

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>Hennrich A. Berthiaume</i>		Printed Name		License Number

FRASER TOWNSHIP

Bay County, Michigan

FINANCIAL STATEMENTS

March 31, 2007

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	3
Statement of Activities.....	4
Fund Financial Statements:	
<i>Governmental Funds:</i>	
Balance Sheet.....	5
Reconciliation of Fund Balances of Governmental Funds to Net Assets of Governmental Activities.....	6
Statement of Revenues, Expenditures and Changes in Fund Balances.....	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	8
<i>Proprietary Fund:</i>	
Statement of Net Assets.....	9
Statement of Revenues, Expenses, and Changes in Net Assets.....	10
Statement of Cash Flows.....	11
<i>Fiduciary Fund:</i>	
Statement of Net Assets.....	12
Notes to Financial Statements.....	14
Required Supplemental Information:	
Budgetary Comparison Schedule – General Fund.....	27
Budgetary Comparison Schedule – Special Revenue Fund – Fire Fund.....	28
Budgetary Comparison Schedule – Special Revenue Fund – Garbage Collection Fund.....	29
Other Supplemental Information:	
<i>General Fund:</i>	
Detailed Schedule of Revenues.....	31
Detailed Schedule of Expenditures.....	32
<i>Nonmajor Governmental Funds:</i>	
Combining Balance Sheet.....	35
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	36
<i>Fiduciary Fund:</i>	
Statement of Changes in Assets and Liabilities.....	37
<i>Schedules of Indebtedness</i>	38

BERTHIAUME
& COMPANY

Certified Public Accountants



60 Harrow Lane
Saginaw, Michigan 48638

(989) 791-1555
Fax (989) 791-1992

INDEPENDENT AUDITORS' REPORT

To the Township Board
Fraser Township, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Fraser Township as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Fraser Township's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Township's water system managed by the Bay County Department of Water and Sewer. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Township's water system managed by the Bay County Department of Water and Sewer, is based on the report of the other auditors.

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

The budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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 opinions on the financial statements that collectively comprise Fraser Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Berthiaume & Co.

June 26, 2007

BASIC FINANCIAL STATEMENTS

FRASER TOWNSHIP

STATEMENT OF NET ASSETS

March 31, 2007

	<i><u>Governmental</u></i> <i><u>Activities</u></i>	<i><u>Business-type</u></i> <i><u>Activities</u></i>	<i><u>Total</u></i>
Assets:			
Cash and cash equivalents	\$ 719,751	\$ 65,560	\$ 785,311
Investments	-	245,340	245,340
Receivables	119,405	111,664	231,069
Internal balances	40,630	(40,630)	-
Prepaid expenses	-	2,239	2,239
Restricted investments	-	2,443	2,443
Capital assets:			
Depreciable capital assets, net	<u>193,978</u>	<u>2,232,591</u>	<u>2,426,569</u>
Total assets	<u>1,073,764</u>	<u>2,619,207</u>	<u>3,692,971</u>
Liabilities:			
Accounts payable and accrued expenses	4,416	9,430	13,846
Long-term liabilities:			
Due within one year	52,464	82,418	134,882
Due in more than one year	<u>176,330</u>	<u>863,802</u>	<u>1,040,132</u>
Total liabilities	<u>233,210</u>	<u>955,650</u>	<u>1,188,860</u>
Net assets:			
Invested in capital assets, net of related debt	(34,816)	1,289,798	1,254,982
Unrestricted	<u>875,370</u>	<u>373,759</u>	<u>1,249,129</u>
Total net assets	<u>\$ 840,554</u>	<u>\$ 1,663,557</u>	<u>\$ 2,504,111</u>

The accompanying notes are an integral part of these financial statements.

FRASER TOWNSHIP

STATEMENT OF ACTIVITIES

Year Ended March 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Governmental activities:</i>					
General government	\$ 204,434	\$ 20,827	\$ 6,512	\$ -	\$ (177,095)
Public safety	113,187	-	-	-	(113,187)
Public works	304,349	157,779	7,942	-	(138,628)
Health and welfare	6,810	-	28,100	-	21,290
Community and economic development	22,531	1,295	-	-	(21,236)
Recreation and culture	7,779	-	-	15,107	7,328
Interest on long-term debt	14,241	-	-	-	(14,241)
Total governmental activities	<u>\$ 673,331</u>	<u>\$ 179,901</u>	<u>\$ 42,554</u>	<u>\$ 15,107</u>	<u>\$ (435,769)</u>
<i>Business-type activities:</i>					
Water	<u>\$ 290,740</u>	<u>\$ 277,548</u>	<u>\$ 8,284</u>	<u>\$ -</u>	<u>\$ (4,908)</u>
Total business-type activities	<u>\$ 290,740</u>	<u>\$ 277,548</u>	<u>\$ 8,284</u>	<u>\$ -</u>	<u>\$ (4,908)</u>

The accompanying notes are an integral part of these financial statements.

	<i>Governmental Activities</i>	<i>Business- type Activities</i>	<i>Total</i>
<i>Changes in net assets:</i>			
Net (Expense) Revenue	\$ (435,769)	\$ (4,908)	\$ (440,677)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	131,833	-	131,833
Property taxes, levied for fire	82,199	-	82,199
Franchise fees	4,839	-	4,839
Grants and contributions not restricted to specific programs	229,698	-	229,698
Unrestricted investment earnings	27,097	12,498	39,595
Total general revenues	<u>475,666</u>	<u>12,498</u>	<u>488,164</u>
Change in net assets	39,897	7,590	47,487
Net assets, beginning of year, restated	<u>800,657</u>	<u>1,655,967</u>	<u>2,456,624</u>
Net assets, end of year	<u>\$ 840,554</u>	<u>\$ 1,663,557</u>	<u>\$ 2,504,111</u>

FRASER TOWNSHIP

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2007

	<u>Major Governmental Funds</u>				
	<u>General</u>	<u>Fire</u>	<u>Garbage</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Collection</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Assets:					
Cash and cash equivalents	\$ 318,181	\$ 81,669	\$ 254,079	\$ 65,822	\$ 719,751
Taxes receivable	10,869	7,380	-	-	18,249
Accounts receivable	3,104	-	14,347	9,137	26,588
Special assessments receivable	33,683	-	-	-	33,683
Due from other governmental units	40,885	-	-	-	40,885
Advance receivable to other funds	40,630	-	-	-	40,630
	<u>447,352</u>	<u>89,049</u>	<u>268,426</u>	<u>74,959</u>	<u>879,786</u>
Total assets	\$ 447,352	\$ 89,049	\$ 268,426	\$ 74,959	\$ 879,786
Liabilities and Fund Balances:					
Liabilities:					
Deferred revenue	\$ 31,356	\$ -	\$ -	\$ -	\$ 31,356
	<u>31,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,356</u>
Total liabilities	31,356	-	-	-	31,356
Fund balances:					
Unreserved:					
General fund	415,996	-	-	-	415,996
Special revenue funds	-	89,049	268,426	74,959	432,434
	<u>415,996</u>	<u>89,049</u>	<u>268,426</u>	<u>74,959</u>	<u>848,430</u>
Total fund balances	415,996	89,049	268,426	74,959	848,430
Total liabilities and fund balances	\$ 447,352	\$ 89,049	\$ 268,426	\$ 74,959	\$ 879,786

The accompanying notes are an integral part of these financial statements.

FRASER TOWNSHIP

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

March 31, 2007

Total fund balances for governmental funds		\$ 848,430
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	790,355	
Less accumulated depreciation	<u>(596,377)</u>	193,978
Deferred revenues reported in the governmental funds are recognized as revenues for the governmental activities.		
Special assessments		31,356
Interest payable in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds.		(4,416)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:		
Note payable		<u>(228,794)</u>
Net assets of governmental activities		<u>\$ 840,554</u>

The accompanying notes are an integral part of these financial statements.

FRASER TOWNSHIP

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2007

	<i>Major Governmental Funds</i>				<i>Total Governmental Funds</i>
	<i>General Fund</i>	<i>Fire Fund</i>	<i>Garbage Collection Fund</i>	<i>Nonmajor Governmental Funds</i>	
Revenues:					
Property taxes	\$ 131,833	\$ 82,199	\$ -	\$ -	\$ 214,032
Licenses and permits	5,433	-	-	-	5,433
State grants	239,754	-	-	15,107	254,861
Contributions from other units	889	-	-	-	889
Charges for services	2,345	6,683	140,175	3,761	152,964
Interest and rents	27,631	2,185	9,365	23	39,204
Other revenue	29,942	-	72	28,100	58,114
Total revenues	<u>437,827</u>	<u>91,067</u>	<u>149,612</u>	<u>46,991</u>	<u>725,497</u>
Expenditures:					
Current					
General government	178,748	-	-	-	178,748
Public safety	55,095	10,956	-	-	66,051
Public works	154,844	-	149,505	-	304,349
Health and welfare	3,375	-	-	3,435	6,810
Community and economic development	22,070	-	-	-	22,070
Recreation and culture	2,115	-	-	-	2,115
Other	19,696	-	-	-	19,696
Capital outlay	725	-	-	26,547	27,272
Debt service					
Principal	-	49,592	-	-	49,592
Interest and fees	-	16,119	-	-	16,119
Total expenditures	<u>436,668</u>	<u>76,667</u>	<u>149,505</u>	<u>29,982</u>	<u>692,822</u>
Net change in fund balances	1,159	14,400	107	17,009	32,675
Fund balances, beginning of year, restated	<u>414,837</u>	<u>74,649</u>	<u>268,319</u>	<u>57,950</u>	<u>815,755</u>
Fund balances, end of year	<u>\$ 415,996</u>	<u>\$ 89,049</u>	<u>\$ 268,426</u>	<u>\$ 74,959</u>	<u>\$ 848,430</u>

The accompanying notes are an integral part of these financial statements.

FRASER TOWNSHIP

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

March 31, 2007

Net change in fund balances - total governmental funds \$ 32,675

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

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

Capital outlay	21,422	
Less depreciation expense	<u>(53,401)</u>	(31,979)

Collection of certain items recorded as deferred revenue are considered current financial resources in the governmental funds. In the statement of activities, these items have been recorded as revenue.

Special assessments		(12,269)
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Repayments of principal on long-term obligations are expenditures in governmental but the payments reduce long-term liabilities in the statement of net assets.

49,592

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.

Change in accrued interest on notes	<u>1,878</u>	
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Change in net assets of governmental activities \$ 39,897

The accompanying notes are an integral part of these financial statements.

FRASER TOWNSHIP

PROPRIETARY FUND STATEMENT OF NET ASSETS

March 31, 2007

	<u>Water Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 65,560
Investments	245,340
Accounts receivable	2,865
Special assessments receivable	106,962
Accrued interest receivable	1,837
Prepaid expenses	<u>2,239</u>
Total current assets	<u>424,803</u>
Noncurrent assets:	
Restricted investments	2,443
Capital assets:	
Depreciable capital assets, net	<u>2,232,591</u>
Total noncurrent assets	<u>2,235,034</u>
Total assets	<u>2,659,837</u>
Liabilities:	
Current liabilities:	
Current portion of long-term debt	81,186
Accounts payable	1,896
Accrued expenses	306
Accrued interest payable	4,785
Advances	2,443
Advance payable to other funds	40,630
Current portion of compensated absences payable	<u>1,232</u>
Total current liabilities	<u>132,478</u>
Noncurrent liabilities:	
Compensated absences payable	6,980
Long-term debt	<u>856,822</u>
Total noncurrent liabilities	<u>863,802</u>
Total liabilities	<u>996,280</u>
Net assets:	
Invested in capital assets, net of related debt	1,289,798
Unrestricted	<u>373,759</u>
Total net assets	<u>\$ 1,663,557</u>

The accompanying notes are an integral part of these financial statements.

FRASER TOWNSHIP

PROPRIETARY FUND
**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS**

Year Ended March 31, 2007

	<u><i>Water Fund</i></u>
Operating revenues:	
Charges for services	\$ 277,548
Total operating revenues	<u>277,548</u>
Operating expenses:	
Personnel	41,484
Purchase of water	96,741
Administrative expense	6,602
Utilities	774
Repairs and maintenance	12,257
Other services and supplies	3,767
Depreciation	<u>74,784</u>
Total operating expenses	<u>236,409</u>
Operating income (loss)	<u>41,139</u>
Non-operating revenues (expenses):	
Interest income	12,498
Special assessments interest	8,284
Interest expense	<u>(54,331)</u>
Total non-operating revenues (expenses)	<u>(33,549)</u>
Net income (loss)	7,590
Net assets, beginning of year, restated	<u>1,655,967</u>
Net assets, end of year	<u><u>\$ 1,663,557</u></u>

The accompanying notes are an integral part of these financial statements.

FRASER TOWNSHIP

PROPRIETARY FUND STATEMENT OF CASH FLOWS

Year Ended March 31, 2007

	<u>Water Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 316,581
Payment for interfund loans	(20,000)
Payments to employees	(40,880)
Payments to suppliers	<u>(137,206)</u>
Net cash provided by operating activities	<u>118,495</u>
Cash flows from capital and related financing activities:	
Special assessments interest	8,284
Acquisition and construction of capital assets	(8,950)
Principal payments	(80,987)
Interest paid	<u>(54,331)</u>
Net cash used by capital and related financing activities	<u>(135,984)</u>
Cash flows from investing activities:	
Interest	<u>12,498</u>
Net cash provided by investing activities	<u>12,498</u>
Net increase in cash and cash equivalents	(4,991)
Cash, cash equivalents and investments, beginning of year	<u>318,334</u>
Cash, cash equivalents and investments, end of year	<u>\$ 313,343</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 41,139
Adjustments:	
Depreciation	74,784
Change in assets and liabilities:	
Accounts receivable	(46)
Special assessments receivable	32,097
Due from other governmental units	6,982
Prepaid expenses and other current assets	39,362
Accounts payable	(56,697)
Accrued expenses	270
Advance payable to other funds	(20,000)
Compensated absences payable	<u>604</u>
Net cash provided by operating activities	<u>\$ 118,495</u>

The accompanying notes are an integral part of these financial statements.

FRASER TOWNSHIP

FIDUCIARY FUND
STATEMENT OF NET ASSETS
March 31, 2007

	<i>Agency Fund</i>
Assets:	
Cash and cash equivalents	\$ 6,021
Total assets	<u>6,021</u>
Liabilities:	
Accounts payable	3,104
Due to other governmental units	<u>2,917</u>
Total liabilities	<u>6,021</u>
Net Assets:	
Unrestricted	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

FRASER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Fraser Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity:

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township, and its component units, if any. In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Township may be financially accountable and, as such, should be included within the Township's financial statements. The Township (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Township. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no component units included in the Township's reporting entity.

These financial statements include the portion of the Township's water system that is managed as an Agency Fund by the Bay County Department of Water and Sewer. The County managed portion of the Township's Water Fund is audited by other auditors as of and for the year ended December 31, 2006.

A separate audited December 31, 2006 financial report is available from the Bay County Department of Water and Sewer, 3933 Patterson Road, Bay City, Michigan, 48706.

Jointly Governed Organization:

Fraser Township, Pinconning Township, and the City of Pinconning participate jointly in the operation of the Pinconning Fraser Fire Department. The funding formula requires that each municipality share the operational costs of the building. All of the financial operations of the fire department are recorded in the Pinconning Fraser Fire Department. The Township's appropriation to the Pinconning Fraser Fire Department for the year ending March 31, 2007 was \$55,095.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

FRASER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government. These statements distinguish between activities that are governmental and business-type activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in two parts (1) invested in capital assets, net of related debt and (2) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, 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. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Township does not allocate indirect costs. In creating the government-wide financial statements the Township has eliminated interfund transactions.

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

Fund Financial Statements:

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

FRASER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. 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. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting.

The Township reports the following major governmental funds:

The **General Fund** is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The **Fire Fund** is used to account for a tax levy for the purpose of providing fire protection.

The **Garbage Collection Fund** is used to account for a special assessment levy for the purpose of providing garbage and rubbish collection.

The Township reports the following major enterprise fund:

The **Water Fund** is used to account for the revenues and expenses for the operation of a water system.

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

FRASER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

Assets, Liabilities and Equity

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments, if any, are stated at fair value. For purposes of the statement of cash flows, the Township considers all highly liquid investments with a maturity when purchased of three months or less to be cash equivalents.

Interfund Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Township defines capital assets as assets with an initial individual cost in excess of \$1,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004.

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

Buildings	10-50 years
Equipment	5-10 years
Infrastructure	25 years
Site improvements	10 years
Water system	40-50 years

Compensated Absences – It is the Township’s policy to not permit employees to accumulate earned but unused sick and vacation days. The compensated absences liability shown in the proprietary fund and government-wide statement of net assets is derived from the portion of the Township’s Water fund that is handled as an Agency Fund by the Bay County Department of Water and Sewer. The liability is accrued in accordance with the policy applicable to employees of the Bay County Department of Water and Sewer.

Long-term Obligations – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

FRASER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Eliminations and Reclassifications:

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds may be eliminated or reclassified. Interfund receivables and payables, if any, are eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Property Taxes:

Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with a final collection date of February 28 before they are added to the County tax rolls.

The 2006 taxable valuation of the Township's real and personal property totaled \$81,529,312, on which ad valorem taxes levied consisted of 1.1671 mills for the Township's operating purposes and .9886 mills for an extra voted millage for fire.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget by fund for each year is submitted to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted by adoption of the Township Board.
4. Any revision that alters the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund and major Special Revenue Funds budgets as originally adopted and amended by the Township Board is included in the required supplemental information.
7. All annual appropriations lapse at fiscal year end.

FRASER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the Township incurred expenditures that were in excess of the amounts budgeted, as follows:

	<u><i>Final Budget</i></u>	<u><i>Actual</i></u>	<u><i>Excess</i></u>
General Fund:			
Public works	\$ 148,050	\$ 154,844	\$ 6,794

NOTE 3: 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 local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of 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 investment policy adopted by the Township Board is in accordance with Public Act 196 of 1997. The Township's deposits and investments have been made in accordance with statutory authority.

The Township's deposits and investments are subject to risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$893,403 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$387,308 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Township 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 Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with acceptable estimated risk level are used as depositories.

Investments:

The Township Water Fund reports \$247,783 of investments as of year end. These monies are being held as part of an investment pool of Bay County. The County has invested in external investment pools, government obligations, commercial paper and money market funds. Information regarding these investments and risk associated with these investments may be obtained from the Bay County DWS Financial Report for the year ended December 31, 2006.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 4: CAPITAL ASSETS

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

	<i>April 1, 2006</i>	<i>Additions</i>	<i>Retirements</i>	<i>March 31, 2007</i>
Governmental activities:				
Depreciable capital assets:				
Buildings	\$ 753,200	\$ 6,315	\$ -	\$ 759,515
Equipment	14,308	-	-	14,308
Site improvements	1,425	15,107	-	16,532
Total depreciable capital assets	768,933	21,422	-	790,355
Accumulated depreciation	(542,976)	(53,401)	-	(596,377)
Governmental activities, capital assets, net	\$ 225,957	\$ (31,979)	\$ -	\$ 193,978
	<i>April 1, 2006</i>	<i>Additions</i>	<i>Retirements</i>	<i>March 31, 2007</i>
Business-type activities:				
Depreciable capital assets:				
Water system	\$ 3,225,316	\$ -	\$ -	\$ 3,225,316
Accumulated depreciation	(917,941)	(74,784)	-	(992,725)
Business-type activities, capital assets, net	\$ 2,307,375	\$ (74,784)	\$ -	\$ 2,232,591

Depreciation expense was charged to functions as follows:

	<i>Governmental Activities</i>	<i>Business-type Activities</i>
General government	\$ 5,726	\$ -
Public safety	47,136	-
Recreation and culture	539	-
Water	-	74,784
Total	\$ 53,401	\$ 74,784

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 5: DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments	\$ 31,356	\$ -

NOTE 6: LONG-TERM LIABILITIES

The Township may issue bonds, loans, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the Township.

The Bay County Water Bonds are debt related to the water system managed by the Bay County DWS on behalf of the Township. There are minor timing differences in the bond payments due to the Bay County DWS being a December 31, 2006 calendar year end and the Township being a March 31, 2007 fiscal year end.

Long-term liabilities at March 31, 2007 consisted of the following:

<u>Types of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at Year-End</u>
<u>Governmental Activities</u>					
2002 Fire Station Loan	11/22/05-11/22/10	5.79%	\$46,878-62,114	\$ 488,485	\$ 228,794
<u>Business-type Activities</u>					
1982 Bay County Water Bond	7/1/06-7/1/22	5.00%	\$13,230-17,640	\$ 438,060	\$ 251,370
1997 Bay County Water Bond	2/1/07	5.20%	\$7,824	\$ 77,262	\$ 7,824
1998 Bay County Water Bond	5/1/06-5/1/18	4.85-5.00%	\$37,538-62,956	\$ 860,200	\$ 579,105
2001 Note Payable	1/1/07-1/1/12	4.80%	\$8,102-9,998	\$ 80,000	\$ 44,869
2006 Installment Purchase Agreement	12/1/7-12/1/16	4.60%	\$5,107-6,763	\$ 60,075	\$ 54,840

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

The following is a summary of long-term liabilities transactions for the year ended March 31, 2007:

	<u>April 1,</u> <u>2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>March 31,</u> <u>2007</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
2002 Fire Station Loan	\$ 278,386	\$ -	\$ (49,592)	\$ 228,794	\$ 52,464
Total governmental activities					
- long-term liabilities	<u>\$ 278,386</u>	<u>\$ -</u>	<u>\$ (49,592)</u>	<u>\$ 228,794</u>	<u>\$ 52,464</u>
Business-type activities:					
1982 Bay County Water Bond	\$ 264,600	\$ -	\$ (13,230)	\$ 251,370	\$ 13,230
1997 Bay County Water Bond	15,648	-	(7,824)	7,824	7,824
1998 Bay County Water Bond	626,028	-	(46,923)	579,105	46,923
2001 Note Payable	52,644	-	(7,775)	44,869	8,102
2006 Installment Purchase Agreement	60,075	-	(5,235)	54,840	5,107
Compensated Absences	<u>7,608</u>	<u>604</u>	<u>-</u>	<u>8,212</u>	<u>1,232</u>
Total business-type activities					
- long-term liabilities	<u>\$ 1,026,603</u>	<u>\$ 604</u>	<u>\$ (80,987)</u>	<u>\$ 946,220</u>	<u>\$ 82,418</u>

Annual debt service requirements to maturity for the above bonds and loans are as follows:

<i>Year Ended</i> <i>March 31,</i>	<i>Governmental Activities</i>			<i>Business-type Activities</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2008	\$ 52,464	\$ 13,247	\$ 65,711	\$ 81,186	\$ 44,277	\$ 125,463
2009	55,501	10,210	65,711	73,994	40,505	114,499
2010	58,715	6,996	65,711	65,272	37,131	102,403
2011	62,114	3,597	65,711	67,437	33,917	101,354
2012	-	-	-	71,478	30,559	102,037
2013-2017	-	-	-	351,880	101,437	453,317
2018-2022	-	-	-	209,121	21,561	230,682
2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,640</u>	<u>441</u>	<u>18,081</u>
	<u>\$ 228,794</u>	<u>\$ 34,050</u>	<u>\$ 262,844</u>	<u>\$ 938,008</u>	<u>\$ 309,828</u>	<u>\$ 1,247,836</u>

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 7: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of year end for the Township's governmental activities in the aggregate are as follows:

	<i>Governmental Activities</i>	<i>Business-type Activities</i>
Receivables:		
Property taxes	\$ 18,249	\$ -
Accounts	26,588	2,865
Special assessments	33,683	106,962
Accrued interest	-	1,837
Intergovernmental	40,885	-
Total receivables	\$ 119,405	\$ 111,664
Accounts payable and accrued expenses:		
Accounts	\$ -	\$ 1,896
Accrued payroll	-	306
Accrued interest	4,416	4,785
Advances	-	2,443
Total accounts payable and accrued expenses	\$ 4,416	\$ 9,430

NOTE 8: ADVANCE FROM/TO OTHER FUNDS

The composition of advances from/to other funds reported in the fund statements were as follows:

<i>Receivable Fund</i>	<i>Payable Fund</i>	<i>Amount</i>
General Fund	Water Fund	\$ 40,630

Management anticipates the interfund balance to remain outstanding for periods in excess of one year. The balance resulted from a loan that the General Fund made to the Water Fund when construction of an additional water line took place. The Water Fund is repaying the loan with special assessment collections each year.

NOTE 9: RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for significant losses. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 10: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined Contribution Pension Plan:

Plan Description – The Township has a defined contribution pension plan covering each trustee, supervisor, clerk and treasurer. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

Insurer – John Hancock Company.

Contributions – Employer contributions for each participant will be 20% of base wages.

Plan Activity – During the year ended March 31, 2007, the Township contributed \$11,282 to the plan.

Post Employment Benefits and Deferred Compensation Plan:

Other than its above described pension plan, the Township offers no other post employment benefits to its retirees and no deferred compensation plan.

NOTE 11: PRIOR PERIOD ADJUSTMENT

Correction of a Reporting Policy:

A portion of the Township's Water Fund is administered as an Agency Fund of the Bay County Department of Water and Sewer (DWS). In prior years, the portion of the Water Fund administered by the DWS was excluded from the Township's financial statements. The portion of the Township's remaining water activity was reported as a Governmental Activity. In the current year, the Agency Fund of the DWS is included in the financial statements of the Township.

The Water Assessments Fund managed by the Township and previously reported as a Governmental Fund type activity has been reclassified as a Proprietary Fund type activity and merged with the DWS portion in the Township's Water Fund.

The Township has changed its reporting policy for its Water Fund, as described above, in order to be in accordance with generally accepted accounting and reporting principles.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

As a result of this reporting policy change, the effect on beginning net assets and fund balances is as follows:

Fund Financial Statements:

	<i>Water Fund</i>	<i>Water Assessments Fund</i>
Net Assets/Fund Balance previously reported March 31, 2006	\$ -	\$ 33,476
Adjustments Needed to Properly Report the Township's Water Fund:		
Reclassify Water Assessments Fund Balance to Water Fund	33,476	(33,476)
Recognize deferred revenue related to water special assessments receivable	134,854	-
Record water long-term debt handled directly by the Township, which was previously considered general governmental debt	(112,720)	-
Record a contribution to the County during the Township's 2006 fiscal year, which was previously not reported because of an accounting period timing difference between the County and the Township	42,535	-
Record the Township's portion of net water system capital assets previously not reported at March 31, 2006	165,282	-
Record the net water system assets at the County as of December 31, 2005 previously not reported	1,392,540	-
Net Assets/Fund Balance at March 31, 2006, restated	\$ 1,655,967	\$ -

Government-wide Financial Statements:

	<i>Governmental Activities</i>	<i>Business-type Activities</i>
Net Assets previously reported March 31, 2006	\$ 908,912	\$ -
Adjustments Needed to Properly Report the Township's Water Fund:		
Reclassify Water Assessments Fund Balance to Water Fund	(33,476)	33,476
Recognize deferred revenue related to water special assessments receivable	(134,854)	134,854
Record long-term debt handled directly by the Township, which was previously considered general governmental debt	60,075	(112,720)
Record a contribution to the County during Township's 2006 fiscal year, which was previously not reported because of an accounting period timing difference between the County and the Township	-	42,535
Record the Township's portion of net water system capital assets previously not reported at March 31, 2006	-	165,282
Record the net water system assets at the County as of December 31, 2005 previously not reported	-	1,392,540
Net Assets at March 31, 2006, restated	\$ 800,657	\$ 1,655,967

REQUIRED SUPPLEMENTAL INFORMATION

FRASER TOWNSHIP

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under)</i>
				<i>Final Budget</i>
Revenues:				
Property taxes	\$ 107,000	\$ 110,000	\$ 131,833	\$ 21,833
Licenses and permits	5,000	5,000	5,433	433
State grants	208,300	229,500	239,754	10,254
Contributions from other units	-	-	889	889
Charges for services	1,000	800	2,345	1,545
Interest and rents	11,000	8,000	27,631	19,631
Other revenue	22,900	14,000	29,942	15,942
Total revenues	355,200	367,300	437,827	70,527
Expenditures:				
Current				
General government	183,105	193,700	178,748	(14,952)
Public safety	60,500	60,500	55,095	(5,405)
Public works	174,163	148,050	154,844	6,794
Health and welfare	3,500	3,500	3,375	(125)
Community and economic development	23,292	25,400	22,070	(3,330)
Recreation and culture	1,800	2,800	2,115	(685)
Other	21,000	21,000	19,696	(1,304)
Capital outlay	17,100	14,500	725	(13,775)
Debt service				
Principal	12,000	10,000	-	(10,000)
Interest and fees	700	3,000	-	(3,000)
Total expenditures	497,160	482,450	436,668	(45,782)
Excess (deficiency) of revenues over expenditures	(141,960)	(115,150)	1,159	116,309
Net change in fund balance	(141,960)	(115,150)	1,159	116,309
Fund balance, beginning of year	414,837	414,837	414,837	-
Fund balance, end of year	\$ 272,877	\$ 299,687	\$ 415,996	\$ 116,309

FRASER TOWNSHIP

SPECIAL REVENUE FUND – FIRE FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Actual</i>
	<u>Original</u>	<u>Final</u>		<i>Over (Under)</i>
				<u>Final Budget</u>
Revenues:				
Property taxes	\$ 70,000	\$ 70,000	\$ 82,199	\$ 12,199
Charges for services	3,000	3,000	6,683	3,683
Interest and rents	300	500	2,185	1,685
Total revenues	<u>73,300</u>	<u>73,500</u>	<u>91,067</u>	<u>17,567</u>
Expenditures:				
Current				
Public safety	11,600	13,000	10,956	(2,044)
Capital outlay	6,700	2,500	-	(2,500)
Debt service				
Principal	47,000	49,600	49,592	(8)
Interest and fees	<u>19,000</u>	<u>16,400</u>	<u>16,119</u>	<u>(281)</u>
Total expenditures	<u>84,300</u>	<u>81,500</u>	<u>76,667</u>	<u>(4,833)</u>
Net change in fund balance	(11,000)	(8,000)	14,400	22,400
Fund balance, beginning of year	<u>74,649</u>	<u>74,649</u>	<u>74,649</u>	<u>-</u>
Fund balance, end of year	<u>\$ 63,649</u>	<u>\$ 66,649</u>	<u>\$ 89,049</u>	<u>\$ 22,400</u>

FRASER TOWNSHIP

SPECIAL REVENUE FUND – GARBAGE COLLECTION FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under)</i>
				<i>Final Budget</i>
Revenues:				
Charges for services	\$ 140,000	\$ 140,000	\$ 140,175	\$ 175
Interest and rents	500	1,000	9,365	8,365
Other revenue	-	-	72	72
Total revenues	<u>140,500</u>	<u>141,000</u>	<u>149,612</u>	<u>8,612</u>
Expenditures:				
Current				
Public works	<u>150,000</u>	<u>157,000</u>	<u>149,505</u>	<u>(7,495)</u>
Total expenditures	<u>150,000</u>	<u>157,000</u>	<u>149,505</u>	<u>(7,495)</u>
Net change in fund balance	(9,500)	(16,000)	107	16,107
Fund balance, beginning of year	<u>268,319</u>	<u>268,319</u>	<u>268,319</u>	<u>-</u>
Fund balance, end of year	<u>\$ 258,819</u>	<u>\$ 252,319</u>	<u>\$ 268,426</u>	<u>\$ 16,107</u>

OTHER SUPPLEMENTAL INFORMATION

FRASER TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF REVENUES

Year Ended March 31, 2007

Current Taxes:

Property taxes	\$ 96,284
Penalties and interest on taxes	9,193
Administration fees	26,356
	<u>131,833</u>

Licenses and permits:

Nonbusiness licenses and permits	594
CATV franchise fees	4,839
	<u>5,433</u>

State Grants:

Summer tax collection reimbursement	5,623
State revenue sharing - sales tax	229,698
Metro Act Authority	4,433
	<u>239,754</u>

Contribution from other units:

School election reimbursement	<u>889</u>
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Charges for services:

Copies	50
Zoning fees	1,295
Other	1,000
	<u>2,345</u>

Interest and rents:

Interest	15,524
Rents	12,107
	<u>27,631</u>

Other Revenue:

Special assessments	15,778
Cemetery lots/perpetual care	425
Loan repayments	7,088
Other	6,651
	<u>29,942</u>

Total revenues	<u>\$ 437,827</u>
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FRASER TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES

Year Ended March 31, 2007

General Government:

Board:

Personnel	\$ 4,830
Mileage	529
	<u>5,359</u>

Supervisor:

Personnel	17,124
Mileage	1,216
	<u>18,340</u>

Clerk:

Personnel	17,798
Contracted services	119
Mileage	521
	<u>18,438</u>

Audit:

Contracted services	<u>3,200</u>
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Board of Review:

Personnel	990
Printing and publications	146
	<u>1,136</u>

Treasurer:

Personnel	18,008
Contracted services	479
Mileage	813
	<u>19,300</u>

Assessor:

Personnel	21,981
Contracted services	700
Mileage	139
Education and training	30
Other	108
	<u>22,958</u>

Elections:

Personnel	3,370
Supplies	1,364
Printing and publications	77
	<u>4,811</u>

Building and Grounds:

Personnel	10,643
Supplies	2,375
Contracted services	7,468
Telephone	2,838
Insurance	8,179
Utilities	13,984
Repairs and maintenance	1,978
Other	1,722
	<u>49,187</u>

FRASER TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2007

General Government, continued:

Attorney:

Contracted services 4,747

Cemetery:

Contracted services 774

Other:

Personnel 549

Supplies 3,252

Contracted services 2,913

Education and training 6,897

Printing and publications 1,778

Other 15,109

30,498

Total general government 178,748

Public Safety:

Fire:

Contracted services 55,095

Public Works:

Drains:

Contracted services 4,901

Roads:

Contracted services 143,380

Street Lighting:

Utilities 6,563

Total public works 154,844

Health and Welfare:

Ambulance:

Contracted services 3,375

Community and Economic Development:

Planning:

Personnel 2,035

Contracted services 14,428

Printing and publications 60

16,523

FRASER TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2007

Community and Economic Development, continued:

Zoning:

Personnel	5,005
Supplies	161
Telephone	100
Mileage	71
Education and training	210
	<u>5,547</u>
Total community and economic development	<u>22,070</u>

Recreation and Culture:

Parks and Recreation:

Supplies	850
Contracted services	1,265
	<u>2,115</u>

Other:

Pension and fees	12,015
Payroll taxes	7,681
	<u>19,696</u>

Capital Outlay:

General government	725
	<u>725</u>

Total expenditures	<u>\$ 436,668</u>
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FRASER TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
March 31, 2007

	<i>Ambulance Fund</i>	<i>Capital Projects Fund</i>	<i>Total Nonmajor Governmental Funds</i>
Assets:			
Cash and cash equivalents	\$ 21,748	\$ 44,074	\$ 65,822
Accounts receivable	<u>2,940</u>	<u>6,197</u>	<u>9,137</u>
Total assets	<u>\$ 24,688</u>	<u>\$ 50,271</u>	<u>\$ 74,959</u>
Fund Balances:			
Unreserved:			
Special revenue funds	<u>24,688</u>	<u>50,271</u>	<u>74,959</u>
Total fund balances	<u>\$ 24,688</u>	<u>\$ 50,271</u>	<u>\$ 74,959</u>

FRASER TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2007

	<i>Ambulance Fund</i>	<i>Capital Projects Fund</i>	<i>Total Nonmajor Governmental Funds</i>
Revenues:			
State grants	\$ -	\$ 15,107	\$ 15,107
Charges for services	-	3,761	3,761
Interest and rents	23	-	23
Special assessments	28,100	-	28,100
Total revenues	<u>28,123</u>	<u>18,868</u>	<u>46,991</u>
Expenditures:			
Current			
Health and welfare	3,435	-	3,435
Capital outlay	<u>-</u>	<u>26,547</u>	<u>26,547</u>
Total expenditures	<u>3,435</u>	<u>26,547</u>	<u>29,982</u>
Net change in fund balances	24,688	(7,679)	17,009
Fund balances, beginning of year	<u>-</u>	<u>57,950</u>	<u>57,950</u>
Fund balances, end of year	<u>\$ 24,688</u>	<u>\$ 50,271</u>	<u>\$ 74,959</u>

FRASER TOWNSHIP

FIDUCIARY FUND – AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

March 31, 2007

Property Tax Collection Fund

	<u>April 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>March 31, 2007</u>
Assets:				
Cash and cash equivalents	\$ 75,005	\$ 2,533,368	\$ 2,602,352	\$ 6,021
Total assets	<u>\$ 75,005</u>	<u>\$ 2,533,368</u>	<u>\$ 2,602,352</u>	<u>\$ 6,021</u>
Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 449,052	\$ 445,948	\$ 3,104
Due to other governmental units	<u>75,005</u>	<u>2,084,316</u>	<u>2,156,404</u>	<u>2,917</u>
Total liabilities	<u>\$ 75,005</u>	<u>\$ 2,533,368</u>	<u>\$ 2,602,352</u>	<u>\$ 6,021</u>

FRASER TOWNSHIP

GOVERNMENTAL ACTIVITIES SCHEDULE OF INDEBTEDNESS

March 31, 2007

FIRE STATION LOAN

Issue dated November 22, 2000 in the amount of	\$	488,485
Less: Principal paid in prior years		(210,099)
Principal paid in current year		<u>(49,592)</u>
Balance payable at March 31, 2007	\$	<u>228,794</u>

<u>Fiscal</u> <u>Year Ended</u>	<u>Interest</u> <u>Rate</u>	<u>Principal due</u> <u>November 22,</u>	<u>Interest due</u> <u>November 22,</u>	<u>Total</u> <u>Annual</u> <u>Requirement</u>
2008	4.80%	\$ 52,464	\$ 13,247	\$ 65,711
2009	4.80%	55,501	10,210	65,711
2010	4.80%	58,715	6,996	65,711
2011	4.80%	<u>62,114</u>	<u>3,597</u>	<u>65,711</u>
		<u>\$ 228,794</u>	<u>\$ 34,050</u>	<u>\$ 262,844</u>

FRASER TOWNSHIP

BUSINESS-TYPE ACTIVITIES

SCHEDULE OF INDEBTEDNESS

March 31, 2007

BAY COUNTY WATER DISTRIBUTION SYSTEM (FRASER-KAWKAWLIN) BONDS FRASER'S PORTION 29.40%

Issue dated October 13, 1982 in the amount of	\$	438,060
Less: Principal paid in prior years		(173,460)
Principal paid in current year		<u>(13,230)</u>
Balance payable at March 31, 2007	\$	<u>251,370</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Principal due July 1,</i>	<i>Interest due July 1,</i>	<i>Interest due January 1,</i>	<i>Total Annual Requirement</i>
2008	5.00%	\$ 13,230	\$ 6,284	\$ 5,954	\$ 25,468
2009	5.00%	13,230	5,954	5,623	24,807
2010	5.00%	13,230	5,623	5,292	24,145
2011	5.00%	14,700	5,292	4,925	24,917
2012	5.00%	14,700	4,925	4,557	24,182
2013	5.00%	14,700	4,557	4,190	23,447
2014	5.00%	14,700	4,190	3,822	22,712
2015	5.00%	16,170	3,822	3,418	23,410
2016	5.00%	16,170	3,418	3,014	22,602
2017	5.00%	16,170	3,014	2,609	21,793
2018	5.00%	16,170	2,609	2,205	20,984
2019	5.00%	17,640	2,205	1,764	21,609
2020	5.00%	17,640	1,764	1,323	20,727
2021	5.00%	17,640	1,323	882	19,845
2022	5.00%	17,640	882	441	18,963
2023	5.00%	17,640	441	-	18,081
		<u>\$ 251,370</u>	<u>\$ 56,303</u>	<u>\$ 50,019</u>	<u>\$ 357,692</u>

FRASER TOWNSHIP

BUSINESS-TYPE ACTIVITIES

SCHEDULE OF INDEBTEDNESS

March 31, 2007

BAY COUNTY DEPARTMENT OF WATER AND SEWER 1997 REFUNDING BONDS FRASER'S PORTION 9.78%

Issue dated May 1, 1997 in the amount of	\$ 77,262
Less: Principal paid in prior years	(61,614)
Principal paid in current year	<u>(7,824)</u>
Balance payable at March 31, 2007	<u>\$ 7,824</u>

<u>Fiscal</u> <u>Year Ended</u>	<u>Interest</u> <u>Rate</u>	<u>Interest due</u> <u>August 1,</u>	<u>Principal due</u> <u>February 1,</u>	<u>Interest due</u> <u>February 1,</u>	<u>Total</u> <u>Annual</u> <u>Requirement</u>
2007	5.20%	\$ -	\$ 7,824	\$ 203	\$ 8,027

BAY COUNTY WATER SUPPLY SYSTEM (FRASER-KAWKAWLIN EXTENSION) BONDS FRASER'S PORTION 62.56%

Issue dated July 1, 1998 in the amount of	\$ 860,200
Less: Principal paid in prior years	(234,172)
Principal paid in current year	<u>(46,923)</u>
Balance payable at March 31, 2007	<u>\$ 579,105</u>

Balance payable as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Interest</u> <u>Rate</u>	<u>Principal due</u> <u>May 1,</u>	<u>Interest due</u> <u>May 1,</u>	<u>Interest due</u> <u>November 1,</u>	<u>Total</u> <u>Annual</u> <u>Requirement</u>
2008	4.85%	\$ 46,923	\$ 14,124	\$ 12,987	\$ 74,034
2009	4.85%	46,923	12,987	11,849	71,759
2010	4.85%	37,538	11,849	10,938	60,325
2011	4.85%	37,538	10,938	10,028	58,504
2012	4.85%	40,666	10,028	9,042	59,736
2013	4.85%	40,666	9,042	8,056	57,764
2014	4.85%	46,923	8,056	6,918	61,897
2015	4.85%	50,051	6,918	5,704	62,673
2016	4.85%	53,179	5,704	4,415	63,298
2017	4.90%	56,307	4,415	3,035	63,757
2018	4.95%	59,435	3,035	1,564	64,034
2019	5.00%	62,956	1,564	-	64,520
		<u>\$ 579,105</u>	<u>\$ 98,660</u>	<u>\$ 84,536</u>	<u>\$ 762,301</u>

FRASER TOWNSHIP

BUSINESS-TYPE ACTIVITIES

SCHEDULE OF INDEBTEDNESS

March 31, 2007

NOTE PAYABLE - 2001 WATER LINE EXTENSIONS

Issue dated December 12, 2001 in the amount of	\$	80,000
Less: Principal paid in prior years		(27,356)
Principal paid in current year		<u>(7,775)</u>
Balance payable at March 31, 2007	\$	<u>44,869</u>

<u>Fiscal</u> <u>Year Ended</u>	<u>Interest</u> <u>Rate</u>	<u>Principal due</u> <u>January 15,</u>	<u>Interest due</u> <u>January 15,</u>	<u>Total</u> <u>Annual</u> <u>Requirement</u>
2008	4.80%	\$ 8,102	\$ 2,202	\$ 10,304
2009	4.80%	8,499	1,804	10,303
2010	4.80%	8,916	1,387	10,303
2011	4.80%	9,354	949	10,303
2012	4.80%	<u>9,998</u>	<u>491</u>	<u>10,489</u>
		<u>\$ 44,869</u>	<u>\$ 6,833</u>	<u>\$ 51,702</u>

INSTALLMENT PURCHASE AGREEMENT - KAISER TOWER ROAD WATER LINE PROJEC

Issue dated December 1, 2005 in the amount of	\$	60,075
Less: Principal paid in prior years		-
Principal paid in current year		<u>(5,235)</u>
Balance payable at March 31, 2007	\$	<u>54,840</u>

<u>Fiscal</u> <u>Year Ended</u>	<u>Interest</u> <u>Rate</u>	<u>Principal due</u> <u>December 1,</u>	<u>Interest due</u> <u>December 1,</u>	<u>Total</u> <u>Annual</u> <u>Requirement</u>
2008	4.60%	\$ 5,107	\$ 2,523	\$ 7,630
2009	4.60%	5,342	2,288	7,630
2010	4.60%	5,588	2,042	7,630
2011	4.60%	5,845	1,785	7,630
2012	4.60%	6,114	1,516	7,630
2013	4.60%	6,395	1,235	7,630
2014	4.60%	6,689	941	7,630
2015	4.60%	6,997	633	7,630
2016	4.60%	<u>6,763</u>	<u>311</u>	<u>7,074</u>
		<u>\$ 54,840</u>	<u>\$ 13,274</u>	<u>\$ 68,114</u>