

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name South Haven/Casco Township		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- Yes No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- Yes No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- Yes No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- Yes No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- Yes No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- Yes No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- Yes No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- Yes No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- Yes No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)			
Street Address		City	State
			ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date

*South Haven Township and Casco Township
Water and Sewage Treatment Authority
Allegan County, Michigan*
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended June 30, 2004

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
South Haven Township and Casco Township
Water and Sewage Treatment Authority

We have audited the accompanying financial statements of the governmental activities and the major funds of the South Haven Township and Casco Township Water and Sewage Treatment Authority as of and for the year ended June 30, 2004, which collectively comprise the Authority's basic financial statements as listed in the contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major funds of the South Haven Township and Casco Township Water and Sewage Treatment Authority as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 11, the South Haven Township and Casco Township Water and Sewage Treatment Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2003.

The South Haven Township and Casco Township Water and Sewage Treatment Authority has not presented a management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the South Haven Township and Casco Township Water and Sewage Treatment Authority's basic financial statements. The supplementary data, as listed in the contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The supplementary data has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Siegfried Crandall P.C.

January 19, 2005

BASIC FINANCIAL STATEMENTS

South Haven Township and Casco Township Water and Sewage Treatment Authority

STATEMENT OF NET ASSETS

June 30, 2004

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 148,814
Receivables (net)	<u>771,727</u>
<i>Total current assets</i>	<u>920,541</u>
Noncurrent assets:	
Receivables (net)	5,513,902
Capital assets (net of accumulated depreciation)	<u>24,975,572</u>
<i>Total noncurrent assets</i>	<u>30,489,474</u>
<i>Total assets</i>	<u>31,410,015</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	227,267
Current maturities of long-term debt	<u>850,000</u>
<i>Total current liabilities</i>	1,077,267
Noncurrent liabilities - long-term debt	<u>24,695,945</u>
<i>Total liabilities</i>	<u>25,773,212</u>
NET ASSETS	
Invested in capital assets, net of related debt	140,572
Unrestricted	<u>5,496,231</u>
<i>Total net assets</i>	<u>\$ 5,636,803</u>

See notes to financial statements

South Haven Township and Casco Township Water and Sewage Treatment Authority

STATEMENT OF ACTIVITIES

Year ended June 30, 2004

	<u>Governmental activities</u>
EXPENSES	
Public works	\$ 635,930
Interest	<u>1,320,049</u>
<i>Total expenses</i>	<u>1,955,979</u>
PROGRAM REVENUES	
Customer charges	400,660
Fees and permits	593,580
Special assessments	12,288
Customer capital contributions	226,853
Interest	<u>371,048</u>
<i>Total program revenues</i>	<u>1,604,429</u>
CHANGE IN NET ASSETS	(351,550)
NET ASSETS - BEGINNING OF YEAR	<u>5,988,353</u>
NET ASSETS - END OF YEAR	<u>\$ 5,636,803</u>

See notes to financial statements

South Haven Township and Casco Township Water and Sewage Treatment Authority
COMBINING BALANCE SHEET- governmental funds

June 30, 2004

	<u>1995 Series Fund</u>	<u>1997 Series Fund</u>	<u>1998 Series Fund</u>
ASSETS			
Cash	\$ -	\$ -	\$ 47,303
Receivables:			
Accounts	9,729	3,243	10,656
Assessments	742,862	170,758	1,581,040
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 752,591</u>	<u>\$ 174,001</u>	<u>\$ 1,638,999</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	9,729	3,243	169
Deferred revenue	<u>742,862</u>	<u>170,758</u>	<u>1,539,730</u>
<i>Total liabilities</i>	<u>752,591</u>	<u>174,001</u>	<u>1,539,899</u>
Fund balance	<u>-</u>	<u>-</u>	<u>99,100</u>
<i>Total liabilities and fund balance</i>	<u>\$ 752,591</u>	<u>\$ 174,001</u>	<u>\$ 1,638,999</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Interest on special assessments are recorded when billed in governmental funds,
but accrued on the statement of net assets.

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

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

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

Long-term liabilities, including bonds payable and advances from other governmental units,
are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of governmental funds

<u>1999 Series Fund</u>	<u>2000 Series Fund</u>	<u>Capital projects</u>	<u>Total</u>
\$ 101,511	\$ -	\$ -	\$ 148,814
8,803	14,695	-	47,126
1,357,821	2,206,575	-	6,059,056
<u>13,666</u>	<u>-</u>	<u>-</u>	<u>13,666</u>
<u>\$ 1,481,801</u>	<u>\$ 2,221,270</u>	<u>\$ -</u>	<u>\$ 6,268,662</u>

\$ -	\$ 14,170	\$ -	\$ 14,170
-	525	-	13,666
<u>1,269,198</u>	<u>2,206,575</u>	<u>-</u>	<u>5,929,123</u>
<u>1,269,198</u>	<u>2,221,270</u>	<u>-</u>	<u>5,956,959</u>
<u>212,603</u>	<u>-</u>	<u>-</u>	<u>311,703</u>
<u>\$ 1,481,801</u>	<u>\$ 2,221,270</u>	<u>\$ -</u>	

179,447

24,975,572

5,929,123

(213,097)

(25,545,945)

\$ 5,636,803

See notes to financial statements

South Haven Township and Casco Township Water and Sewage Treatment Authority
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - governmental funds**
 Year ended June 30, 2004

	1995 Series Fund	1997 Series Fund	1998 Series Fund	1999 Series Fund	2000 Series Fund	Capital projects	Total
REVENUES							
Customer charges - debt service	\$ 84,139	\$ 28,046	\$ 92,152	\$ 76,125	\$ 120,198	\$ -	\$ 400,660
Fees and permits	71,379	10,374	177,141	47,118	390,945	7,922	704,879
Interest	46,474	10,939	85,409	80,913	165,095	1,499	390,329
Other:							
Special assessments	79,332	17,105	112,664	148,098	175,310	-	532,509
Contributions	-	-	-	-	-	225,349	225,349
Miscellaneous	-	-	-	-	-	1,504	1,504
<i>Total revenues</i>	<u>281,324</u>	<u>66,464</u>	<u>467,366</u>	<u>352,254</u>	<u>851,548</u>	<u>236,274</u>	<u>2,255,230</u>
EXPENDITURES							
Public works	17,868	5,957	19,569	16,166	25,526	236,274	321,360
Debt service:							
Principal	200,000	50,000	150,000	100,000	310,000	-	810,000
Interest and fees	128,869	51,177	289,600	296,388	562,088	-	1,328,122
<i>Total expenditures</i>	<u>346,737</u>	<u>107,134</u>	<u>459,169</u>	<u>412,554</u>	<u>897,614</u>	<u>236,274</u>	<u>2,459,482</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(65,413)</u>	<u>(40,670)</u>	<u>8,197</u>	<u>(60,300)</u>	<u>(46,066)</u>	<u>-</u>	<u>(204,252)</u>
OTHER FINANCING SOURCES (USES)							
Advances from townships	65,413	40,670	-	-	13,917	-	120,000
Operating transfer in	-	-	-	-	32,149	-	32,149
Operating transfer out	-	-	-	(32,149)	-	-	(32,149)
<i>Total other financing sources (uses)</i>	<u>65,413</u>	<u>40,670</u>	<u>-</u>	<u>(32,149)</u>	<u>46,066</u>	<u>-</u>	<u>120,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>-</u>	<u>-</u>	<u>8,197</u>	<u>(92,449)</u>	<u>-</u>	<u>-</u>	<u>(84,252)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>90,903</u>	<u>305,052</u>	<u>-</u>	<u>-</u>	<u>395,955</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,100</u>	<u>\$ 212,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,703</u>
Net change in fund balances - total governmental funds							\$ (84,252)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>							
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation (\$550,844) exceeded capital outlays (\$236,274) in the current period.							(314,570)
Interest on special assessments are recorded when billed in governmental funds, but accrued on the statement of net assets. The decrease in interest accrual was as follows.							(19,281)
Advances from other governmental units provide current financial resources to governmental funds, but increases long term liabilities in the statement of net assets.							(120,000)
Repayment of bonds payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.							810,000
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. The change in deferred amounts was as follows.							(631,520)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The decrease in accrued interest was as follows.							8,073
Change in net assets of governmental activities							\$ (351,550)

See notes to financial statements

South Haven Township and Casco Township Water and Sewage Treatment Authority
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the South Haven Township and Casco Township Water and Sewage Treatment Authority (the Authority) conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Authority, a municipal corporation established under Michigan Public Act 233 of 1955, for purposes of developing and constructing water transmission and sewage collection systems within certain portions of both constituent Townships. The criteria established by the GASB for determining the reporting entity include oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Authority has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Authority's financial statements.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Authority. The effect of all interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Interest and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds. The major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

South Haven Township and Casco Township Water and Sewage Treatment Authority
NOTES TO FINANCIAL STATEMENTS (Continued)

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

c) Measurement focus, basis of accounting, and financial statement presentation (continued): revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The government reports the following major governmental funds:

1995 Series Fund - this fund is used to record the funding and payment of principal and interest on debt related to the bond issued in 1995.

1997 Series Fund - this fund is used to record the funding and payment of principal and interest on debt related to the bond issued in 1997.

1998 Series Fund - this fund is used to record the funding and payment of principal and interest on debt related to the bond issued in 1998.

1999 Series Fund - this fund is used to record the funding and payment of principal and interest on debt related to the bond issued in 1999.

2000 Series Fund - this fund is used to record the funding and payment of principal and interest on debt related to the bond issued in 2000.

Capital project fund - this fund is used to account for the acquisition or construction of major capital facilities.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do no conflict with the standards of the GASB. The government has elected not to follow subsequent private-sector standards.

Amounts reported as program revenue include charges to customers or applicants for goods, services, or privileges provided.

d) Assets and liabilities:

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

South Haven Township and Casco Township Water and Sewage Treatment Authority
NOTES TO FINANCIAL STATEMENTS (Continued)

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

d) Assets and liabilities (continued):

ii) Receivables and payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All receivables are considered to be fully collectible.

iii) Capital assets - Capital assets, which include water and sewer treatment facilities, are defined by the Authority as assets with an initial cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The Authority has the option of accounting for infrastructure assets retroactively to June 30, 1980, or prospectively beginning July 1, 2003. The Authority has elected to account for infrastructure assets on the retroactive basis.

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

Water distribution system	50 years
Sewage collection system	50 years

The water distribution and sewage collection systems include both capitalized interest and purchased capacity fees, which will be depreciated over the life of the systems.

iv) Special assessment recognition: In governmental funds, special assessment revenue is recorded as deferred when initially assessed. Revenues are recognized to the extent that special assessments are collected. Interest income on special assessments receivable is not accrued until its due date.

NOTE 2 - CASH:

Deposits with financial institutions:

Deposits are carried at cost and are maintained at various financial institutions in the name of the Authority. Michigan Compiled Laws, Section 129.91, authorizes the Authority to deposit and invest in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Authority's deposits are in accordance with statutory authority. At June 30, 2004, the Authority has deposits with a carrying amount of \$148,814 and a bank balance of \$148,786. Of the bank balance, \$100,000 is covered by federal depository insurance and \$48,786 is uninsured and uncollateralized.

South Haven Township and Casco Township Water and Sewage Treatment Authority
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - RECEIVABLES:

Receivables as of June 30, 2004, are as follows:

	<u>Accounts</u>	<u>Special assessments</u>	<u>Interest</u>
1995 Series Fund	\$ 9,729	\$ 742,862	\$ 20,421
1997 Series Fund	3,243	170,758	4,678
1998 Series Fund	10,656	1,581,040	42,300
1999 Series Fund	8,803	1,357,821	34,868
2000 Series Fund	<u>14,695</u>	<u>2,206,575</u>	<u>77,180</u>
<i>Net receivables</i>	<u>\$47,126</u>	<u>\$6,059,056</u>	<u>\$179,447</u>
Non-current portion	<u>\$ -</u>	<u>\$5,513,902</u>	<u>\$ -</u>

NOTE 4 - CAPITAL ASSETS:

Capital asset activity of the Authority for the current year are as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets being depreciated:				
Water distribution system	\$10,662,287	\$ 85,059	\$ -	\$10,747,346
Sewage collection system	<u>16,761,791</u>	<u>151,215</u>	<u>-</u>	<u>16,913,006</u>
	<u>27,424,078</u>	<u>236,274</u>	<u>-</u>	<u>27,660,352</u>
Less accumulated depreciation for:				
Water distribution system	(737,645)	(214,097)	-	(951,742)
Sewage collection system	<u>(1,396,291)</u>	<u>(336,747)</u>	<u>-</u>	<u>(1,733,038)</u>
	<u>(2,133,936)</u>	<u>(550,844)</u>	<u>-</u>	<u>(2,684,780)</u>
<i>Total capital assets - net of depreciation</i>	<u>\$25,290,142</u>	<u>\$(314,570)</u>	<u>\$ -</u>	<u>\$24,975,572</u>

NOTE 5 - LONG-TERM LIABILITIES:

Long-term debt at June 30, 2004, is comprised of the following:

Long-term advances from member townships:

Due to townships, without interest, payable from future cash flows as they become available:

Township of South Haven	\$ 443,014
Township of Casco	<u>267,931</u>
	<u>710,945</u>

South Haven Township and Casco Township Water and Sewage Treatment Authority
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued):

Special assessment bonds payable:	
\$3,525,000 1995 limited tax general obligation bonds, due in annual installments of \$200,000 to \$225,000 through 2015; interest at 4.50% to 7.50%	\$ 2,450,000
\$1,140,000 1997 limited tax general obligation bonds, due in annual installments of \$50,000 to \$75,000 through 2017; interest at 4.5% to 6.5%	915,000
\$6,335,000 1998 limited tax general obligation bonds, due in annual installments of \$150,000 to \$600,000 through 2019; interest at 4.25% to 6.25%	5,935,000
\$5,930,000 1999 limited tax general obligation bonds, due in annual installments of \$100,000 to \$500,000 through 2020; interest at 4.75% to 5.30%	5,655,000
\$10,390,000 2000 limited tax general obligation bonds, due in annual installments of \$310,000 to \$1,250,000 through 2021; interest at 5.00% to 7.00%	<u>9,880,000</u>
<i>Total special assessment bonds payable</i>	<u>24,835,000</u>
<i>Total long-term liabilities</i>	<u>\$25,545,945</u>

Long-term liability activity for the year ended June 30, 2004, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Long-term advance	\$ 590,945	\$120,000	\$ -	\$ 710,945	\$ -
Bonds payable	<u>25,645,000</u>	<u>-</u>	<u>(810,000)</u>	<u>24,835,000</u>	<u>850,000</u>
<i>Total liabilities</i>	<u>\$26,235,945</u>	<u>\$120,000</u>	<u>\$(810,000)</u>	<u>\$25,545,945</u>	<u>\$850,000</u>

South Haven Township and Casco Township Water and Sewage Treatment Authority
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued):

Debt service requirements at June 30, 2004, with exception of the long-term advance, were as follows:

Year ended June 30:	<u>Principal</u>	<u>Interest</u>
2005	\$ 850,000	\$ 1,278,583
2006	975,000	1,228,471
2007	990,000	1,170,371
2008	1,000,000	1,111,082
2009	1,085,000	1,050,926
2010 - 2014	7,580,000	4,247,214
2015 - 2019	9,355,000	2,178,782
2020 - 2024	<u>3,000,000</u>	<u>214,000</u>
<i>Totals</i>	<u>\$24,835,000</u>	<u>\$12,479,429</u>

NOTE 6 - PAYABLES:

Payables as of year end are as follows:

	<u>Accounts</u>	<u>Interest</u>
1995 Series Fund	\$ -	\$ 19,666
1997 Series Fund	-	8,146
1998 Series Fund	-	46,646
1999 Series Fund	-	48,556
2000 Series Fund	14,170	90,083
Capital Projects Fund	<u>-</u>	<u>-</u>
<i>Net payables</i>	<u>\$14,170</u>	<u>\$213,097</u>

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

At June 30, 2004, the composition of interfund balances is as follows:

<u>Fund</u>	<u>Interfund receivables</u>	<u>Fund</u>	<u>Interfund payables</u>
1999 Series	<u>\$13,666</u>	1995 Series	\$ 9,729
		1997 Series	3,243
		1998 Series	169
		2000 Series	<u>525</u>
			<u>\$13,666</u>

These amounts represent temporary advances, primarily to prevent negative cash balances.

South Haven Township and Casco Township Water and Sewage Treatment Authority
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued):

A summary of interfund transfers for the year ended June 30, 2004, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
2000 Series	<u>\$32,149</u>	1999 Series	<u>\$32,149</u>

The transfer of unrestricted fees and permits was made to avoid a fund deficit.

NOTE 8 - RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of, assets, errors and omissions, injuries to employees, and natural disasters. The Authority carries commercial insurance for the above risks of loss. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal periods.

NOTE 9 - SUBSEQUENT EVENT:

The Authority issued Casco-South Haven Wastewater Treatment and Water Supply System Refunding Bonds, Series 2004 (General Obligation Limited Tax) on September 22, 2004, to replace the 1995 Wastewater Treatment Bonds and the 1997 Water Supply System Bonds.

NOTE 10 - UNCERTAINTY:

The Authority's cash flows for the year ending June 30, 2005, may not be sufficient to make required debt service payments when they are due. The receipt of revenues beyond current levels is contingent upon additional customer connections and collections, which are not within the Authority's control. Ultimately, any cash shortfall will be payable by the constituent townships under the terms of their full faith and credit pledges associated with the bond issues.

South Haven Township and Casco Township Water and Sewage Treatment Authority
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - CHANGE IN ACCOUNTING PRINCIPLES:

Effective July 1, 2003, the Authority implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets has been made to reflect the cumulative effect of this accounting change in the governmental funds:

Net assets, as previously reported	\$ 395,955
Accrued interest on special assessments, not previously reported, as interest was not recorded until billed	198,728
Capitalization of capital assets, net of accumulated depreciation, not previously reported	25,290,142
Recognition of revenues that were earned, but previously deferred, as they were not available	6,560,643
Accrued interest on bonds payable, not previously reported, as it was recorded when due	(221,170)
Long-term liabilities, including bonds payable and advances from other units, that were previously reported in the general long-term debt account group	<u>(26,235,945)</u>
<i>Net assets, as restated</i>	<u>\$ 5,988,353</u>

SUPPLEMENTARY DATA

South Haven Township and Casco Township Water and Sewage Treatment Authority
SCHEDULE OF BOND RETIREMENT AND ANNUAL
INTEREST REQUIREMENTS - Series 1995 bonds

June 30, 2004

<u>Year</u>	<u>Annual interest requirements</u>	<u>Principal retirement (due May 1)</u>	<u>Total requirements</u>
2005	\$ 117,994	\$ 200,000	\$ 317,994
2006	108,394	225,000	333,394
2007	97,369	225,000	322,369
2008	86,119	225,000	311,119
2009	74,588	225,000	299,588
2010	62,776	225,000	287,776
2011	50,850	225,000	275,850
2012	40,500	225,000	265,500
2013	30,376	225,000	255,376
2014	20,250	225,000	245,250
2015	10,126	225,000	235,126
	<u>\$ 699,342</u>	<u>\$ 2,450,000</u>	<u>\$ 3,149,342</u>

South Haven Township and Casco Township Water and Sewage Treatment Authority
SCHEDULE OF BOND RETIREMENT AND ANNUAL
INTEREST REQUIREMENTS - Series 1997 bonds

June 30, 2004

<u>Year</u>	<u>Annual interest requirements</u>	<u>Principal retirement (due May 1)</u>	<u>Total requirements</u>
2005	\$ 48,877	\$ 50,000	\$ 98,877
2006	46,427	50,000	96,427
2007	43,927	65,000	108,927
2008	40,613	75,000	115,613
2009	36,713	75,000	111,713
2010	32,737	75,000	107,737
2011	28,687	75,000	103,687
2012	24,637	75,000	99,637
2013	20,513	75,000	95,513
2014	16,387	75,000	91,387
2015	12,187	75,000	87,187
2016	7,969	75,000	82,969
2017	3,750	75,000	78,750
	<u>\$ 363,424</u>	<u>\$ 915,000</u>	<u>\$ 1,278,424</u>

South Haven Township and Casco Township Water and Sewage Treatment Authority
SCHEDULE OF BOND RETIREMENT AND ANNUAL
INTEREST REQUIREMENTS - Series 1998 bonds

June 30, 2004

<u>Year</u>	<u>Annual interest requirements</u>	<u>Principal retirement (due May 1)</u>	<u>Total requirements</u>
2005	\$ 279,875	\$ 150,000	\$ 429,875
2006	270,500	150,000	420,500
2007	261,125	150,000	411,125
2008	251,750	150,000	401,750
2009	242,375	185,000	427,375
2010	234,050	200,000	434,050
2011	224,950	250,000	474,950
2012	213,450	500,000	713,450
2013	190,200	600,000	790,200
2014	162,000	600,000	762,000
2015	133,800	600,000	733,800
2016	105,300	600,000	705,300
2017	76,500	600,000	676,500
2018	51,000	600,000	651,000
2019	25,500	600,000	625,500
	<u>\$ 2,722,375</u>	<u>\$ 5,935,000</u>	<u>\$ 8,657,375</u>

South Haven Township and Casco Township Water and Sewage Treatment Authority
SCHEDULE OF BOND RETIREMENT AND ANNUAL
INTEREST REQUIREMENTS - Series 1999 bonds

June 30, 2004

<u>Year</u>	<u>Annual interest requirements</u>	<u>Principal retirement (due May 1)</u>	<u>Total requirements</u>
2005	\$ 291,337	\$ 125,000	\$ 416,337
2006	285,400	150,000	435,400
2007	278,200	150,000	428,200
2008	270,850	150,000	420,850
2009	263,500	200,000	463,500
2010	253,500	280,000	533,500
2011	239,500	300,000	539,500
2012	224,500	450,000	674,500
2013	201,775	450,000	651,775
2014	178,826	450,000	628,826
2015	155,650	450,000	605,650
2016	132,250	500,000	632,250
2017	106,000	500,000	606,000
2018	79,500	500,000	579,500
2019	53,000	500,000	553,000
2020	26,500	500,000	526,500
	<u>\$ 3,040,288</u>	<u>\$ 5,655,000</u>	<u>\$ 8,695,288</u>

South Haven Township and Casco Township Water and Sewage Treatment Authority
SCHEDULE OF BOND RETIREMENT AND ANNUAL
INTEREST REQUIREMENTS - Series 2000 bonds

June 30, 2004

<u>Year</u>	<u>Annual interest requirements</u>	<u>Principal retirement (due May 1)</u>	<u>Total requirements</u>
2005	\$ 540,500	\$ 325,000	\$ 865,500
2006	517,750	400,000	917,750
2007	489,750	400,000	889,750
2008	461,750	400,000	861,750
2009	433,750	400,000	833,750
2010	405,750	400,000	805,750
2011	377,750	400,000	777,750
2012	357,750	400,000	757,750
2013	337,750	400,000	737,750
2014	317,750	400,000	717,750
2015	297,750	450,000	747,750
2016	275,250	500,000	775,250
2017	250,250	600,000	850,250
2018	220,250	750,000	970,250
2019	182,750	1,155,000	1,337,750
2020	125,000	1,250,000	1,375,000
2021	62,500	1,250,000	1,312,500
	<u>\$ 5,654,000</u>	<u>\$ 9,880,000</u>	<u>\$ 15,534,000</u>