

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 type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

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 type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Christina M. Kostink</i>	Printed Name		License Number	

Grosse Pointes-Clinton Refuse Disposal Authority

**Financial Report
with Supplemental Information
June 30, 2007**

Grosse Pointes-Clinton Refuse Disposal Authority

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Independent Auditor's Report

To the Board of Directors
Grosse Pointes-Clinton Refuse
Disposal Authority

We have audited the accompanying basic financial statements of Grosse Pointes-Clinton Refuse Disposal Authority as of June 30, 2007 and 2006 and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of Grosse Pointes-Clinton Refuse Disposal Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grosse Pointes-Clinton Refuse Disposal Authority as of June 30, 2007 and 2006 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Grosse Pointes-Clinton Refuse Disposal Authority's management's discussion and analysis identified in the table of contents is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of operating revenue and expenses - budget and actual is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

November 12, 2007

Grosse Pointes-Clinton Refuse Disposal Authority

Management's Discussion and Analysis

Our discussion and analysis of Grosse Pointes-Clinton Refuse Disposal Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the Authority's financial statements.

Using this Annual Report

This annual report consists of two parts: management's discussion and analysis (this section), and the basic financial statements. The basic financial statements are presented on a full accrual basis, which provides both long- and short-term information about the Authority's overall financial status.

Authority as a Whole

The following table shows the net assets of the Authority in a condensed format as of June 30, 2007 compared to the previous year (in thousands of dollars):

TABLE 1	June 30		Change from Prior Year
	2007	2006	
Assets - Current	\$ 1,342	\$ 1,307	\$ 35
Liabilities - Current - Accounts payable	133	153	(20)
Net Assets - Unrestricted	<u>\$ 1,209</u>	<u>\$ 1,154</u>	<u>\$ 55</u>

TABLE 2	Year Ended June 30		Change from Prior Year
	2007	2006	
Operating Revenue	\$ 1,530	\$ 1,713	\$ (183)
Operating Expenses			
Refuse disposal	1,442	1,620	(178)
Other	84	103	(19)
Total operating expenses	1,526	1,723	(197)
Nonoperating Income	51	64	(13)
Distributions to Constituent Municipalities	-	(300)	300
Change in Net Assets	<u>\$ 55</u>	<u>\$ (246)</u>	<u>\$ 301</u>

Grosse Pointes-Clinton Refuse Disposal Authority

Management's Discussion and Analysis (Continued)

The Authority's primary source of revenue (approximately 99 percent) is from billings to constituent municipalities, which funds the payment for refuse disposal. Both operating revenue and refuse disposal expense decreased from the prior year due to a decrease in tonnage.

The Authority's net assets, which are all unrestricted, increased \$55,000 from current year operations.

Authority's Budgetary Highlights

Over the course of the year, the Authority's board of directors amended the budget as necessary. The largest variances offset each other and include revenue less than the final budget for the Authority's primary operating revenue and charges to constituent municipalities, which are offset by the variance in refuse disposal expenses. This is due to the decrease in tonnage throughout the year.

Capital Assets and Long-term Debt Activity

The Authority does not have any capital assets or long-term debt.

Economic Factors

The Authority plans to continue operating under a 15-year agreement with a disposal company, expiring in March 2014, whereby the disposal company disposes of the refuse for the eight member communities and bills the Authority. The Authority bills each community for their share of the disposal costs plus a \$1 per ton administrative fee.

Contacting the Authority's Management

This financial report is intended to provide our constituents with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives from its municipal constituents. If you have questions about this report or need additional information, we welcome you to contact a member of the board of directors.

Grosse Pointes-Clinton Refuse Disposal Authority

Statement of Net Assets

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Assets - Current		
Cash (Note 2)	\$ 1,163,093	\$ 957,111
Accounts receivable	178,856	326,656
Other current assets	<u>-</u>	<u>23,387</u>
Total assets	1,341,949	1,307,154
Liabilities - Current - Accounts payable	<u>132,558</u>	<u>152,550</u>
Net Assets - Unrestricted	<u>\$ 1,209,391</u>	<u>\$ 1,154,604</u>

Grosse Pointes-Clinton Refuse Disposal Authority

Statement of Revenue, Expenses, and Changes in Net Assets

	Year Ended	
	June 30, 2007	June 30, 2006
Operating Revenue		
Billings from constituent municipalities	\$ 1,513,546	\$ 1,699,217
Other	16,486	13,920
Total operating revenue	1,530,032	1,713,137
Operating Expenses		
Fringe benefits	8,133	9,344
Refuse disposal	1,442,308	1,619,532
General insurance	23,387	23,500
Professional services	38,656	36,004
Other	14,079	34,179
Total operating expenses	1,526,563	1,722,559
Operating Income (Loss)	3,469	(9,422)
Nonoperating Revenue - Interest on investments	51,318	63,563
Distributions to Constituent Municipalities	-	(300,000)
Change in Net Assets	54,787	(245,859)
Net Assets - Beginning of year	1,154,604	1,400,463
Net Assets - End of year	<u>\$ 1,209,391</u>	<u>\$ 1,154,604</u>

Grosse Pointes-Clinton Refuse Disposal Authority

Statement of Cash Flows

	Year Ended	
	June 30, 2007	June 30, 2006
Cash Flows from Operating Activities		
Payments from municipalities	\$ 1,677,832	\$ 1,722,907
Payments to vendors and employees	<u>(1,523,168)</u>	<u>(1,753,783)</u>
Net cash provided by (used in) operating activities	154,664	(30,876)
Cash Flows from Investing Activities - Interest received	51,318	63,563
Cash Flows from Noncapital and Related Financing Activities - Distributions to constituent municipalities	-	(300,000)
Cash Flows from Capital and Related Financing Activities - Proceeds from land contract	<u>-</u>	<u>707,833</u>
Net Increase in Cash	205,982	440,520
Cash - Beginning of year	<u>957,111</u>	<u>516,591</u>
Cash - End of year	<u>\$ 1,163,093</u>	<u>\$ 957,111</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities		
Operating income (loss)	\$ 3,469	\$ (9,422)
Adjustments to reconcile operating income (loss) to net cash from operating activities - Changes in assets and liabilities:		
Decrease in accounts receivable	147,800	9,770
Decrease (increase) decrease in other current ass	23,387	(23,387)
Decrease in accounts payable	<u>(19,992)</u>	<u>(7,837)</u>
Net cash provided by (used in) operating activities	<u>\$ 154,664</u>	<u>\$ (30,876)</u>

Grosse Pointes-Clinton Refuse Disposal Authority

Notes to Financial Statements June 30, 2007 and 2006

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Grosse Pointes-Clinton Refuse Disposal Authority (the "Authority") conform to accounting principles as applicable to Enterprise Funds of governmental units. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in these financial statements.

Reporting Entity

The Authority was organized, under provisions of Act 179 of the Public Acts of Michigan of 1947, on August 16, 1962 by action of the city councils of the cities of Grosse Pointe Farms, Grosse Pointe Park, and Grosse Pointe and the township board of Clinton Township for the purpose of disposing refuse. The Authority was later expanded to include the Village of Grosse Pointe Shores and the cities of Mount Clemens, Grosse Pointe Woods, and Harper Woods. Each constituent municipality has one director on the board of directors, with the exception of Clinton Township, which has two. The Authority currently operates under a 15-year agreement with a disposal company, expiring in March 2014, whereby the disposal company disposes of the refuse for the eight member communities and bills the Authority. The Authority bills each community for their share of the disposal costs plus a \$1 per ton administrative fee.

Basis of Accounting - The accrual basis of accounting is used by the Authority. The Authority follows all pronouncements of the Governmental Accounting Standards Board and those pronouncements of the Financial Accounting Standards Board issued prior to November 30, 1989.

Operating Revenue - Operating revenue represents fees charged to constituent municipalities.

Landfill Closure Costs - The Authority does not own or operate a municipal solid waste landfill and, therefore, has no liability for closure and post-closure care costs.

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

Grosse Pointes-Clinton Refuse Disposal Authority

Notes to Financial Statements June 30, 2007 and 2006

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Authority is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Authority's cash and investments are subject to custodial credit risk, which is examined in more detail below:

Custodial Credit Risk of Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. The Authority had \$1,163,092 and \$1,124,054 of bank deposits (checking, savings, and certificates of deposits) that were uninsured and uncollateralized as of June 30, 2007 and 2006, respectively. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Contingencies

The Authority recognizes liabilities for environmental remediation costs when such obligations are probable and reasonably estimable. As of June 30, 2007, the Authority is not aware of any environmental contamination.

Supplemental Information

Grosse Pointes-Clinton Refuse Disposal Authority

Statement of Operating Revenue and Expenses Budget and Actual Year Ended June 30, 2007

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Billings from constituent municipalities	\$ 1,736,000	\$ 1,563,000	\$ 1,513,546	\$ (49,454)
Interest income	36,000	48,000	51,318	3,318
Other	10,000	10,000	16,486	6,486
Total revenue	<u>\$ 1,782,000</u>	<u>\$ 1,621,000</u>	<u>\$ 1,581,350</u>	<u>\$ (39,650)</u>
Expenses				
Fringe benefits	\$ 10,000	\$ 10,000	\$ 8,133	\$ 1,867
Refuse disposal	1,656,000	1,491,000	1,442,308	48,692
Maintenance - Building and grounds	20,000	20,000	1,714	18,286
Advertising	8,000	9,200	10,525	(1,325)
Office supplies	900	900	202	698
General insurance	25,000	25,000	23,387	1,613
Storage rental	1,200	1,200	1,106	94
Professional services	60,000	62,800	38,656	24,144
Membership dues	700	700	600	100
Miscellaneous	200	200	(68)	268
Total expenses	<u>\$ 1,782,000</u>	<u>\$ 1,621,000</u>	<u>\$ 1,526,563</u>	<u>\$ 94,437</u>