they connect to our water system. Also, water and sewer rates were increased on this date in order to pass on additional cost from our water and sewer suppliers. This increase in charges to our customers will be the first since the July 2003 water increase and the September 2002 sewer increase, and should help with future net operating results.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report, contact the Township's finance office at 23480 Sumpter Road, Belleville, Michigan 48111.


 Jim Glahn, Accountant

**BASIC FINANCIAL
STATEMENTS**

Sumpter Township, Michigan
Statement of Net Assets
March 31, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 3,323,673	\$ 531,333	\$ 3,855,006
Receivables (Net)	662,823	1,025,928	1,688,751
Internal Balances	55,667	(55,667)	--
Inventories	144	92,828	92,972
Prepaid Expenses	50,339	2,213	52,552
Deferred Charges	61,466	--	61,466
Restricted Assets:			
Cash and Cash Equivalents	--	327,133	327,133
Total Current Assets	<u>4,154,112</u>	<u>1,923,768</u>	<u>6,077,880</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	--	104,709	104,709
Non-Current Portion of Special Assessments Receivable	--	741,813	741,813
Deferred Charges	--	14,334	14,334
Capital Assets (Note 3C):			
Land, Improvements, and Construction in Progress	77,988	175,289	253,277
Other Capital Assets, Net of Depreciation	5,145,962	20,968,856	26,114,818
Total Noncurrent Assets	<u>5,223,950</u>	<u>22,005,001</u>	<u>27,228,951</u>
Total Assets	<u>9,378,062</u>	<u>23,928,769</u>	<u>33,306,831</u>
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Expenses	252,772	205,685	458,457
Current Portion of Long-Term Debt	--	147,826	147,826
Accrued Interest Payable	--	24,562	24,562
Customer Deposits	9,380	47,430	56,810
Deferred Revenue	217,181	26,162	243,343
Liabilities Payable from Restricted Assets			
Current Portion of Long-Term Debt	--	270,000	270,000
Accrued Interest Payable	21,386	57,133	78,519
Total Current Liabilities	<u>500,719</u>	<u>778,798</u>	<u>1,279,517</u>
Long-Term Liabilities (Note 3E):			
Due Within One Year	193,382	--	193,382
Due in More than One Year	718,182	4,984,426	5,702,608
Total Long-Term Liabilities	<u>911,564</u>	<u>4,984,426</u>	<u>5,895,990</u>
Total Liabilities	<u>1,412,283</u>	<u>5,763,224</u>	<u>7,175,507</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	4,312,386	15,838,341	20,150,727
Restricted For:			
Debt Service	186,607	104,708	291,315
Other Purposes	22,579	--	22,579
Unrestricted	3,444,207	2,222,496	5,666,703
Total Net Assets	<u>\$ 7,965,779</u>	<u>\$ 18,165,545</u>	<u>\$ 26,131,324</u>

The accompanying notes are an integral part of this statement.

Sumpter Township, Michigan
Statement of Activities
For the Year Ended March 31, 2007

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 1,136,697	\$ 237,356	\$ 23,738	\$ --
Public Safety	2,785,569	209,686	47,191	--
Public Services	57,923	8,356	8,036	--
Highways and Streets	13,999	8,316	--	--
Sanitation	178,111	146,217	--	--
Recreation and Culture	457,507	70,351	32,839	73,233
Other Functions	210,729	390	139,248	--
Interest on Long-Term Debt	47,549	--	--	--
Total Governmental Activities	<u>4,888,084</u>	<u>680,672</u>	<u>251,052</u>	<u>73,233</u>
Business-type Activities:				
Water and Sewer	2,380,225	1,775,408	--	--
Total Primary Government	<u>\$ 7,268,309</u>	<u>\$ 2,456,080</u>	<u>\$ 251,052</u>	<u>\$ 73,233</u>

General Revenues:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for public safety - fire operations
- Property taxes, levied for public safety - police operations
- Property taxes, levied for library
- Property taxes, levied for Water Contract Payment

Investment Earnings

Grants and Contributions not restricted to specific programs

Royalty Fees from Landfill

Loss on Sale of Capital Assets

Transfers

 Total General Revenues and Transfers

 Change in net assets

Net Assets, Beginning

Net Assets, Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business- Type Activities	Total
\$ (875,603)	\$ --	\$ (875,603)
(2,528,692)	--	(2,528,692)
(41,531)	--	(41,531)
(5,683)	--	(5,683)
(31,894)	--	(31,894)
(281,084)	--	(281,084)
(71,091)	--	(71,091)
(47,549)	--	(47,549)
<u>(3,883,127)</u>	<u>--</u>	<u>(3,883,127)</u>
--	(604,817)	(604,817)
<u>(3,883,127)</u>	<u>(604,817)</u>	<u>(4,487,944)</u>
251,741	--	251,741
268,024	--	268,024
535,163	--	535,163
188,906	--	188,906
--	(9)	(9)
232,068	71,763	303,831
909,547	--	909,547
2,551,193	--	2,551,193
(2,286)	--	(2,286)
<u>(2,504,808)</u>	<u>2,504,808</u>	<u>--</u>
<u>2,429,548</u>	<u>2,576,562</u>	<u>5,006,110</u>
(1,453,579)	1,971,745	518,166
9,419,358	16,193,800	25,613,158
<u>\$ 7,965,779</u>	<u>\$ 18,165,545</u>	<u>\$ 26,131,324</u>

Sumpter Township, Michigan
Balance Sheet
Governmental Funds
March 31, 2007

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Police Fund</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 579,357	\$ 500,472	\$ 771,950
Receivables:			
Accounts	234,713	--	--
Taxes	31,003	34,962	69,951
Special Assessments - Current	--	--	--
Intergovernmental	--	--	--
Due from Other Funds	63,167	27,102	--
Inventory (at cost)	--	--	--
Prepaid Items	49,108	1,231	--
Deferred Charges	--	--	--
	<u>\$ 957,348</u>	<u>\$ 563,767</u>	<u>\$ 841,901</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ 92,048	\$ 4,428	\$ --
Due to Other Funds	--	9,702	--
Customer Deposits	9,380	--	--
Accrued Salaries and Wages	35,430	11,514	--
Payroll Taxes Payable	3,192	--	--
Pension Payable	9,789	--	--
Deferred Revenue	139,591	34,963	69,951
Total Liabilities	<u>289,430</u>	<u>60,607</u>	<u>69,951</u>
Fund Balance/(Deficit):			
Reserved for:			
Prepaid Items	49,108	1,231	--
METRO Act	22,579	--	--
Fire Operations	--	422,291	--
Fire Hall Debt Retirement	--	79,638	--
Police Operations	--	--	771,950
Library Operations	--	--	--
Debt Service	--	--	--
Unreserved:			
Undesignated	596,231	--	--
Undesignated Reported in Nonmajor:			
Special Revenue Funds	--	--	--
Total Fund Balance	<u>667,918</u>	<u>503,160</u>	<u>771,950</u>
Total Liabilities and Fund Balance	<u>\$ 957,348</u>	<u>\$ 563,767</u>	<u>\$ 841,901</u>

The accompanying notes are an integral part of this statement.

Royalties Fund	Other Governmental Funds	Total Governmental Funds
\$ 991,809	\$ 480,085	\$ 3,323,673
192,541	7,109	434,363
--	31,346	167,262
--	30,733	30,733
--	30,465	30,465
--	54,262	144,531
--	144	144
--	--	50,339
--	61,466	61,466
<u>\$ 1,184,350</u>	<u>\$ 695,610</u>	<u>\$ 4,242,976</u>
\$ --	\$ 94,177	\$ 190,653
26,552	52,610	88,864
--	--	9,380
--	--	46,944
--	--	3,192
--	--	9,789
--	247,597	492,102
<u>26,552</u>	<u>394,384</u>	<u>840,924</u>
--	--	50,339
--	--	22,579
--	--	422,291
--	--	79,638
--	--	771,950
--	214,567	214,567
--	106,969	106,969
1,157,798	--	1,754,029
--	(20,310)	(20,310)
<u>1,157,798</u>	<u>301,226</u>	<u>3,402,052</u>
<u>\$ 1,184,350</u>	<u>\$ 695,610</u>	<u>\$ 4,242,976</u>

Sumpter Township, Michigan
Reconciliation of Total Governmental
Fund Balance to Net Assets of
Governmental Activities
March 31, 2007

Total Governmental Fund Balance	\$ 3,402,052
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	5,223,950
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.	274,921
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	<u>(935,144)</u>
Net Assets of Governmental Activities	<u>\$ 7,965,779</u>

The accompanying notes are an integral part of this statement.

Sumpter Township, Michigan
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended March 31, 2007

	<u>General</u> <u>Fund</u>	<u>Fire</u> <u>Fund</u>	<u>Police</u> <u>Fund</u>
Revenues:			
Taxes	\$ 360,758	\$ 269,219	\$ 536,282
Licenses and Permits	166,737	--	--
Intergovernmental	921,804	--	--
Special Assessments	--	--	--
Charges for Services	174,293	--	--
Fines and Forfeits	33,963	--	--
Interest, Rents, and Royalties	164,066	17,435	29,015
Miscellaneous	345,760	50	--
Total Revenues	<u>2,167,381</u>	<u>286,704</u>	<u>565,297</u>
Expenditures:			
Current:			
General Government	1,214,465	--	--
Public Safety	2,569,377	716,663	--
Public Works	53,299	--	--
Sanitation	178,111	--	--
Recreation and Culture	235,175	--	--
Other	123,037	--	--
Debt Service:			
Principal	--	--	--
Interest and Paying Agent Fees	--	--	--
Total Expenditures	<u>4,373,464</u>	<u>716,663</u>	<u>--</u>
Excess of Revenues Over/(Under) Expenditures	<u>(2,206,083)</u>	<u>(429,959)</u>	<u>565,297</u>
Other Financing Sources/(Uses):			
Capital Lease	67,159	194,717	--
Transfers In	2,186,573	190,110	--
Transfers Out	(68,100)	(122,010)	(500,000)
Total Other Financing Sources/(Uses)	<u>2,185,632</u>	<u>262,817</u>	<u>(500,000)</u>
Net Change in Fund Balance	(20,451)	(167,142)	65,297
Fund Balance at Beginning of Year	<u>688,369</u>	<u>670,302</u>	<u>706,653</u>
Fund Balance at End of Year	<u>\$ 667,918</u>	<u>\$ 503,160</u>	<u>\$ 771,950</u>

The accompanying notes are an integral part of this statement.

Royalties Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 189,295	\$ 1,355,554
--	--	166,737
--	142,488	1,064,292
--	82,221	82,221
--	--	174,293
--	--	33,963
2,588,526	13,122	2,812,164
--	93,731	439,541
<u>2,588,526</u>	<u>520,857</u>	<u>6,128,765</u>
--	25,373	1,239,838
--	--	3,286,040
--	--	53,299
--	--	178,111
--	263,577	498,752
--	87,692	210,729
--	132,174	132,174
--	40,975	40,975
--	549,791	5,639,918
<u>2,588,526</u>	<u>(28,934)</u>	<u>488,847</u>
--	--	261,876
--	186,792	2,563,475
<u>(4,251,818)</u>	<u>(126,355)</u>	<u>(5,068,283)</u>
<u>(4,251,818)</u>	<u>60,437</u>	<u>(2,242,932)</u>
(1,663,292)	31,503	(1,754,085)
<u>2,821,090</u>	<u>269,723</u>	<u>5,156,137</u>
<u>\$ 1,157,798</u>	<u>\$ 301,226</u>	<u>\$ 3,402,052</u>

Sumpter Township, Michigan
 Reconciliation of the Statement of
 Revenues, Expenditures and Changes in Fund Balance
 of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2007

Net Changes in Fund Balance - Total Governmental Funds	\$	(1,754,085)
Amounts reported for governmental activities in the statement of activities are 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 as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		454,565
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(37,166)
Repayment of bond principal is a expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		(105,839)
Some expenses reported in the statement of activities, such as accrued interest payable, do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		(11,054)
		<hr/>
Change in Net Assets of Governmental Activities	\$	<u><u>(1,453,579)</u></u>

The accompanying notes are an integral part of this statement.

Sumpter Township, Michigan
Statement of Net Assets
Proprietary Fund
Water and Sewage Disposal System Fund
March 31, 2007

ASSETS

Current Assets:

Receiving Account:

Checking	\$	76,234
Trust Account - Special Assessment		455,099
Receivables:		
Accounts		811,193
Special Assessments - Current		214,735
Inventory		92,828
Prepaid Expense		2,213
Sub-Total		1,652,302

Restricted Assets:

Water Revenue Bond - Bond and Interest Redemption Account:		
Trust Account		53,124
Sewer Revenue Bond - Bond and Interest Redemption Account:		
Trust Account		274,009
Sub Total		327,133
Total Current Assets		1,979,435

Noncurrent Assets:

Restricted Assets:

Water Revenue Bond-Bond and Interest Redemption Account - Trust Account		18,658
Sewer Construction - Phase II - Trust Account		86,051
Non-Current Portion of Special Assessments Receivable		741,813
Deferred Charges		14,334
Total Noncurrent Assets		860,856

Property, Plant and Equipment		30,082,495
Less: Accumulated Depreciation		(8,979,913)
Construction in Progress		41,563
Total Property, Plant and Equipment		21,144,145

Total Assets	\$	23,984,436
--------------	----	------------

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$	160,306
Retainage Payable		36,975
Maturing Bonds Payable		147,826
Accrued Interest Payable on Bonds		24,562
Due to General Fund		855
Due to Fire Fund		550
Due to General Debt Service Fund		54,262
Customer Deposits		47,430
Salaries Payable		8,404
Deferred Revenue		26,162
Sub-Total		<u>507,332</u>
Payable from Restricted Assets:		
Water Revenue Bond-Bond and Interest Redemption Account:		
Maturing Revenue Bonds Payable		45,000
Accrued Interest on Revenue Bonds		8,124
Sewer Revenue Bond - Bond and Interest Redemption Account:		
Maturing Bonds Payable		225,000
Accrued Interest Payable on Revenue Bonds		49,009
Sub-Total		<u>327,133</u>
Total Current Liabilities		<u>834,465</u>
Long-Term Debt:		
Water and Sewer Bonds and Contracts Payable (Net of Deferred Amount on Refunding)		5,402,252
Less: Amount Due Within One Year		<u>(417,826)</u>
Total Long-Term Debt		<u>4,984,426</u>
Total Liabilities		<u>5,818,891</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt		15,838,341
Restricted for Debt Service		104,708
Unrestricted		2,222,496
Total Net Assets	\$	<u>18,165,545</u>

Sumpter Township, Michigan
Statement of Revenue, Expenses, and Changes in Net Assets
Proprietary Fund
Water and Sewage Disposal System Fund
For the Year Ended March 31, 2007

Operating Revenues:		
Water Sales	\$	1,157,146
Sewage Disposal		268,115
Water Tap Fees		144,149
Sewer Connection Charges		139,652
Permits		410
Charges for Services		18,013
Hydrant Rental		9,500
Penalties		38,423
Total Operating Revenues		1,775,408
Operating Expenses (See Page 27)		2,125,974
Operating Loss		(350,566)
Non-Operating Revenues/(Expenses):		
Interest Earned on Deposits		71,763
Delinquent Tax Collection		(9)
Interest Expense		(253,701)
Paying Agent Fees		(550)
Total Non-Operating Revenues/(Expenses)		(182,497)
Loss Before Operating Transfers		(533,063)
Operating Transfers from Royalties Fund		2,504,808
Change in Net Assets		1,971,745
Net Assets, Beginning of Year		16,193,800
Net Assets, End of Year	\$	18,165,545

The accompanying notes are an integral part of this statement.

Sumpter Township, Michigan
Schedule of Operating Expenses
Proprietary Fund
Water Supply and Sewage Disposal System Fund
For the Years Ended March 31, 2007

Operating Expenses:	
Water Purchased	\$ 426,349
Salaries and Wages	361,068
Fringe Benefits	127,206
Office Expense	7,140
Operating Supplies	12,789
Attorney Fees	50,354
Contracted Services	67,703
Accounting and Audit	37,400
Memberships and Dues	979
Administration Fee	150,000
Communications	6,639
Printing and Publishing	2,494
Transportation	15,437
Insurance and Bonds	12,124
Utilities	14,122
Building Repair and Maintenance	5,000
Repairs and Maintenance of Water Lines	46,130
Repairs and Maintenance of Sewer System	16,217
Equipment Repair and Maintenance	10,672
YCUA Rent	194,393
Other	206
Depreciation	561,552
	<hr/>
Total Operating Expenses	\$ 2,125,974
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

Sumpter Township, Michigan
Statement of Cash Flows
Proprietary Fund
Water Supply and Sewage Disposal System Fund
For the Years Ended March 31, 2007

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 2,061,712
Cash Payments to Suppliers for Goods and Services	(2,918,412)
Cash Payments to Employees for Services	(487,007)
Net Cash Used for Operating Activities	<u>(1,343,707)</u>
Cash Flows from Noncapital Financing Activities:	
Transfer In	<u>282,350</u>
Cash Flows from Capital and Related Financing Activities:	
Cash Collected from Tax Levy for Debt Payments	(9)
Capital Contribution From Royalty Fund for Construction	2,222,458
Acquisition and Construction of Capital Assets	(2,030,501)
Principal Paid on Bonds and Contracts	(845,755)
Interest Paid on Bonds and Contracts	(262,823)
Fees Paid on Debt Payment	(550)
Net Cash Used for Capital and Related Financing Activities	<u>(917,180)</u>
Cash Flows from Investing Activities:	
Interest on Investments	<u>71,763</u>
Net Decrease in Cash and Cash Equivalents	(1,906,774)
Cash and Cash Equivalents at Beginning of Year	2,869,949
Cash and Cash Equivalents at End of Year	<u>\$ 963,175</u>

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Loss	<u>\$ (350,566)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	561,552
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(26,172)
Decrease in Special Assessments Receivable	303,213
Decrease in Due from Other Funds	9,000
(Increase) in Inventory	(47,318)
(Increase) in Prepaid Expense	(2,213)
(Decrease) in Accounts Payable	(335,581)
(Decrease) in Retainage Payable	(164,833)
(Decrease) in Due to Other Funds	(1,301,320)
Increase in Salaries Payable	1,267
Increase in Customer Deposits	9,264
Total Adjustments	<u>(993,141)</u>
Net Cash Used for Operating Activities	<u>\$ (1,343,707)</u>

The accompanying notes are an integral part of this statement.

Sumpter Township, Michigan
Statement of Fiduciary Net Assets
Fiduciary Funds
March 31, 2007

	Employee Pension Fund	Agency Funds
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 1,281,665	\$ 1,258,547
Accounts Receivable	805	48,165
Total Assets	1,282,470	1,306,712
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts Payable	--	46,367
Pension Payable	--	1,260,345
Total Liabilities	--	1,306,712
Net Assets		
Restricted for:		
Employee Contributions	382,254	--
Employer Contributions	900,216	--
Net Assets held in trust for Pension Benefits	\$ 1,282,470	\$ --

The accompanying notes are an integral part of this statement.

Sumpter Township, Michigan
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Years Ended March 31, 2007

	Employee Pension <u>Fund</u>
Additions:	
Contributions:	
Employer	\$ 75,914
Employee	75,914
Investment Income	88,631
Total Revenues	<u>240,459</u>
Deductions:	
Benefit Payments	84,111
Refunds:	
Contributions by Employees	--
Total Expenses	<u>84,111</u>
Net Increase	156,348
Net Assets at Beginning of Year	<u>1,126,122</u>
Net Assets at End of Year	<u>\$ 1,282,470</u>

The accompanying notes are an integral part of this statement.

NOTES TO BASIC
FINANCIAL STATEMENTS

SUMPTER TOWNSHIP, MICHIGAN
NOTES TO BASIC FINANCIAL STATEMENTS

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Sumpter Township, Michigan

Notes to Financial Statements

March 31, 2007

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Note 1. Summary of Significant Accounting Policies

The financial statements of Sumpter Township have been prepared with generally accepted accounting principles (GAAP) as applied to government units. The more significant of the government's policies are described below. The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. 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.

1.A. The Financial Reporting Entity

Sumpter Township is a general law Township governed by an elected seven member board.

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity", the financial statements of Sumpter Township contain all the Township funds of the primary government and authorities for which the Township is financially accountable and the nature and significance of their relationship with the Township are such that exclusions would cause the Township's financial statements to be misleading or incomplete. Financial accountability exists if the Township appoints a voting majority of an organization's governing board, is either able to impose its will on another organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on the Township, or if an organization is fiscally dependent on the Township.

Based on the foregoing criteria, no other organizations exist that are included in or excluded from the Township's annual report.

1.B. Basis of Presentation

Basic Financial Statements-Government-Wide Statements

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's general government, public safety, public works, sanitation, recreation and culture, and other functions are classified as governmental activities. The Township's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on the consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

Sumpter Township, Michigan

Notes to Financial Statements

March 31, 2007

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Note 1. Summary of Significant Accounting Policies - (continued)

1.B. Basis of Presentation - (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions (General Government, Public Safety, etc.) and the business-type activity. The functions are also supported by general government revenues (property taxes, certain governmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (General Government, Public Safety, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The Township does not allocate indirect costs. An administrative service fee is charged by the General Fund to the Water and Sewer Fund to recover the direct costs of General Fund services provided (finance, personnel, legal, technology management, etc.). This is eliminated like a reimbursement (reducing the revenue and expense in the General Fund).

The government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements as follows:

(1) Governmental Funds:

The focus of governmental fund measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

- a. **General fund** is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. **Debt service fund** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- d. **Capital project fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

Note 1. Summary of Significant Accounting Policies - (continued)

1.B. Basis of Presentation - (continued)

(2) Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Township:

- a. The **Enterprise fund** is required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues or (b) establishes fees and charges based on a pricing policy designed to recover similar costs.

(3) Fiduciary Funds (Not included in government-wide statements):

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore, are not available to support Township programs. The reporting focus is on net assets and changes in net assets which are reported using accounting principles similar to proprietary funds.

- a. Employee pension fund is used to account for a single-employer defined contribution plan for all full-time employees except for police personnel.
- b. Current tax fund is used to collect property taxes and distribute the monies to the proper entity levying the tax.
- c. Central Dispatch Network fund is used to account for activities related to a joint venture described in Note 4.D.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Township reports the General Fund, Fire Fund, Police Fund, Royalties Fund and Water and Sewage Disposal System Fund as major funds. The Fire Fund accounts for the fire department operating millage and related expenditures. The Police Fund is used to account for the collection of the police department operating millage which is then transferred to the General Fund to offset police department expenditures. The Royalties Fund is used to account for landfill royalty revenue collected and transferred to other funds for use in operations. The Water and Sewage Disposal System Fund is an enterprise fund used to account for water supply and sewage disposal to residents.

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (pension fund and agency funds). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Note 1. Summary of Significant Accounting Policies - (continued)

1.C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied

(1) Measurement Focus

On the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the "economic resources" measurement focus as defined in item (b) below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- (a) All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues, and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.
- (b) The proprietary fund and the pension trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. Proprietary fund equity is classified as net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

(2) Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

(a) Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred

(b) Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions in such method from the modified accrual basis are as follows:

Note 1. Summary of Significant Accounting Policies - (continued)

1.C. Measurement Focus and Basis of Accounting - (continued)

- a. Interest income on special assessments receivable is not accrued until its due date.
- b. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.

1.D. Assets, Liabilities and Equity

Cash and Investments

For the purpose of the Statement of Net Assets, cash and cash equivalents include amounts on deposit as well as short-term investments with original maturities of three months or less from the date of acquisition.

For purposes of the Statement of Cash Flows, the proprietary fund considers all highly liquid investments (including restricted assets) with original maturities of three months or less from the date of acquisition that can be readily converted to cash to be cash equivalents.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Managed funds are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value. Additional cash and investment information, and fair values are presented in Note 3.A.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". See Notes 3.F. and 3.G. for details of interfund transactions, including receivables and payables at year end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, state shared revenues, and royalty revenue. Business-type activities report utilities earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest earnings are recorded when earned if paid within 60 days since they would be considered both measurable and available.

Sumpter Township, Michigan

Notes to Financial Statements

March 31, 2007

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Note 1. Summary of Significant Accounting Policies - (continued)

1.D. Assets, Liabilities and Equity - (continued)

Receivables - (continued)

Proprietary fund material receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond March 31, 2007, are recorded as prepaid items.

Restricted Assets

Certain resources set aside for the repayment of enterprise fund revenue bonds and contracts are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable bond covenants.

The Water Revenue Bond and Sewer Revenue Bond - Bond and interest redemption accounts are used to record resources set aside as required by the water and sewer bond ordinances.

Capital Assets

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Capital assets are defined as assets with an initial individual cost of more than \$1,500 and an estimated useful life in excess of one year.

Government-Wide Statements

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e. roads) are reported in the applicable governmental or business-type activities' columns in the government-wide financial statements. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to April 1, 2004, governmental funds' assets were not capitalized. These assets (back to April 1, 1980) have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Sumpter Township, Michigan

Notes to Financial Statements

March 31, 2007

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Note 1. Summary of Significant Accounting Policies - (continued)

1.D. Assets, Liabilities and Equity - (continued)

Buildings	25-40	years
Improvements	20-25	years
Machinery and Equipment	5-20	years
Utility System	50	years
Infrastructure	25	years

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-Term Debt

The accounting treatment of long-term debt, which consists primarily of bonds payable, and the capital lease payable depends on whether the obligation is incurred in governmental fund operations or proprietary fund operations and whether it is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities on the Statement of Net Assets in the government-wide financial statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide financial statements.

Compensated Absences

Current employee contracts mandate payment of all unused sick time and vacation time at March 31, therefore, no accrued compensated absences are reported

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2007
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Note 1. Summary of Significant Accounting Policies - (continued)

i.E. Revenues, Expenditures and Expenses

Property Taxes

Property taxes are levied each July 1 (100% State Education Tax and one half of county operating tax) and December 1 (township, remaining county, and all other school taxes), and payable on or before September 15 and February 28 respectively, without penalty. These taxes become liens against the property on the date levied. After February 28, all taxes are declared delinquent, with the Township continuing to collect personal property taxes. Real property taxes are turned over to the County Treasurer who assumes responsibility for their collection and immediately, upon settlement, reimburses the Township from the County revolving tax fund. The Township collects its own property tax and also taxes for other entities including the County and school districts which are within the Township. Collections and remittances of the taxes to those entities are accounted for in the current and delinquent tax collection funds.

Sumpter Township tax levy for the 2006 tax roll was:

General Fund	0.79040 mills
Public Safety	1.78270 mills
Fire Operations	0.88900 mills
Library Operations	0.62200 mills
Total	<u>4.08410 mills</u>

The Township tax revenues are recognized when levied to the extent that they result in current receivables.

Program Revenues

Program revenues reported within the Statement of Activities include license and fees, ordinance fines and costs, bond forfeitures and other court costs, building, electrical and other permits, state shared revenue, state and federal grants, recreation rentals and fees, and 911 service fees.

Operating Revenues and Expenses

Operating revenues and expenses for the proprietary funds are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The Township 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 enterprise 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.

Sumpter Township, Michigan

Notes to Financial Statements

March 31, 2007

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Note 1. Summary of Significant Accounting Policies - (continued)

1.E. Revenues, Expenditures and Expenses - (continued)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by functions)
	Debt Service
Proprietary Fund - By Operating and Nonoperating	

In the fund financial statements, governmental funds report expenditures of financial resources and proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Page 19 includes a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds". The details of this difference are as follows:

Bonds Payable	\$	673,551
Accrued Interest Payable		21,386
Capital Leases		238,013
Accrued Expense		2,194
Net Adjustment	\$	<u>935,144</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures.

Sumpter Township, Michigan

Notes to Financial Statements

March 31, 2007

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Note 2. Reconciliation of Government-Wide and Fund Financial Statements - (continued)

However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital Outlay	\$ 728,236
Depreciation	(273,671)
Net Adjustment	<u>\$ 454,565</u>

Note 3. Detail Notes on Transaction Classes / Accounts

3.A. Cash and Investments

For additional descriptive information, see Note 1.D.

Deposits and Investments

The Township's policies regarding deposits of cash are discussed in Note 1.D. The table presented below is designed to disclose the level of custody credit risk assumed by the Township based upon how its deposits were insured or secured with collateral at March 31, 2007. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the Township or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Township's name; or collateralized with no written or approved collateral agreement.

Deposits

<u>Type of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand Deposits	<u>\$ 4,592,691</u>	<u>\$ 100,000</u>	<u>\$ --</u>	<u>\$ 4,449,843</u>	<u>\$ 4,319,503</u>

Investments

At March 31, 2007, the Township's investment balances were as follows:

Investment not Subject to Categorization	Fair
Mutual Funds	<u>Value</u>
	<u>\$ 2,507,153</u>

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2007
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.A. Cash and Investments - (continued)

A reconciliation of cash and investments as shown on the Statement of Net Assets follows:

Cash on Hand	\$	402
Carrying Amount of Deposits		4,319,505
Carrying Amount of Investments		2,507,153
Total		\$ 6,827,060

Government-wide Statement of Net Assets:

Current Assets:		
Cash and Cash Equivalents - Unrestricted	\$	3,855,006
Cash and Cash Equivalents - Restricted		327,133
Noncurrent Assets:		
Cash and Cash Equivalents - Restricted		104,709
Fiduciary Funds (Not Included in Government-wide Statement)		2,540,212
Total		\$ 6,827,060

3.B. Accounts Receivable and Accounts Payable

Accounts Receivable

Accounts receivable of the governmental activities as of year end for the Township's individual major and non-major funds including the applicable allowance for uncollectible accounts, are listed below.

	General <u>Fund</u>	Fire <u>Fund</u>	Police <u>Fund</u>	Royalties <u>Fund</u>	Nonmajor and Other Governmental <u>Funds</u>	<u>Total</u>
Receivables						
Taxes	\$ 35,512	\$ 40,048	\$ 80,127	\$ 192,541	\$ 34,899	\$ 383,127
Accounts	234,713	--	--	--	7,109	241,822
Special Assessments	--	--	--	--	30,733	30,733
Intergovernmental	--	--	--	--	30,465	30,465
Gross Receivables	270,225	40,048	80,127	192,541	103,206	686,147
Less: Allowances for Uncollectibles	(4,509)	(5,086)	(10,176)	--	(3,553)	(23,324)
Net Accounts Receivable Governmental Activities	\$ 265,716	\$ 34,962	\$ 69,951	\$ 192,541	\$ 99,653	\$ 662,823

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2007
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.B. Accounts Receivable and Accounts Payable - (continued)

Accounts receivable of the business-type activities consists of:

	<u>Water and Sewer Fund</u>
Customer Accounts	\$ 758,155
Assessments - Current	214,735
Other	53,038
Gross Receivables	<u>\$ 1,025,928</u>

No allowance for doubtful customer accounts has been recorded because unpaid balances are applied to the tax roll each year.

Accounts Payable

Accounts payable of the governmental activities as of year end for the Township's individual major funds and non-major funds are as follows:

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total</u>
Accounts Payable to Vendors	\$ 92,048	\$ 4,428	\$ 94,177	\$ 190,653
Accrued Salaries and Benefits	48,411	11,514	--	59,925
	<u>\$ 140,459</u>	<u>\$ 15,942</u>	<u>\$ 94,177</u>	<u>\$ 250,578</u>

Accounts payable of the business-type activities consists of:

	<u>Water and Sewer Fund</u>
Accounts Payable to Vendors	\$ 48,530
Due to Other Governmental Units	111,776
Retainage Payable	36,975
Customer Deposits	47,430
Accrued Salaries and Benefits	8,404
	<u>\$ 253,115</u>

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2007
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.C. Capital Assets

Capital asset activity for the year ended March 31, 2007, was as follows:

	Balance April 1, <u>2006</u>	<u>Additions</u>	<u>Disposals</u>	Balance March 31, <u>2007</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 77,988	\$ --	\$ --	\$ 77,988
Capital Assets Being Depreciated				
Buildings	4,339,706	25,917	--	4,365,623
Improvements	239,973	73,336	--	313,309
Machinery & Equipment	3,056,061	628,983	(10,000)	3,675,044
Infrastructure	349,979	--	--	349,979
Total Capital Assets Being Depreciated	<u>7,985,719</u>	<u>728,236</u>	<u>(10,000)</u>	<u>8,703,955</u>
Less Accumulated Depreciation:				
Buildings	(1,400,779)	(99,966)	--	(1,500,745)
Improvements	(131,492)	(9,100)	--	(140,592)
Machinery & Equipment	(1,689,656)	(150,606)	7,714	(1,832,548)
Infrastructure	(70,109)	(13,999)	--	(84,108)
Total Accumulated Depreciation	<u>(3,292,036)</u>	<u>(273,671)</u>	<u>7,714</u>	<u>(3,557,993)</u>
Total Capital Assets Being Depreciated, Net	<u>4,693,683</u>	<u>454,565</u>	<u>(2,286)</u>	<u>5,145,962</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 4,771,671</u>	<u>\$ 454,565</u>	<u>\$ (2,286)</u>	<u>\$ 5,223,950</u>
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 112,552	\$ 21,175	\$ --	\$ 133,727
Construction in Progress	539,703	41,562	(539,703)	41,562
Total Capital Assets Not Being Depreciated	<u>652,255</u>	<u>62,737</u>	<u>(539,703)</u>	<u>175,289</u>
Capital Assets Being Depreciated:				
Buildings	139,322	--	--	139,322
Water Mains	12,262,951	2,300,198	--	14,563,149
Sewer Lines	12,380,073	181,728	--	12,561,801
Meters	451,919	12,398	--	464,317
Connections	1,895,988	38,370	--	1,934,358
Equipment	229,066	56,754	--	285,820
Total Capital Assets Being Depreciated	<u>27,359,319</u>	<u>2,589,448</u>	<u>--</u>	<u>29,948,767</u>
Less Accumulated Depreciation:				
Buildings	(105,885)	(5,572)	--	(111,457)
Water Mains	(6,306,887)	(268,262)	--	(6,575,149)
Sewer Lines	(1,065,513)	(230,870)	--	(1,296,383)
Meters	(138,512)	(9,162)	--	(147,674)
Connections	(586,752)	(38,320)	--	(625,072)
Equipment	(214,811)	(9,365)	--	(224,176)
Total Accumulated Depreciation	<u>(8,418,360)</u>	<u>(561,551)</u>	<u>--</u>	<u>(8,979,911)</u>
Business-type Capital Assets, Net	<u>\$ 19,593,214</u>	<u>\$ 2,090,634</u>	<u>\$ (539,703)</u>	<u>\$ 21,144,145</u>

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2007
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.C. Capital Assets - (continued)

Depreciation expense was charged to functions/programs of the Township as follows:

Governmental Activities:	
General Government	\$ 49,091
Public Safety	176,060
Public Services	2,430
Highway and Streets	13,999
Recreation and Culture	32,091
Total Depreciation Expense	<u>\$ 273,671</u>
Business-type Activities:	
Water and Sewer	<u>\$ 561,552</u>

3.D. Capital Leases

The Township has entered into two lease agreements as lessee for financing the acquisition of two police cars, and also a fire engine. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired are as follows:

Two Police Cars	\$ 67,159
Fire Engine	494,717
Less: Accumulated Depreciation	<u>(10,956)</u>
Net	<u>\$ 550,920</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of March 31, 2007, are as follows:

2008	\$ 68,788
2009	68,788
2010	44,925
2012	44,925
2012	44,925
Less Amount Representing Interest	<u>272,351</u>
Present Value of Minimum Lease Payments	<u>(34,338)</u>
	<u>\$ 238,013</u>

Sumpter Township, Michigan
Notes to Financial Statements
 March 31, 2007
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.E. Long-Term Debt

Bonds

General Obligation Bonds

The Township issued general obligation bonds to provide for the construction of the fire hall, as approved by voters. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 15 year serial bonds.

Special Assessment Debt with Governmental Commitment

Special assessment bonds and related interest costs are payable solely from assessments and interest collected from the property owners who benefit from respective improvements. The Township has a liability for payment of the bonds should the assessments be insufficient to cover bond principal and interest.

Revenue Bonds

Revenue bonds have been issued for water main and sewer line construction. These bonds are reported in the enterprise fund.

Bonds currently outstanding are:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
<i>Governmental Activities:</i>		
Public Safety	5.00 - 5.55%	\$ 540,000
Highway and Streets	5.00 - 5.20%	133,551
		<u>673,551</u>
<i>Business Type Activities:</i>		
Proprietary - Water & Sewer System	2.00-5.25%	5,511,449
		<u>\$ 6,185,000</u>

Annual debt service requirements to maturity for long-term bonds including interest of \$1,971,388, are as follows:

<u>Fiscal Year Ending March 31,</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
2008	\$ 170,726	\$ 630,897	\$ 801,623
2009	171,969	631,198	803,167
2010	174,020	603,403	777,423
2011	124,823	586,177	711,000
2012	123,330	582,548	705,878
2013-2017	--	2,373,712	2,373,712
2018-2022	--	1,278,835	1,278,835
2023-227	--	704,750	704,750
	<u>\$ 764,868</u>	<u>\$ 7,391,520</u>	<u>\$ 8,156,388</u>

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2007
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.E. Long-Term Debt - (continued)

The Township's bonds are separated between the amounts to be repaid from governmental activities and amounts to be repaid from business type activities as follows:

Governmental Activities:

As of March 31, 2007, the governmental debt of the financial reporting entity consists of the following:

	<u>Current Portion</u>	<u>Long-Term Debt</u>
<u>General Obligation Bonds:</u>		
\$1,200,000 Wayne County Public Safety Facility Bonds dated September 1, 1996 for the Fire hall Building Interest rate from 5.00% to 5.55% with final maturity on May 1, 2011.	\$ 95,000	\$ 445,000
<u>Special Assessment Debt with Government Commitment:</u>		
\$400,653 Special Assessment Bonds dated October 1, 2000 for Elwell and Bemis Road paving Interest rate of from 5.00 to 5.20% with final maturity on March 1, 2010	42,174	91,377
Total Governmental Activities Bonds	\$ 137,174	\$ 536,377

Business-Type Activities:

As of March 31, 2007, the debt payable from the proprietary fund resources consisted of the following:

	<u>Current Portion</u>	<u>Long-Term Debt</u>
\$1,000,000 water revenue bonds dated June 23, 1978 for water main construction. Interest rate at 5.00% with final maturity on January 1, 2017.	\$ 40,000	\$ 420,000
\$250,000 water revenue bonds dated December 8, 1978 for the water main construction. Interest rate at 5.00% with final maturity on January 1, 2018.	5,000	185,000
\$2,405,000 Water Supply and Sewage Disposal System Revenue Refunding Bonds, series 2004 dated February 18, 2004, for sewer line construction. Interest rate at from 2.00% to 3.625% with final maturity on November 11, 2014.	225,000	1,745,000
\$3,000,000, 2004 Capital Improvement Sewer General Obligation Bonds dated May 13, 2004 for sewer line construction. Interest rate at from 2.25% to 5.00% with final maturity on November 1, 2024.	110,000	2,685,000

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2007
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.E. Long-Term Debt - (continued)

	<u>Current Portion</u>	<u>Long-Term Debt</u>
Special Assessment Debt with Government Commitment		
\$170,000 Wayne County Special Assessment Bonds for Executive Drive dated October 1, 1999. Interest rate at 5.25% with final maturity on March 1, 2009.	20,000	20,000
\$169,347 Special Assessment Bonds for Carleton West Road water main dated October 1, 2000. Interest rate at from 5.00% to 5.20% with final maturity on March 1, 2010.	17,826	38,623
Total Business-Type Activities Long Term Debt	\$ 417,826	\$ 5,093,623

The following is a summary of changes in long-term debt for the year ended March 31, 2007.

	Balance		Balance	Amount Due
	<u>April 1, 2006</u>	<u>Additions</u>	<u>March 31, 2007</u>	<u>Within One Year</u>
Governmental Activities:				
General Obligation Bonds	\$ 630,000	\$ --	\$ 540,000	\$ 95,000
Special Assessment Bonds	175,725	--	133,551	42,174
Capital Leases	--	261,876	238,013	56,208
Accrued Expense	--	2,194	2,194	2,194
Total Governmental Activities	\$ 805,725	\$ 264,070	\$ 913,758	\$ 195,576
 Business-Type Activities:				
Contracts	\$ 460,000	\$ --	\$ --	\$ --
Water and Sewer Revenue Bonds	2,880,000	--	2,620,000	270,000
General Obligation Bonds	2,900,000	--	2,795,000	110,000
Special Assessment Bonds	134,275	--	96,449	37,826
	6,374,275	--	5,511,449	417,826
Less Deferred Interest on Refunding	(124,796)	--	(109,197)	(15,600)
Total Business Type Activities	\$ 6,249,479	\$ --	\$ 5,402,252	\$ 402,226

Debt service requirements at March 31, 2007 are as follows:

Year Ended March 31,	Governmental Activities			
	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2008	\$ 95,000	\$ 26,695	\$ 42,174	\$ 6,857
2009	100,000	21,575	45,688	4,706
2010	110,000	15,955	45,689	2,376
2011	115,000	9,823	--	--
2012	120,000	3,330	--	--
Total Governmental Activities	\$ 540,000	\$ 77,378	\$ 133,551	\$ 13,939

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2007
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.E. Long-Term Debt - (continued)

Year Ended March 31,	Revenue Bonds		General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 270,000	\$ 90,450	\$ 110,000	\$ 117,623	\$ 37,826	\$ 4,998
2009	280,000	83,700	110,000	115,147	39,312	3,039
2010	285,000	75,910	110,000	112,178	19,311	1,004
2011	295,000	67,300	115,000	108,877	--	--
2012	305,000	57,350	115,000	105,198	--	--
2013-2017	1,110,000	123,451	685,000	455,261	--	--
2018-2022	75,000	3,750	910,000	290,085	--	--
2023-2027	--	--	640,000	64,750	--	--
	<u>\$ 2,620,000</u>	<u>\$ 501,911</u>	<u>\$ 2,795,000</u>	<u>\$ 1,369,119</u>	<u>\$ 96,449</u>	<u>\$ 9,041</u>

3.F. Interfund Transactions and Balances

Transfers

	Transfers In	Transfers Out
General Fund		
Royalties Fund	\$ 1,625,000	\$ --
Nonmajor Governmental	561,573	68,100
Total General Fund	<u>2,186,573</u>	<u>68,100</u>
Royalties Fund		
General Fund	--	1,625,000
Nonmajor Governmental	--	122,010
Water and Sewer Fund	--	2,504,808
	<u>--</u>	<u>4,251,818</u>
Water and Sewer Fund		
Royalties Fund	2,504,808	--
Nonmajor Governmental Fund		
General Fund	68,100	561,573
Royalties Fund	122,010	--
Nonmajor Governmental Fund	186,792	186,792
	<u>376,902</u>	<u>748,365</u>
Total	<u>\$ 5,068,283</u>	<u>\$ 5,068,283</u>

An explanation of the significant interfund transactions follows.

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2007
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.F. Interfund Transactions and Balances - (continued)

The royalties fund transferred \$1,625,000 to the general fund to cover general government costs, \$282,350 to the water and sewer fund to cover sewer bond principal and interest, \$2,222,458 to the water and sewer fund to cover a portion of the two Bemis Road water main projects and the completion of the Phase II sewer program and \$122,010 to the fire fund to cover bond principal and interest on the fire hall bonds.

The police fund transferred \$500,000 to the general fund to help cover operating expenditures of the Police Department.

3.G. Interfund Assets/Liabilities

The composition of interfund balances in the fund financial statements as of March 31, 2007, is as follows:

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Fund	\$ 9,702
General Fund	Water and Sewer Fund	855
	Non Major Governmental	52,610
Non Major Governmental Fund	Water and Sewer Fund	54,262
	Royalties Fund	26,552
	Water and Sewer Fund	<u>550</u>
		<u>\$ 144,531</u>

Due to/from other funds are related to payments in transit for goods and services provided through other funds.

3.H. Restricted Net Assets

In the government-wide financial statements, the restricted net assets - other purposes on the Statement of Net Assets is as follows:

Governmental Activities:	
METRO Act	<u>\$ 22,579</u>

Sumpter Township, Michigan
Notes to Financial Statements

March 31, 2007

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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.H. Restricted Net Assets - (continued)

Reserved fund balances in the fund financial statements - governmental funds are reserved for the following:

Reserve for:	Prepaid Items	\$	50,339
	METRO Act		22,579
	Fire Operations		422,291
	Fire Hall Debt Retirement		79,638
	Police Operations		771,950
	Library Operations		214,567
	Debt Service		106,969
			<u>\$ 1,668,333</u>

Note 4. Other Notes

4.A. Insurance Coverage

The Township is a member of the Michigan Township Participating Plan, an insurance purchasing pool, and purchases the following types of insurance through this pool:

- Property
- General Liability
- Public Officials Errors and Omissions
- Law Enforcement Professional Liability
- Excess Liability Protection
- Comprehensive Dishonesty, Disappearance and Destruction Liability Policy

Workers Compensation Insurance is purchased through the Accident Fund.

Police and Fire employees are covered with accidental death and dismemberment indemnity through the National Accident Insurance and Provident Life.

The employee blanket insurance and public officials bonds policies are held with The Hartford Fire Insurance Company.

An inland marine policy is purchased through St. Paul and Travelers Insurance.

Note 4. Other Notes - (continued)

4.B. Deferred Compensation Plan

The Township offers its employees a deferred compensation plan created in accordance with I.R.C. Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or an unforeseeable emergency.

A second deferred compensation plan was created in accordance with I.R.C. Section 457 to meet the requirements of the Omnibus Budget Reconciliation Act of 1990 (OBRA). This deferred compensation plan is mandatory for all employees not included in the Social Security System. Employees must contribute a minimum of 6% of their wages to the plan and the Township contributes 1.5%.

Investments are managed by the plan's trustee under one of several investment options, or a combination thereof, according to the plan documents. The choice of the investment option(s) is made by the participant.

Under the Small Business Job Protection Act of 1996, plan assets are held in trust for the exclusive benefit of plan participants. Therefore, deferred compensation plan assets are excluded from this report.

4.C. Contingent Liabilities - Lawsuits

The Township is involved in various litigations primarily arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Township Attorney, the resolution of these matters will not have a materially adverse effect on the financial condition of the Township.

4.D. Joint Venture

The Township was a member of Central Dispatch Network (the "Network"), a joint venture with the City of Belleville for emergency communication services, which was funded equally through contributions from each entity. Sumpter's contribution is reported as an expenditure within the General Fund. Each government's share of assets, liabilities and fund equity is 50%. On June 26, 2006, all Sumpter Township emergency dispatch services were transferred to the control of Sumpter Township. The Network was dissolved on June 30, 2007. There was no accumulated equity to be distributed to the Township. Instead, additional contributions were required to cover the accumulated deficit of the Network. The Network is currently showing an accounts receivable of \$45,264 which represents amounts due from the City of Belleville to cover their first quarter contribution plus the additional contribution required to cover the accumulated deficit. Upon dissolution, the Township owned 50% of the capital assets of the Network, which had a historical cost of \$92,204.

Separate financial statements of the joint venture described above are available at the Township Clerk's office.

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2007
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Note 4. Other Notes - (continued)

4.E. Employee Pension Plans

1. Defined Contribution Plan

The Township administers a single-employer defined contribution plan, Sumpter Township EE Money Purchase Plan, through ING. Plan provisions and requirements are established and amended by Township board resolution. Current provisions allow that all employees, excluding elected officials who have attained twenty and one-half (20 1/2) years of age and have worked at least six months for the Township are eligible. Plan members and the Township are each required to make contributions of 8% of covered payroll.

For the fiscal year ended March 31, 2007, the required contributions, reported through the Employee Pension Fund, were made to the plan as follows:

Employer Contributions	\$ 75,914
Employee Contributions	<u>75,914</u>
Total Contributions	<u>\$ 151,828</u>

2. Defined Benefit Plan

Plan Description - The Township participates in a multiple-employer defined benefit plan for the police administered through the Municipal Employees Retirement System (MERS) of Michigan, created for municipal employees by the State of Michigan Act 427 of 1984. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefit provisions resides with the Township Board through negotiations with the Police. MERS issues a publicly available financial report as of December 31, each year for each employer participating in the plan. This report may be obtained by writing to Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, MI 48197 or calling 1-800-767-6377.

Funding Policy - No plan members in administrative positions were included in plan contributions during the plan year. Other plan members must contribute 8.31% of their annual covered salary. The Township is required to contribute at an actuarially determined rate; the current rate is 118.82% of the annual covered payroll for administrative members and 9.34% for all others. The contribution requirements of the plan members and the Township are established and amended by the MERS Board of Trustees based on the benefits package provided through Township Board approval of the police contract.

Sumpter Township, Michigan

Notes to Financial Statements

March 31, 2007

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Note 4. Other Notes - (continued)

4.E. Employee Pension Plans - (continued)

2. Defined Benefit Plan - (continued)

Annual Pension Cost - For fiscal year end March 31, 2007, the Township's annual pension cost of \$106,752 was equal to the Township's required contributions. Actual contributions made amounted to \$107,827. The required contribution was determined as part of the December 31, 2004, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8% investment rate or return (net of expense), (b) projected salary increases at 4.5% per year, (c) 4.5% rate of inflation, and (d) 2.5% cost of living benefit increases.

The actuarial value of assets is determined on the basis of a valuation method that assumes the fund earns the expected rate of return (8%), and includes an adjustment to reflect market value. The plan's unfunded actuarial accrued liability is being amortized as a level percent of payroll contributions calculated to be 5.4719% at December 31, 2006. The remaining amortization period is 29 years.

Three-Year Trend Information:

Plan Fiscal Year Ended	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation (NPO)
December 31, 2006	\$ 115,164	*	\$ 1,272,965
December 31, 2005	\$ 127,992	*	\$ 1,414,216
December 31, 2004	\$ 106,752	100.00%	\$ 1,446,751

* This represents required contributions for the fiscal years April 1, 2008 to March 31, 2009 and April 1, 2007 to March 31, 2008, respectively.

4.F. Special Revenue Funds - Fund Deficit

The Community Development Block Grant Fund is reporting a deficit in fund balance of \$20,310 at year end. This deficit represents federal grant funding under the expenditure reimbursement program, Community Development Block Grant. Therefore, expenditures are reported prior to related receipts to reimburse those expenditures. As a special revenue fund, these funds must follow the modified accrual basis which requires that revenue not be reported until measurable and available. The fund deficit represents expenditures made but not reimbursed within sixty days after year end. However, the reimbursement will be received at some later date; therefore, eliminating the fund deficit.

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2007
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Note 4. Other Notes - (continued)

4.G. Subsequent Events

Defined Benefit Plan - On February 27, 2007, the Township Board approved transferring the pension plan for the clerical union to the Michigan Employees Retirement System (MERS) from ING, the previous plan sponsor. This transfer converts the previous defined contribution plan into a defined benefit plan. The actuaries have determined that the new defined benefit plan is approximately fifty percent funded, which is the requirement imposed by the state. Contributions to the plan will remain at 8% for both employees and the Township.

Water and Sewer Bonding - On August 28, 2007, the Township Board approved the issuance of limited tax general obligation capital improvement bonds in the amount of \$5,650,000 to pay for water supply system projects totaling \$3,565,000 and sewage disposal system projects totaling \$2,085,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Sumpter Township, Michigan
Schedule of Funding Progress
for Defined Employee Benefit Pension Plan
March 31, 2007

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
December 31, 2006	\$ 1,368,529	\$ 2,641,494	\$ 1,272,965	51.8%	\$ 760,711	167.3%
December 31, 2005	1,207,427	2,621,643	1,414,216	46.1%	780,279	181.2%
December 31, 2004	1,054,916	2,501,667	1,446,751	42.2%	778,918	185.7%

Sumpter Township, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended March 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 352,000	\$ 352,000	\$ 360,758	\$ 8,758
Licenses and Permits	235,000	163,000	166,737	3,737
Intergovernmental	910,000	980,000	921,804	(58,196)
Charges for Services	190,000	145,000	174,293	29,293
Fines and Forfeits	30,000	30,000	33,963	3,963
Interest, Rents, and Royalties	80,000	100,000	164,066	64,066
Miscellaneous	350,000	360,000	345,760	(14,240)
Total Revenues	<u>2,147,000</u>	<u>2,130,000</u>	<u>2,167,381</u>	<u>37,381</u>
Expenditures:				
General Government	1,216,247	1,234,176	1,214,465	19,711
Public Safety	2,399,191	2,553,350	2,569,377	(16,027)
Public Works	36,800	51,900	53,299	(1,399)
Sanitation	152,500	175,000	178,111	(3,111)
Recreation and Culture	220,697	232,150	235,175	(3,025)
Other	164,600	150,500	123,037	27,463
Total Expenditures	<u>4,190,035</u>	<u>4,397,076</u>	<u>4,373,464</u>	<u>23,612</u>
Excess of Revenues Under Expenditures	<u>(2,043,035)</u>	<u>(2,267,076)</u>	<u>(2,206,083)</u>	<u>60,993</u>
Other Financing Sources/(Uses):				
Capital Lease	--	--	67,159	67,159
Transfers In	2,181,000	2,177,000	2,186,573	9,573
Transfers Out	(68,100)	(68,100)	(68,100)	--
Total Other Financing Sources	<u>2,112,900</u>	<u>2,108,900</u>	<u>2,185,632</u>	<u>76,732</u>
Net Change in Fund Balance	69,865	(158,176)	(20,451)	137,725
Fund Balance at Beginning of Year	<u>688,369</u>	<u>688,369</u>	<u>688,369</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ 758,234</u>	<u>\$ 530,193</u>	<u>\$ 667,918</u>	<u>\$ 137,725</u>

Sumpter Township, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balance
Fire Fund
For the Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 275,742	\$ 265,000	\$ 269,219	\$ 4,219
Interest	5,000	17,500	17,435	(65)
Other	500	500	50	(450)
Total Revenues	<u>281,242</u>	<u>283,000</u>	<u>286,704</u>	<u>3,704</u>
Expenditures:				
Salaries	105,000	105,000	106,890	(1,890)
Fringe Benefits	40,000	25,000	6,763	18,237
Office Supplies	750	750	74	676
Operating Supplies	7,500	4,500	2,036	2,464
Contracted Services	12,500	10,000	7,681	2,319
Attorney Fees	--	--	490	(490)
Membership/Dues	--	--	955	(955)
Communications	2,500	3,500	3,530	(30)
Transportation and Travel	5,000	8,500	8,066	434
Printing and Publishing	--	--	26	(26)
Insurance and Bonds	34,500	42,000	40,332	1,668
Utilities	20,000	15,000	17,822	(2,822)
Building Repairs and Maintenance	1,500	1,500	1,286	214
Equipment Repairs and Maintenance	8,500	9,500	9,996	(496)
Hydrant Rental	9,000	9,000	9,000	--
Training and Education	4,500	2,500	430	2,070
Other Expense	1,500	1,000	1,154	(154)
Capital Outlay	25,000	500,000	500,132	(132)
Total Expenditures	<u>277,750</u>	<u>737,750</u>	<u>716,663</u>	<u>21,087</u>
Excess Revenues Over/(Under) Expenditures	<u>3,492</u>	<u>(454,750)</u>	<u>(429,959)</u>	<u>24,791</u>
Other Financing Sources/(Uses):				
Capital Lease Proceeds	--	194,717	194,717	--
Operating Transfers from General Fund	68,100	68,100	68,100	--
Operating Transfers from Royalties Fund	121,460	121,460	122,010	550
Operating Transfers to General Debt Service Fund	(121,460)	(121,460)	(122,010)	(550)
Total Other Financing Sources	<u>68,100</u>	<u>262,817</u>	<u>262,817</u>	<u>--</u>
Net Change in Fund Balance	71,592	(191,933)	(167,142)	24,791
Fund Balance at Beginning of Year	<u>670,302</u>	<u>670,302</u>	<u>670,302</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ 741,894</u>	<u>\$ 478,369</u>	<u>\$ 503,160</u>	<u>\$ 24,791</u>

Sumpter Township, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balance
Police Fund
For the Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 517,343	\$ 510,000	\$ 536,282	\$ 26,282
Interest	15,000	28,000	29,015	1,015
Total Revenues	<u>532,343</u>	<u>538,000</u>	<u>565,297</u>	<u>27,297</u>
Other Financing Uses:				
Transfers to General Fund	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>--</u>
Net Change in Fund Balance	32,343	38,000	65,297	27,297
Fund Balance at Beginning of Year	<u>706,653</u>	<u>706,653</u>	<u>706,653</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ 738,996</u>	<u>\$ 744,653</u>	<u>\$ 771,950</u>	<u>\$ 27,297</u>

Sumpter Township, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balance
Royalties Fund
For the Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Royalties	\$ 2,500,000	\$ 2,550,000	\$ 2,551,193	\$ 1,193
Interest	--	--	37,333	37,333
Total Revenues	<u>2,500,000</u>	<u>2,550,000</u>	<u>2,588,526</u>	<u>38,526</u>
Other Financing Uses:				
Transfers to General Fund	(1,625,000)	(1,625,000)	(1,625,000)	--
Transfers to Water Supply and Sewage Disposal System Fund	(282,350)	(282,350)	(2,504,808)	(2,222,458)
Transfers to Fire Fund	(121,460)	(121,460)	(122,010)	(550)
Total Other Financing Uses	<u>(2,028,810)</u>	<u>(2,028,810)</u>	<u>(4,251,818)</u>	<u>(2,223,008)</u>
Net Change in Fund Balance	471,190	521,190	(1,663,292)	(2,184,482)
Fund Balance at Beginning of Year	<u>2,821,090</u>	<u>2,821,090</u>	<u>2,821,090</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ 3,292,280</u>	<u>\$ 3,342,280</u>	<u>\$ 1,157,798</u>	<u>\$ (2,184,482)</u>

Sumpter Township, Michigan
Footnotes to Required Supplementary Information
March 31, 2007
Page 1 of 2

Legal Compliance - Budgets - Accounting and Reporting

The Township is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act) as amended. The following is a summary of the requirements of this Act according to the State Treasurer's "Bulletin for Audits of Local Units of Government in Michigan" dated April 1982:

- a. Budgets must be adopted for the General Fund and Special Revenue Funds.
- b. The budgets must be balanced.
- c. The budgets must be amended when necessary.
- d. Public hearings must be held before budget adoptions.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget before being incurred.

The Township adopts its budget by functional activity which is in accordance with the State's legal requirements and is the level of classification detail at which expenditures may not legally exceed appropriations. Expenditures are not classified by character, e.g. current, capital outlay and debt service.

The Finance Director submits an annual budget to the Township Board in accordance with the Uniform Budgeting Act. In March, each year, the Township Board approves the operating budget for the fiscal year commencing the following April 1. The budget includes proposed expenditures and the means of financing them, for the General Fund and Special Revenue Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. Once approved, the Township Board may amend the legally adopted budget when unexpected modifications are required. The March 31, 2007, fiscal year budget was amended on March 27, 2007.

Legally authorized, non-appropriated budgets are prepared for the Community Development Block Grant Fund. Expenditures for this fund are controlled on a project basis and are carried forward each year until the project is completed or the grant award has been expended.

For the year ended March 31, 2007, expenditures exceeded budget appropriations in the following functional activities.

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Expenditures In Excess of Appropriations</u>
<u>General Fund</u>				
Expenditures:				
Public Safety	\$ 2,399,191	\$ 2,553,350	\$ 2,569,377	\$ 16,027
Public Works	36,800	51,900	53,299	1,399
Sanitation	152,500	175,000	178,111	3,111
Recreation and Culture	220,697	232,150	235,175	3,025

Sumpter Township, Michigan
Footnotes to Required Supplementary Information
March 31, 2007
Page 2 of 2

Legal Compliance - Budgets - Accounting and Reporting - (continued)

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Expenditures In Excess of Appropriations</u>
<u>Fire Fund</u>				
Expenditures:				
Salaries	\$ 105,000	\$ 105,000	\$ 106,890	\$ 1,890
Attorney Fees	--	--	490	490
Membership/Dues	--	--	955	955
Communications	2,500	3,500	3,530	30
Printing and Publishing	--	--	26	26
Insurance and Bonds	34,500	42,000	40,332	1,668
Utilities	20,000	15,000	17,822	2,822
Equipment Repairs and Maintenan	8,500	9,500	9,996	496
Other Expense	1,500	1,000	1,154	154
Capital Outlay	25,000	500,000	500,132	132
 <u>Royalties Fund</u>				
Other Financing Uses:				
Transfer to Water Supply and Sewage Disposal System Fund	\$ 282,350	\$ 282,350	\$ 2,504,808	\$ 2,222,458
Transfer to Fire Fund	121,460	121,460	122,010	550

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Sumpter Township, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2007

	<u>Special</u> <u>Revenue</u>	<u>Debt</u> <u>Service</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 434,064	\$ 46,021	\$ 480,085
Receivables:			
Accounts	7,109	--	7,109
Taxes	24,408	6,938	31,346
Special Assessments	--	30,733	30,733
Intergovernmental	30,465	--	30,465
Due from Other Funds	--	54,262	54,262
Inventory	144	--	144
Deferred Charges	--	61,466	61,466
	\$ 496,190	\$ 199,420	\$ 695,610
Total Assets	\$ 496,190	\$ 199,420	\$ 695,610
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ 93,925	\$ 252	\$ 94,177
Due to Other Funds	52,610	--	52,610
Deferred Revenue	155,398	92,199	247,597
Total Liabilities	301,933	92,451	394,384
Fund Balance:			
Reserved for Library Operations	214,567	--	214,567
Reserved for Debt Service	--	106,969	106,969
Unreserved, Undesignated	(20,310)	--	(20,310)
Total Fund Balance	194,257	106,969	301,226
Total Liabilities and Fund Balance	\$ 496,190	\$ 199,420	\$ 695,610

Sumpter Township, Michigan
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended March 31, 2007

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:				
Taxes	\$ 189,295	\$ --	\$ --	\$ 189,295
Intergovernmental Revenue	142,488	--	--	142,488
Special Assessments	42,970	39,251	--	82,221
Interest	8,804	1,391	2,927	13,122
Other	93,731	--	--	93,731
Total Revenues	<u>477,288</u>	<u>40,642</u>	<u>2,927</u>	<u>520,857</u>
Expenditures:				
Current:				
General Government	25,373	--	--	25,373
Recreation and Culture	263,577	--	--	263,577
Urban Housing and Redevelopment	83,068	--	--	83,068
Other	4,624	--	--	4,624
Debt Service:				
Principal	--	132,174	--	132,174
Interest and Paying Agent Fees	--	40,975	--	40,975
Total Expenditures	<u>376,642</u>	<u>173,149</u>	<u>--</u>	<u>549,791</u>
Excess of Revenues Over/(Under) Expenditures	<u>100,646</u>	<u>(132,507)</u>	<u>2,927</u>	<u>(28,934)</u>
Other Financing Sources/(Uses):				
Transfers to General Fund	(61,573)	--	--	(61,573)
Transfers from Fire Fund	--	122,010	--	122,010
Transfers to General Debt Service Fund	--	--	(64,782)	(64,782)
Transfers from Capital Projects Fund	--	64,782	--	64,782
Total Other Financing Sources/(Uses)	<u>(61,573)</u>	<u>186,792</u>	<u>(64,782)</u>	<u>60,437</u>
Net Change in Fund Balance	39,073	54,285	(61,855)	31,503
Fund Balance at Beginning of Year	<u>155,184</u>	<u>52,684</u>	<u>61,855</u>	<u>269,723</u>
Fund Balance at End of Year	<u>\$ 194,257</u>	<u>\$ 106,969</u>	<u>\$ --</u>	<u>\$ 301,226</u>

Sumpter Township, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
March 31, 2007

	911 Emergency Service Fund	Library System Fund	Community Development Block Grant Fund
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,079	\$ 298,237	\$ 132,748
Taxes Receivable	--	24,408	--
Accounts Receivable	7,109	--	--
Due from Other Governmental Units	--	--	30,465
Inventory	--	--	--
	\$ 10,188	\$ 322,645	\$ 163,213
Total Assets	\$ 10,188	\$ 322,645	\$ 163,213
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ --	\$ 83,670	\$ 10,255
Due to Other Funds	10,188	--	42,422
Deferred Revenue	--	24,408	130,846
Total Liabilities	10,188	108,078	183,523
Fund Balance:			
Reserved for Library Operations	--	214,567	--
Unreserved, Undesignated	--	--	(20,310)
Total Fund Balance	--	214,567	(20,310)
Total Liabilities and Fund Balance	\$ 10,188	\$ 322,645	\$ 163,213

Federal Commodities		
<u>Fund</u>		<u>Total</u>
\$ --	\$	434,064
--		24,408
--		7,109
--		30,465
144		144
<hr/>		
\$ 144	\$	496,190
<hr/>		

\$ --	\$	93,925
--		52,610
144		155,398
<hr/>		
144		301,933
<hr/>		
--		214,567
--		(20,310)
<hr/>		
--		194,257
<hr/>		
\$ 144	\$	496,190
<hr/>		

Sumpter Township, Michigan
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended March 31, 2007

	911 Emergency Service <u>Fund</u>	Library System <u>Fund</u>	Community Development Block Grant <u>Fund</u>
Revenues:			
Taxes	\$ --	\$ 189,295	\$ --
Intergovernmental Revenue	--	--	137,864
Special Assessments	42,970	--	--
Interest	1,718	7,086	--
Other	--	--	93,731
Total Revenues	<u>44,688</u>	<u>196,381</u>	<u>231,595</u>
Expenditures:			
Current:			
General Government	--	--	25,373
Recreation and Culture	--	163,526	100,051
Urban Housing and Redevelopment	--	--	83,068
Other	--	--	--
Total Expenditures	<u>--</u>	<u>163,526</u>	<u>208,492</u>
Excess of Revenues Over Expenditures	<u>44,688</u>	<u>32,855</u>	<u>23,103</u>
Other Financing Sources/(Uses):			
Transfers to General Fund	<u>(44,688)</u>	<u>--</u>	<u>(16,885)</u>
Net Change in Fund Balance	--	32,855	6,218
Fund Balance at Beginning of Year	<u>--</u>	<u>181,712</u>	<u>(26,528)</u>
Fund Balance at End of Year	<u>\$ --</u>	<u>\$ 214,567</u>	<u>\$ (20,310)</u>

Federal
Commodities

<u>Fund</u>	<u>Total</u>
\$ --	\$ 189,295
4,624	142,488
--	42,970
--	8,804
--	93,731
<u>4,624</u>	<u>477,288</u>
--	25,373
--	263,577
--	83,068
4,624	4,624
<u>4,624</u>	<u>376,642</u>
<u>--</u>	<u>100,646</u>
<u>--</u>	<u>(61,573)</u>
--	39,073
<u>--</u>	<u>155,184</u>
<u>\$ --</u>	<u>\$ 194,257</u>

Sumpter Township, Michigan
Agency Funds
Combining Statement of Net Assets
March 31, 2007

	<u>Delinquent Tax & Trailer Fund</u>	<u>Current Tax Fund</u>	<u>Central Dispatch Network Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,868	\$ 1,255,576	\$ 1,103	\$ 1,258,547
Accounts Receivable	2,901	--	45,264	48,165
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 4,769</u>	<u>\$ 1,255,576</u>	<u>\$ 46,367</u>	<u>\$ 1,306,712</u>
 <u>LIABILITIES</u>				
Accounts Payable	\$ --	\$ --	\$ 46,367	\$ 46,367
Due to Other Governmental Units	4,769	1,255,576	--	1,260,345
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 4,769</u>	<u>\$ 1,255,576</u>	<u>\$ 46,367</u>	<u>\$ 1,306,712</u>

Sumpter Township, Michigan
Agency Funds
Combining Schedule of Changes in Assets and Liabilities
For the Year Ended March 31, 2007
(Page 1 of 2)

	Balance April 1, <u>2006</u>	<u>Additions</u>	<u>Deductions</u>	Balance March 31, <u>2007</u>
<u>Delinquent Tax and Trailer Fund</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 13,191	\$ 295,447	\$ 306,770	\$ 1,868
Accounts Receivable	2,101	2,901	2,101	2,901
Total Assets	<u>\$ 15,292</u>	<u>\$ 298,348</u>	<u>\$ 308,871</u>	<u>\$ 4,769</u>
<u>LIABILITIES</u>				
Due to General Fund	\$ --	\$ 41,303	\$ 41,303	\$ --
Due to Fire Fund	--	27,682	27,682	--
Due to Police Fund	--	54,231	54,231	--
Due to Library System Fund	--	18,906	18,906	--
Due to Water Supply and Sewage Disposal System Fund	--	90,221	90,221	--
Due to Other Governmental Units	15,292	66,853	77,376	4,769
Total Liabilities	<u>\$ 15,292</u>	<u>\$ 299,196</u>	<u>\$ 309,719</u>	<u>\$ 4,769</u>
 <u>2005 Current Tax Collection Fund</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	<u>\$ 2,204,860</u>	<u>\$ --</u>	<u>\$ 2,204,860</u>	<u>\$ --</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 5,256	\$ --	\$ 5,256	\$ --
Due to Other Governmental Units	2,199,604	--	2,199,604	--
Total Liabilities	<u>\$ 2,204,860</u>	<u>\$ --</u>	<u>\$ 2,204,860</u>	<u>\$ --</u>
 <u>2006 Current Tax Collection Fund</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	<u>\$ --</u>	<u>\$ 9,789,122</u>	<u>\$ 8,533,546</u>	<u>\$ 1,255,576</u>
<u>LIABILITIES</u>				
Due to General Fund	\$ --	\$ 381,974	\$ 381,974	\$ --
Due to Fire Fund	--	241,307	241,307	--
Due to Police Fund	--	483,904	483,904	--
Due to Library System Fund	--	170,232	170,232	--
Due to General Debt Service Fund	--	31,730	31,730	--
Due to Water Supply and Sewage Disposal System Fund	--	246,807	246,807	--
Due to Other Governmental Units	--	8,233,168	6,977,592	1,255,576
Total Liabilities	<u>\$ --</u>	<u>\$ 9,789,122</u>	<u>\$ 8,533,546</u>	<u>\$ 1,255,576</u>

Sumpter Township, Michigan
 Agency Funds
 Combining Schedule of Changes in Assets and Liabilities
 For the Year Ended March 31, 2007
 (Page 2 of 2)

	Balance April 1, <u>2006</u>	Additions	Deductions	Balance March 31, <u>2007</u>
<u>Central Dispatch Network Fund</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 38,458	\$ 101,263	\$ 138,618	\$ 1,103
Accounts Receivable	7,327	--	7,327	--
Due from Other Governmental Units	2,605	45,264	2,605	45,264
Due from General Fund	736	--	736	--
Prepaid Items	1,036	--	1,036	--
Total Assets	<u>\$ 50,162</u>	<u>\$ 146,527</u>	<u>\$ 150,322</u>	<u>\$ 46,367</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 42,482	\$ 88,511	\$ 84,626	\$ 46,367
Salaries Payable	3,019	55,387	58,406	--
Pension Payable	3,521	2,629	6,150	--
Deferred Revenue	1,140	--	1,140	--
Total Liabilities	<u>\$ 50,162</u>	<u>\$ 146,527</u>	<u>\$ 150,322</u>	<u>\$ 46,367</u>
 <u>TOTAL - AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 2,256,509	\$ 10,185,832	\$ 11,183,794	\$ 1,258,547
Accounts Receivable	9,428	2,901	9,428	2,901
Due from General Fund	736	--	736	--
Due from Other Governmental Units	2,605	45,264	2,605	45,264
Prepaid Items	1,036	--	1,036	--
Total Assets	<u>\$ 2,270,314</u>	<u>\$ 10,233,997</u>	<u>\$ 11,197,599</u>	<u>\$ 1,306,712</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 47,738	\$ 88,511	\$ 89,882	\$ 46,367
Salaries Payable	3,019	55,387	58,406	--
Pension Payable	3,521	2,629	6,150	--
Due to General Fund	--	423,277	423,277	--
Due to Fire Fund	--	268,989	268,989	--
Due to Police Fund	--	538,135	538,135	--
Due to Library System Fund	--	189,138	189,138	--
Due to General Debt Service Fund	--	31,730	31,730	--
Due to Water Supply and Sewage Disposal System Fund	--	337,028	337,028	--
Due to Other Governmental Units	2,214,896	8,300,021	9,254,572	1,260,345
Deferred Revenue	1,140	--	1,140	--
Total Liabilities	<u>\$ 2,270,314</u>	<u>\$ 10,234,845</u>	<u>\$ 11,198,447</u>	<u>\$ 1,306,712</u>

**OTHER SUPPORTING SCHEDULES AND
FINANCIAL INFORMATION**

POST, SMYTHE, LUTZ & ZIEL OF WAYNE, LLP

Certified Public Accountants

Ronald H. Traskos, C.P.A.
Kathy Billings, C.P.A., C.V.A.

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**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

July 13, 2007

To the Township Board
Sumpter Township
Belleville, Michigan 48111

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sumpter Township, Michigan, as of and for the year ended March 31, 2007, which collectively comprise Sumpter Township, Michigan's basic financial statements and have issued our report thereon dated July 13, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sumpter Township, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sumpter Township, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sumpter Township, Michigan's internal control over financial reporting.

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 Sumpter Township, Michigan'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 Sumpter Township, Michigan's financial statements that is more than inconsequential will not be prevented or detected by Sumpter Township, Michigan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Sumpter Township, Michigan's internal control.

Sumpter Township
July 13, 2007
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sumpter Township, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

Respectfully submitted,



POST, SMYTHE, LUTZ & ZIEL OF WAYNE LLP
Certified Public Accountants

Sumpter Township, Michigan
General Fund
Detailed Schedule of Revenues - Budget and Actual
For the Year Ended March 31, 2007

	Approved Budget	Actual	Variance
<u>Taxes:</u>			
Current Real Property Tax	\$ 220,000	\$ 214,536	\$ (5,464)
Delinquent Personal Property Tax	24,000	23,084	(916)
Interest and Penalties on Delinquent Property Tax	8,000	8,501	501
Property Tax Administrative Fee	100,000	114,637	14,637
Total Taxes	<u>352,000</u>	<u>360,758</u>	<u>8,758</u>
<u>Business Licenses and Permits:</u>			
Electrical, Heating and Plumbing	3,750	3,800	50
Mobile Court Fees	5,500	6,117	617
Other Business Licenses and Permits	3,750	3,905	155
Kennel Licenses	--	200	200
Total Business Licenses and Permits	<u>13,000</u>	<u>14,022</u>	<u>1,022</u>
<u>Non-Business Licenses and Permits:</u>			
Building Permits	100,000	101,236	1,236
Electrical Permits	23,000	22,917	(83)
Heating Permits	15,000	15,238	238
Plumbing Permits	10,000	10,587	587
Dog Licenses	2,000	2,737	737
Total Non-Business Licenses and Permits	<u>150,000</u>	<u>152,715</u>	<u>2,715</u>
<u>Intergovernmental Revenue:</u>			
State Revenue Sharing	980,000	909,547	(70,453)
Liquor Licenses	--	2,494	2,494
Other	--	9,763	9,763
Total State Revenue	<u>980,000</u>	<u>921,804</u>	<u>(58,196)</u>
<u>Charges for Services:</u>			
Zoning Fees	5,000	8,356	3,356
Duplicating-Photostat Service	3,000	2,875	(125)
Fire Department Revenue	--	3	3
Police Department Revenue	16,400	18,955	2,555
Cable TV Revenue	48,000	65,584	17,584
Children's Christmas Party	3,500	3,675	175
Recreation Department	1,000	975	(25)
Sumpter Country Festival	50,000	49,533	(467)
Other Special Activities	7,100	12,157	5,057
Cemetery	--	390	390
Other	11,000	11,790	790
Total Charges for Services	<u>145,000</u>	<u>174,293</u>	<u>29,293</u>

Sumpter Township, Michigan
General Fund
Detailed Schedule of Revenues - Budget and Actual
For the Year Ended March 31, 2007

	<u>Approved Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Fines and Forfeits:</u>			
Court Judgment Fees	\$ 30,000	\$ 33,963	\$ 3,963
<u>Interest and Rents:</u>			
Interest Earned on Deposits	74,000	135,163	61,163
Rents	26,000	28,903	2,903
Total Interest and Rents	<u>100,000</u>	<u>164,066</u>	<u>64,066</u>
<u>Miscellaneous:</u>			
Special Assessments - Rubbish	180,000	146,217	(33,783)
Reimbursements:			
Water Administration Fee	150,000	150,000	--
Senior Alliance, Inc.	10,000	11,053	1,053
SMART	14,000	24,817	10,817
Refunds	1,500	4,796	3,296
Senior Trips and Activities	--	4,011	4,011
Other Revenue	4,500	4,866	366
Total Miscellaneous	<u>360,000</u>	<u>345,760</u>	<u>(14,240)</u>
Total Revenues	<u>2,130,000</u>	<u>2,167,381</u>	<u>37,381</u>
<u>Other Financing Sources:</u>			
Capital Lease Proceeds	--	67,159	67,159
Transfers In:			
Police Fund	500,000	500,000	--
Community Development Block Grant	17,500	16,885	(615)
911 Emergency Service Fund	34,500	44,688	10,188
Royalties Fund	1,625,000	1,625,000	--
Total Other Financing Sources	<u>2,177,000</u>	<u>2,253,732</u>	<u>76,732</u>
Total Revenues and Other Financing Sources	<u>\$ 4,307,000</u>	<u>\$ 4,421,113</u>	<u>\$ 114,113</u>

Sumpter Township, Michigan
General Fund
Detailed Schedule of Expenditures - Budget and Actual
For the Year Ended March 31, 2007

	Approved Budget	Actual	Variance
<u>Township Board:</u>			
Salaries	\$ 25,000	\$ 20,006	\$ 4,994
Fringe Benefits	32,000	32,852	(852)
Operating Supplies	800	720	80
Contracted Services	3,500	3,160	340
Memberships and Dues	15,000	11,053	3,947
Communications	2,250	1,972	278
Transportation and Travel	--	242	(242)
Other Expense	500	1,840	(1,340)
Capital Outlay	2,500	--	2,500
Total Township Board	<u>81,550</u>	<u>71,845</u>	<u>9,705</u>
<u>Township Supervisor:</u>			
Salaries	97,750	99,202	(1,452)
Fringe Benefits	47,750	50,795	(3,045)
Children's Christmas Party	3,500	3,367	133
Operating Supplies	2,000	2,051	(51)
Contracted Services	2,000	1,365	635
Communications	1,300	1,053	247
Transportation and Travel	2,500	2,928	(428)
Equipment Maintenance	--	859	(859)
Training and Education	2,000	540	1,460
Other Expense	1,500	1,219	281
Capital Outlay	1,000	--	1,000
Total Township Supervisor	<u>161,300</u>	<u>163,379</u>	<u>(2,079)</u>
<u>Election:</u>			
Office Supplies	3,000	2,861	139
Election Workers	20,000	20,237	(237)
Fringe Benefits	500	497	3
Election Supplies	2,000	1,409	591
Printing and Publishing	750	451	299
Other Expense	200	--	200
Total Election	<u>26,450</u>	<u>25,455</u>	<u>995</u>
<u>Data Processing Department:</u>			
Operating Supplies	1,500	936	564
Contracted Services	17,500	12,027	5,473
Equipment Repair and Maintenance	500	--	500
Capital Outlay	1,000	--	1,000
Total Data Processing Department	<u>20,500</u>	<u>12,963</u>	<u>7,537</u>
<u>Independent Accounting and Audit</u>	<u>110,000</u>	<u>102,150</u>	<u>7,850</u>
<u>Assessor:</u>			
Contracted Services	<u>60,000</u>	<u>57,650</u>	<u>2,350</u>

Sumpter Township, Michigan
General Fund
Detailed Schedule of Expenditures - Budget and Actual
For the Year Ended March 31, 2007

	Approved Budget	Actual	Variance
<u>Attorney</u>	\$ 60,000	\$ 54,188	\$ 5,812
<u>Township Clerk:</u>			
Salaries	240,000	248,744	(8,744)
Fringe Benefits	112,000	109,515	2,485
Office Supplies	--	2,344	(2,344)
Operating Supplies	5,000	2,523	2,477
Contracted Services	500	--	500
Communications	1,000	511	489
Transportation and Travel	500	290	210
Equipment Maintenance	--	102	(102)
Training and Education	1,000	430	570
Other Expense	500	858	(358)
Capital Outlay	1,000	--	1,000
Total Township Clerk	<u>361,500</u>	<u>365,317</u>	<u>(3,817)</u>
<u>Board of Review:</u>			
Salaries	3,250	3,526	(276)
Fringe Benefits	300	287	13
Office Supplies	76	14	62
Transportation and Travel	--	16	(16)
Printing and Publishing	--	308	(308)
Training and Education	--	816	(816)
Total Board of Review	<u>3,626</u>	<u>4,967</u>	<u>(1,341)</u>
<u>General Office:</u>			
Office Supplies	22,500	23,743	(1,243)
Contracted Services	2,000	1,237	763
Printing and Publishing	10,000	11,059	(1,059)
Newsletter	1,500	1,493	7
Total General Office	<u>36,000</u>	<u>37,532</u>	<u>(1,532)</u>
<u>Community Promotion (Sumpter Fest):</u>			
Salaries	2,750	2,633	117
Fringe Benefits	500	449	51
Contracted Services	52,000	55,790	(3,790)
Printing and Publishing	300	--	300
Insurance and Bonds	250	--	250
Other Expense	200	--	200
Total Community Promotion (Sumpter Fest)	<u>56,000</u>	<u>58,872</u>	<u>(2,872)</u>

Sumpter Township, Michigan
General Fund
Detailed Schedule of Expenditures - Budget and Actual
For the Year Ended March 31, 2007

	Approved Budget	Actual	Variance
<u>Township Treasurer:</u>			
Salaries	\$ 73,000	\$ 78,805	\$ (5,805)
Fringe Benefits	31,000	29,475	1,525
Operating Supplies	1,000	1,257	(257)
Contracted Services	8,000	8,107	(107)
Computer Services	1,000	733	267
Communications	1,500	637	863
Tax Roll Preparation	4,300	4,293	7
Transportation and Travel	1,000	868	132
Equipment Maintenance	--	370	(370)
Training and Education	500	--	500
Other Expense	100	88	12
Capital Outlay	500	--	500
Total Township Treasurer	121,900	124,633	(2,733)
<u>Township Hall and Grounds:</u>			
Operating Supplies	10,000	8,937	1,063
Contracted Services	30,000	39,573	(9,573)
Communications	11,500	11,628	(128)
Utilities	12,000	13,752	(1,752)
Repairs and Maintenance	10,000	9,963	37
Other Expense	3,500	6,428	(2,928)
Capital Outlay	7,500	--	7,500
Total Township Hall and Grounds	84,500	90,281	(5,781)
<u>Civic Center:</u>			
Salaries	3,500	3,479	21
Fringe Benefits	500	402	98
Operating Supplies	2,900	3,127	(227)
Contracted Services	3,500	3,840	(340)
Communications	500	222	278
Utilities	7,000	6,138	862
Repairs and Maintenance	5,000	5,529	(529)
Other Expense	100	--	100
Capital Outlay	2,500	--	2,500
Total Civic Center	25,500	22,737	2,763
<u>PNA Hall:</u>			
Salaries	2,500	2,378	122
Fringe Benefits	500	407	93
Operating Supplies	1,000	921	79
Contracted Services	6,000	5,646	354
Communications	750	713	37
Utilities	7,500	7,972	(472)
Building Repairs and Maintenance	4,000	3,001	999
Other Expense	100	(774)	874
Capital Outlay	3,000	2,232	768
Total PNA Hall	25,350	22,496	2,854

Sumpter Township, Michigan
General Fund
Detailed Schedule of Expenditures - Budget and Actual
For the Year Ended March 31, 2007

	Approved <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Police Department:</u>			
Salaries	\$ 940,000	\$ 926,999	\$ 13,001
Fringe Benefits	450,000	447,839	2,161
Office Supplies	4,000	4,378	(378)
Operating Supplies	23,000	24,126	(1,126)
Board of Prisoners	6,500	5,915	585
Contracted Services	64,000	83,600	(19,600)
Computer Services	6,000	4,964	1,036
Communications	55,000	55,752	(752)
Transportation and Travel	32,500	35,619	(3,119)
Insurance and Bonds	115,000	94,175	20,825
Utilities	20,000	27,667	(7,667)
Building Repairs and Maintenance	6,000	6,151	(151)
Equipment Repairs and Maintenance	28,000	29,550	(1,550)
Training and Education	13,500	12,869	631
Other Expense	2,500	26,612	(24,112)
Capital Outlay	100,000	122,053	(22,053)
Total Police Department	1,866,000	1,908,269	(42,269)
<u>Radio Communications Department:</u>			
Salaries	128,000	138,231	(10,231)
Fringe Benefits	52,000	45,435	6,565
Office Supplies	2,500	2,315	185
Operating Supplies	2,800	7,453	(4,653)
Contracted Services	90,100	63,842	26,258
Attorney Fees	1,500	1,210	290
Computer Services	--	900	(900)
Communications	10,000	10,670	(670)
Transportation and Travel	500	358	142
Printing and Publishing	500	30	470
Equipment Maintenance	500	410	90
Training and Education	2,000	3,367	(1,367)
Other Expense	500	246	254
Capital Outlay	36,000	30,483	5,517
Total Radio Communications Department	326,900	304,950	21,950
<u>Inspection Department:</u>			
Salaries	95,000	98,423	(3,423)
Fringe Benefits	54,000	51,956	2,044
Office Supplies	750	2,215	(1,465)
Operating Supplies	2,750	2,701	49
Contracted Services	40,500	38,301	2,199
Communications	750	616	134
Transportation and Travel	4,000	4,135	(135)
Training and Education	1,500	1,377	123
Building Repairs and Maintenance	500	--	500
Equipment Repairs and Maintenance	750	339	411
Other Expense	250	385	(135)
Capital Outlay	2,000	--	2,000
Total Inspection Department	202,750	200,448	2,302

Sumpter Township, Michigan
General Fund
Detailed Schedule of Expenditures - Budget and Actual
For the Year Ended March 31, 2007

	<u>Approved Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Planning Department:</u>			
Fringe Benefits	\$ --	\$ 107	\$ (107)
Contracted Services	18,500	14,151	4,349
Engineer	10,000	--	10,000
Planner	20,000	19,774	226
Printing and Publishing	--	738	(738)
Other Expense	500	690	(190)
Developments	10,000	--	10,000
Total Planning Department	59,000	35,460	23,540
<u>Ordinance Department:</u>			
Salaries	100,000	100,721	(721)
Fringe Benefits	45,000	42,969	2,031
Operating Supplies	2,500	2,050	450
Contracted Services	2,000	2,210	(210)
Communications	1,400	1,109	291
Transportation and Travel	1,800	2,017	(217)
Utilities	3,500	3,758	(258)
Building Repairs and Maintenance	1,000	134	866
Equipment Repairs and Maintenance	500	742	(242)
Total Ordinance Department	157,700	155,710	1,990
<u>Department of Public Works:</u>			
Salaries	15,000	16,862	(1,862)
Fringe Benefits	1,750	1,888	(138)
Operating Supplies	2,750	2,353	397
Contracted Services	1,500	1,392	108
Utilities	400	242	158
Ground Maintenance	6,000	4,981	1,019
Building Repairs and Maintenance	1,250	1,033	217
Equipment Repairs and Maintenance	3,000	2,254	746
Other Expense	250	117	133
Total Department of Public Works	31,900	31,122	778
<u>Dust Control</u>	1,500	1,500	--
<u>Street Lighting</u>			
Utilities	18,500	20,677	(2,177)
<u>Sanitation - Rubbish Collection</u>			
Contracted Services	175,000	178,111	(3,111)
<u>Environmental Protection:</u>			
Operating Supplies	100	--	100
Contracted Services	1,400	1,650	(250)
Total Environmental Protection	1,500	1,650	(150)

Sumpter Township, Michigan
General Fund
Detailed Schedule of Expenditures - Budget and Actual
For the Year Ended March 31, 2007

	<u>Approved</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Other Social Service Activities-</u>			
<u>Senior Citizens:</u>			
Salaries	\$ 96,000	\$ 99,211	\$ (3,211)
Fringe Benefits	45,000	42,242	2,758
Office Expense	--	256	(256)
Operating Supplies	5,000	4,755	245
Contracted Services	6,000	6,318	(318)
Communications	5,000	4,939	61
Transportation and Travel	8,500	9,591	(1,091)
Training and Education	1,000	250	750
Printing and Publishing	--	304	(304)
Utilities	17,000	20,122	(3,122)
Building Repairs and Maintenance	2,000	2,326	(326)
Equipment Repairs and Maintenance	5,000	4,788	212
Other Expense	2,000	2,025	(25)
Capital Outlay	500	--	500
Total Other Social Service Activities-Senior Citizens	<u>193,000</u>	<u>197,127</u>	<u>(4,127)</u>
<u>Recreation Department:</u>			
Salaries	250	190	60
Fringe Benefits	100	22	78
Operating Supplies	4,250	3,990	260
Contracted Services	750	675	75
Insurance and Bonds	9,000	8,589	411
Transportation and Travel	3,000	2,738	262
Printing and Publishing	--	186	(186)
Building Repair and Maintenance	--	242	(242)
Other Expense	2,000	1,916	84
Special Activities	19,800	19,500	300
Total Recreation Department	<u>39,150</u>	<u>38,048</u>	<u>1,102</u>
<u>Other Functions:</u>			
Insurance and Bonds	65,000	60,927	4,073
Judgments	25,000	25,000	--
Total Other Functions	<u>90,000</u>	<u>85,927</u>	<u>4,073</u>
Total Expenditures	<u>4,397,076</u>	<u>4,373,464</u>	<u>23,612</u>
<u>Other Financing Uses:</u>			
Transfers Out:			
Fire Fund	<u>68,100</u>	<u>68,100</u>	<u>--</u>
Total Expenditures and Other Financing Uses	<u>\$ 4,465,176</u>	<u>\$ 4,441,564</u>	<u>\$ 23,612</u>

Sumpter Township, Michigan
Special Revenue Fund
911 Emergency Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended March 31, 2007

	<u>Approved Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Special Assessments	\$ 37,000	\$ 42,970	\$ 5,970
Interest	1,500	1,718	218
Total Revenues	<u>38,500</u>	<u>44,688</u>	<u>6,188</u>
Other Financing Uses:			
Transfers to General Fund	<u>(34,500)</u>	<u>(44,688)</u>	<u>(10,188)</u>
Net Change in Fund Balance	4,000	--	(4,000)
Fund Balance at Beginning of Year	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ 4,000</u>	<u>\$ --</u>	<u>\$ (4,000)</u>

Sumpter Township, Michigan
Special Revenue Fund
Library System Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended March 31, 2007

	<u>Approved</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Taxes	\$ 180,000	\$ 189,295	\$ 9,295
Interest	6,000	7,086	1,086
Total Revenues	<u>186,000</u>	<u>196,381</u>	<u>10,381</u>
Expenditures:			
Contracted Services	160,000	162,721	(2,721)
Miscellaneous Expense	--	805	(805)
Total Expenditures	<u>160,000</u>	<u>163,526</u>	<u>(3,526)</u>
Net Change in Fund Balance	26,000	32,855	6,855
Fund Balance at Beginning of Year	<u>181,712</u>	<u>181,712</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ 207,712</u>	<u>\$ 214,567</u>	<u>\$ (6,855)</u>

Sumpter Township, Michigan
Special Revenue Fund
Community Development Block Grant Fund
Schedule of Revenues, Expenditure and Changes in Fund Balance
For the Year Ended March 31, 2007

Revenues:	
Intergovernmental Revenues:	
Federal Grant	\$ 137,864
Other	93,731
Total Revenues	<u>231,595</u>
Expenditures:	
Other Functions:	
Housing Rehabilitation	83,068
Park Renovation	73,336
Senior Center Renovation	1,255
Senior Chore Program	25,460
Planning	6,988
Administration	18,385
Total Expenditures	<u>208,492</u>
Excess of Revenues Over Expenditures	<u>23,103</u>
Other Financing Uses:	
Transfers to:	
General Fund	<u>(16,885)</u>
Net Change in Fund Balance	6,218
Fund Balance at Beginning of Year	<u>(26,528)</u>
Fund Balance/(Deficit) at End of Year	<u>\$ (20,310)</u>

Sumpter Township, Michigan
Special Revenue Fund
Community Development Block Grant Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>March 31, 2007 Actual</u>	<u>Cumulative to 3/31/07</u>
<u>1991 Housing Program Income:</u>			
Revenues:			
Other	\$ 196,995	\$ 93,731	\$ 93,731
Expenditures:			
Housing Rehabilitation	177,296	83,068	83,068
Administration	19,700	10,663	10,663
Total Expenditures	<u>196,995</u>	<u>93,731</u>	<u>93,731</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<u>1997 Program Income:</u>			
Revenues:			
Other	\$ 7,271	\$ --	\$ --
Expenditures:			
Planning	<u>7,271</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<u>2003 Grant Program:</u>			
Revenues:			
Federal	\$ 115,000	\$ --	\$ 114,635
Expenditures:			
Planning	15,000	--	15,000
Administration	2,250	--	2,250
Total Expenditures	<u>17,250</u>	<u>--</u>	<u>17,250</u>
Excess of Revenues Over Expenditures	<u>97,750</u>	<u>--</u>	<u>97,385</u>
Other Financing Uses:			
Transfer to General Fund:			
Community Center Renovation	(80,500)	365	(80,135)
Senior Services	(17,250)	--	(17,250)
Total Other Financing Uses	<u>(97,750)</u>	<u>365</u>	<u>(97,385)</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ 365</u>	<u>\$ --</u>

Sumpter Township, Michigan
Special Revenue Fund
Community Development Block Grant Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended March 31, 2007

	<u>Budget</u>	March 31, 2007 <u>Actual</u>	Cumulative to <u>3/31/07</u>
<u>2004 Grant Program:</u>			
Revenues:			
Federal	\$ 127,000	\$ 61,873	\$ 124,058
Expenditures:			
Park Renovation	99,285	61,396	96,446
Planning	5,000	--	5,000
Administration	5,465	--	5,465
Total Expenditures	<u>109,750</u>	<u>61,396</u>	<u>106,911</u>
Excess of Revenues Over/(Under) Expenditures	17,250	477	17,147
Other Financing Uses:			
Transfer to General Fund:			
Senior Services	<u>(17,250)</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ 477</u>	<u>\$ 17,147</u>
 <u>2005 Grant Program:</u>			
Revenues:			
Federal	\$ 113,000	\$ 50,976	\$ 101,493
Expenditures:			
Senior Center Renovation	46,450	1,255	43,245
Senior Chore Program	38,000	25,460	31,020
Administration	11,300	--	11,300
Total Expenditures	<u>95,750</u>	<u>26,715</u>	<u>85,565</u>
Excess of Revenues Over/(Under) Expenditures	17,250	24,261	15,928
Other Financing Uses:			
Transfer to General Fund:			
Senior Services	<u>(17,250)</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ 24,261</u>	<u>\$ 15,928</u>

Sumpter Township, Michigan
Special Revenue Fund
Community Development Block Grant Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended March 31, 2007

	<u>Budget</u>	March 31, 2007 <u>Actual</u>	Cumulative to <u>3/31/07</u>
<u>2006 Grant Program:</u>			
Revenues:			
Federal	\$ 115,250	\$ 25,015	\$ 25,015
Expenditures:			
Park Development	32,600	11,940	11,940
Senior Chore Program	45,800	--	--
Planning	9,800	6,988	6,988
Administration	9,800	7,722	7,722
Total Expenditures	<u>98,000</u>	<u>26,650</u>	<u>26,650</u>
Excess of Revenues Over/(Under) Expenditures	17,250	(1,635)	(1,635)
Other Financing Uses:			
Transfer to General Fund:			
Senior Services	<u>(17,250)</u>	<u>(17,250)</u>	<u>(17,250)</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ (18,885)</u>	<u>\$ (18,885)</u>

Sumpter Township, Michigan
Special Revenue Fund
Federal Commodities Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended March 31, 2007
With Comparative Actual Amounts for the Year Ended March 30, 2006

	<u>Approved</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Federal Commodities	<u>\$ 6,000</u>	<u>\$ 4,624</u>	<u>\$ (1,376)</u>
Expenditures:			
Commodities Distribution	<u>6,000</u>	<u>4,624</u>	<u>1,376</u>
Net Change in Fund Balance	--	--	--
Fund Balance at Beginning of Year	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balance at End of Year	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>

Sumpter Township, Michigan
Schedule of Property, Plant and Equipment
Proprietary Fund
Water Supply and Sewage Disposal System Fund
March 31, 2007

	<u>Cost</u>	<u>Depreciation</u>	Net Assets March 31, <u>2007</u>
Land	\$ 133,727	\$ --	\$ 133,727
Building	<u>139,322</u>	<u>111,457</u>	<u>27,865</u>
Land Improvements and Additions:			
Water Mains	14,563,151	6,575,150	7,988,001
Water Meters	464,317	147,675	316,642
Water Connections	1,934,358	625,072	1,309,286
Sewer System	<u>12,561,801</u>	<u>1,296,383</u>	<u>11,265,418</u>
	<u>29,523,627</u>	<u>8,644,280</u>	<u>20,879,347</u>
Machinery and Equipment	<u>285,819</u>	<u>224,176</u>	<u>61,643</u>
Sub Total	<u>30,082,495</u>	<u>8,979,913</u>	<u>21,102,582</u>
Construction in Progress			
Sewer System	<u>41,563</u>	<u>--</u>	<u>41,563</u>
Total Property, Plant and Equipment	<u>\$ 30,124,058</u>	<u>\$ 8,979,913</u>	<u>\$ 21,144,145</u>

Sumpter Township, Michigan
Schedule of Long-Term Debt
Proprietary Fund
Water Supply and Sewage Disposal System Fund
March 31, 2007

PRINCIPAL

Fiscal Year Ended	Water Revenue Bonds (Fmla)		Water and Sewage Disposal System Revenue Refunding Bonds	Water and Sewage Disposal System Capital Improvement Sewer Bonds
	Series I <u>6/23/78</u>	Series II <u>12/08/78</u>	2004 Series	2004 Series
2008	\$ 40,000	\$ 5,000	\$ 225,000	\$ 110,000
2009	40,000	10,000	230,000	110,000
2010	40,000	10,000	235,000	110,000
2011	45,000	10,000	240,000	115,000
2012	45,000	10,000	250,000	115,000
2013	50,000	10,000	255,000	120,000
2014	50,000	15,000	265,000	125,000
2015	50,000	15,000	270,000	130,000
2016	50,000	15,000	--	150,000
2017	50,000	15,000	--	160,000
2018	--	75,000	--	170,000
2019	--	--	--	170,000
2020	--	--	--	180,000
2021	--	--	--	190,000
2022	--	--	--	200,000
2023	--	--	--	205,000
2024	--	--	--	215,000
2025	--	--	--	220,000
	<u>\$ 460,000</u>	<u>\$ 190,000</u>	<u>\$ 1,970,000</u>	<u>\$ 2,795,000</u>

Special Assessment Bonds			Fiscal
1999 <u>Series</u>	2000 <u>Series</u>	Total Debt <u>Requirements</u>	<u>Year</u> <u>Ended</u>
\$ 20,000	\$ 17,826	\$ 417,826	2008
20,000	19,312	429,312	2009
--	19,311	414,311	2010
--	--	410,000	2011
--	--	420,000	2012
--	--	435,000	2013
--	--	455,000	2014
--	--	465,000	2015
--	--	215,000	2016
--	--	225,000	2017
--	--	245,000	2018
--	--	170,000	2019
--	--	180,000	2020
--	--	190,000	2021
--	--	200,000	2022
--	--	205,000	2023
--	--	215,000	2024
--	--	220,000	2025
<u>\$ 40,000</u>	<u>\$ 56,449</u>	<u>\$ 5,511,449</u>	

Sumpter Township, Michigan
Schedule of Long-Term Debt
Proprietary Fund
Water Supply and Sewage Disposal System Fund
March 31, 2007

INTEREST

Fiscal Year Ended	Water Revenue Bonds (FmIIa)		Water and Sewage Disposal System Revenue Refunding Bonds		Water and Sewage Disposal System Capital Improvement Sewer Bonds
	Series I 6/23/78	Series II 12/08/78	2004 Series		2004 Series
2008	\$ 23,000	\$ 9,500	\$ 57,950		\$ 117,623
2009	21,000	9,250	53,450		115,147
2010	19,000	8,750	48,160		112,178
2011	17,000	8,250	42,050		108,877
2012	14,750	7,750	34,850		105,198
2013	12,500	7,250	27,350		101,172
2014	10,000	6,750	19,063		96,372
2015	7,500	6,000	9,788		91,372
2016	5,000	5,250	--		86,173
2017	2,500	4,500	--		80,172
2018	--	3,750	--		73,373
2019	--	--	--		66,062
2020	--	--	--		58,625
2021	--	--	--		50,525
2022	--	--	--		41,500
2023	--	--	--		32,000
2024	--	--	--		21,750
2025	--	--	--		11,000
	<u>\$ 132,250</u>	<u>\$ 77,000</u>	<u>\$ 292,661</u>		<u>\$ 1,369,119</u>

Special Assessment Bonds			Total Interest Requirements	Total Debt and Interest Requirements	Fiscal Year Ended
1999 Series	2000 Series				
\$ 2,100	\$ 2,898	\$	213,071	\$ 630,897	2008
1,050	1,989		201,886	631,198	2009
--	1,004		189,092	603,403	2010
--	--		176,177	586,177	2011
--	--		162,548	582,548	2012
--	--		148,272	583,272	2013
--	--		132,185	587,185	2014
--	--		114,660	579,660	2015
--	--		96,423	311,423	2016
--	--		87,172	312,172	2017
--	--		77,123	322,123	2018
--	--		66,062	236,062	2019
--	--		58,625	238,625	2020
--	--		50,525	240,525	2021
--	--		41,500	241,500	2022
--	--		32,000	237,000	2023
--	--		21,750	236,750	2024
--	--		11,000	231,000	2025
<u>\$ 3,150</u>	<u>\$ 5,891</u>	<u>\$</u>	<u>1,880,071</u>	<u>\$ 7,391,520</u>	

POST, SMYTHE, LUTZ & ZIEL OF WAYNE, LLP

Certified Public Accountants

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Sharon Walz Duckworth, C.P.A.
Cari Ford, C.P.A.
Wendy Leung Lee, C.P.A., C.V.A.

September 24, 2007

Sumpter Township
23480 Sumpter Road
Belleville, MI 48111

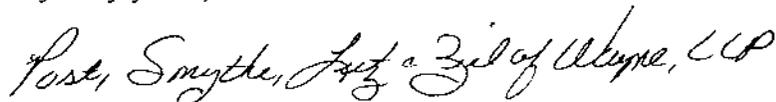
To the Members of the Board:

We have completed the audit and report of the financial condition of Sumpter Township, Michigan, for the year ended March 31, 2007. We have the following comments and recommendations as a result of our audit work:

1. We recommend that water and sewer non-clerical employees maintain a job time sheet each day to allow for proper allocation of services to other funds such as Department of Public Works.
2. There are several businesses within the Township that have not paid their personal property taxes. We recommend that steps be taken to collect these delinquent taxes, beginning with a letter to each business stating the tax and interest owed.
3. We recommend that the Community Development Block Grant Department institute additional review procedures to improve vouchering and coordination with general ledger accounting records.

If we can be of further assistance in these matters, please contact our office.

Very truly yours,



POST, SMYTHE, LUTZ & ZIEL OF WAYNE, LLP
Certified Public Accountants