
Tobin & Co.

Blair Township

Grand Traverse County, Michigan

Audit Report

For the Year Ended June 30, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Blair Township	County Grand Traverse
Fiscal Year End 6/30/07	Opinion Date 11/20/07	Date Audit Report Submitted to State 12/19/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

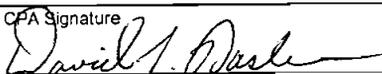
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

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

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Tobin & Co., P.C.	Telephone Number 231 947-0151		
Street Address 400 E. Eighth St.	City Traverse City	State MI	Zip 49686
Authorizing CPA Signature 	Printed Name David L. Basler	License Number 1101013418	

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INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the basic financial statements and the individual fund financial statements of Blair Township, Grand Traverse County, for the year ended June 30, 2007 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Blair Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

Your present Clerk, Treasurer and Deputies maintain receipts journals, disbursements journals, general ledgers and account books prescribed in the Uniform Accounting Procedures developed by the State Department of Treasury. Except for some shortcomings, the records were well maintained. In a separate management letter, we have addressed these shortcomings and suggested measures which, if adopted, will improve the accounting procedures and records. Both the noted shortcomings and suggested measures have been discussed with the appropriate officials and, in some instances, these suggestions have already been implemented or have begun to be implemented. Comments and recommendations regarding items other than the accounting procedures and records themselves are as follows:

Budgets and Procedures

The Township prepared and adopted budgets for its General and Special Revenue Funds. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. As noted in the "Notes to the Financial Statements", no cost centers exceeded their expenditure budgets without formal amendment by the Township Board.

General Fund

The General Fund is presented on Schedule 1 of this report. The fund balance at June 30, 2007 was \$589,347.

Fire and Police Fund

This fund, presented on Schedule 2, was established to account for a special levy of 2.5 mils for fire and police protection. The fund balance at June 30, 2007 was \$338,606 of which \$4,711 was restricted.

Ambulance Fund

This fund, presented on Schedule 3, is used to account for the special voted tax of 1.4314 mils for ambulance service, for fees received for ambulance runs and other income earmarked for this fund. Revenues for the audit year totaled \$604,458 and expenditures were \$551,284. The fund balance at June 30, 2007 was \$379,575 of which \$106,051 was restricted.

Liquor Law Enforcement Fund

This fund, presented on Schedule 4, is used to account for liquor license fees refunded by the State of Michigan. Such fees may be used only for enforcement of the State liquor laws. The fund balance at June 30, 2007 was \$4,432.

Property Tax Collections

The collection and distribution of the 2006 tax levy was handled in an excellent manner by the Township Treasurer. Paid receipts were filed in order of payment and supported by computer printouts. Deposits were made timely and intact. Distributions to taxing units during the collection period were in accordance with statutory requirements. The Treasurer's efforts in this important function are commendable.

See Schedule 6 for a summary of the 2006 tax levy and collections.

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Comments and Recommendations

Pension Plan

We noted that the Township has a pension plan for its elected officials and full-time employees through Municipal Retirement Systems, Inc. The Township pays 100% of the cost. The Board has amended its §218 Social Security agreement to include those covered by the pension plan.

Payroll Procedures

Payroll records were maintained in excellent order. Payroll tax returns and year-end reports were filed timely as required.

Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Municipal Underwriters of Michigan and has such coverage as fire and extended coverage, general liability, errors and omissions, auto liability, workmen's compensation, equipment and crime coverage. Board minutes indicate that coverage was reviewed during the audit year. The Supervisor, Clerk, Treasurer, and their deputies have specific surety bond coverage, along with a general surety bond covering all other employees.

Accounts Receivable

We noted that accounts receivable, covering charges for ambulance runs, are being maintained on a current basis by a contractual billing service. Billings are made each month, followed by a second and a final billing for uncollected accounts. Court action is taken on accounts of more than 90 days.

Other Data

We are pleased to note the use of interest bearing depository accounts, and the purchase of certificates of deposit and other investment practices which resulted in earned interest of \$147,823 during the audit year. This is commendable on the part of the Treasurer and other Board members.

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

We again commend the Clerk and Treasurer for the condition of the Township accounting records. We further appreciate the courtesy extended our field examiners in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

To the Township Board
Blair Township
Grand Traverse County
Grawn, Michigan 49637

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Blair Township as of and for the year ended June 30, 2007, which collectively comprise the Township's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Blair Township at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Blair Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.
Certified Public Accountants
November 20, 2007

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BLAIR TOWNSHIP MANAGEMENT DISCUSSION AND ANALYSIS

As the Township Board of the Blair Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Blair Township for the fiscal year ended June 30, 2007.

Financial Highlights

The assets of Blair Township exceeded its liabilities at the close of the most recent fiscal year by \$12,546,475 (net assets). Of this amount, \$11,619,020 (unrestricted net assets) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$1,331,960 (an increase of \$281,246 in comparison with the prior year). Approximately 92% of the total amount, \$1,221,198 is available for spending at the Township's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance for the general fund was \$589,347, or 72%, of the total general fund expenditures.

The Township's total debt was \$11,346,960 at the end of the current fiscal year.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include general government, public safety, road projects, and recreation. The business-type activities of the Township include the water system and sewer system.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Blair Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds:

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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Blair Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire and Police Fund and Ambulance Fund, which are considered to be major funds. Data from the other governmental fund is presented in a single column. Individual fund data for this non-major governmental fund is provided in the form of a statement elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

Proprietary Funds – Blair Township maintains two proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its water and sewer activity.

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

The basic fiduciary fund financial statement can be found on page 23 of this report.

Notes to the Financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 30 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 31 through 40 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve, over time, as a useful indicator of a government’s financial position. In the case of Blair Township, assets exceeded liabilities by \$12,546,475 at the close of the most recent fiscal year.

The Township used its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Blair Township Net Assets

	Governmental Activities 2007	Governmental Activities 2006	Business Activities 2007	Business Activities 2006	Total 2007	Total 2006
Current and Other Assets	\$ 1,385,635	\$ 1,125,260	\$ 10,455,958	\$ 12,101,212	\$ 11,841,593	\$ 13,226,472
Capital Assets	872,334	795,932	11,179,508	9,808,877	12,051,842	10,604,809
Total Assets	2,257,969	1,921,192	21,635,466	21,910,089	23,893,435	23,831,281
Current and Other Liabilities	32,070	39,114	100,753	52,190	132,823	91,304
Long-term Liabilities	-	21,659	11,214,137	11,540,504	11,214,137	11,562,163
Total Liabilities	32,070	60,773	11,314,890	11,592,694	11,346,960	11,653,467
Net Assets:						
Invested in Capital Assets, Net of Related Debt	872,334	774,273	55,121	(1,731,627)	927,455	(957,354)
Unrestricted	1,353,565	1,086,146	10,265,455	12,049,022	11,619,020	13,135,168
Total Net Assets	\$ 2,225,899	\$ 1,860,419	\$ 10,320,576	\$ 10,317,395	\$ 12,546,475	\$ 12,177,814

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At the end of the current fiscal year, the Township is able to report positive balances in unrestricted net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The Township's net assets increased by \$368,661 during the current fiscal year as discussed below.

Governmental Activities – Governmental activities increased the Township's net assets by \$365,480.

Business-type Activities – Business-type activities increased the Township's net assets by \$3,181.

	Governmental Activities 2007	Governmental Activities 2006	Business Activities 2007	Business Activities 2006	Total 2007	Total 2006
Program Revenues:						
Charges for Services	\$ 383,356	\$ 374,872	\$ 865,155	\$ 1,183,964	\$ 1,248,511	\$ 1,558,836
Operating Grants and Contributions	11,988	61,010	-	5,857,913	11,988	5,918,923
General Revenues:						
Property Taxes	1,011,297	871,446	-	-	1,011,297	871,446
State Shared Revenues	463,988	470,943	-	-	463,988	470,943
Unrestricted Investment Earnings	52,290	31,559	219,524	158,588	271,814	190,147
Miscellaneous	117,623	33,316	-	-	117,623	33,316
Total Revenues	<u>2,040,542</u>	<u>1,843,146</u>	<u>1,084,679</u>	<u>7,200,465</u>	<u>3,125,221</u>	<u>9,043,611</u>
Program Expenses:						
Legislative	234,056	111,358	-	-	234,056	111,358
General Government	393,001	483,367	-	-	393,001	483,367
Public Safety	1,010,701	972,995	-	-	1,010,701	972,995
Public Works	20,762	16,511	1,081,498	752,489	1,102,260	769,000
Recreation and Cultural	15,644	20,301	-	-	15,644	20,301
Interest on Long-term Debt	898	1,761	-	-	898	1,761
Total Expenses	<u>1,675,062</u>	<u>1,606,293</u>	<u>1,081,498</u>	<u>752,489</u>	<u>2,756,560</u>	<u>2,358,782</u>
Change in Net Assets	<u>\$ 365,480</u>	<u>\$ 236,853</u>	<u>\$ 3,181</u>	<u>\$ 6,447,976</u>	<u>\$ 368,661</u>	<u>\$ 6,684,829</u>

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Township's Funds

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirement.

Governmental Funds – The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,331,960, an increase of \$281,246 in comparison with the prior year. 92% of this total amount (\$1,221,198) constitutes unreserved fund balance, which is available for spending at the Township's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to fire membership incentives (\$4,711) and ambulance replacement (\$106,051).

General Fund Highlights

During the fiscal year 2006-2007 there was an ending balance of \$589,347, an increase of \$122,795.

Fire and Police Fund Highlights

The Fire and Police Fund ended the 2006-2007 fiscal year with a balance of \$338,606, an increase of \$102,985 over the prior fiscal year.

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Ambulance Fund Highlights

The Ambulance Fund ended the fiscal year 2006-2007 with a balance of \$399,575, an increase of \$53,174 over the prior fiscal year.

Capital Asset and Debt Administration

Capital Assets – The Township’s investment in capital assets for its governmental and business-type activities as of June 30, 2007 amounts to \$11,944,277 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and sewer systems, improvements, machinery and equipment, park facilities, etc.

Details of the Township’s capital assets are contained in the notes to the financial statements on page 28.

Long-term debt – At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$11,214,137. This amount comprises debt backed by the full faith and credit of the government.

Additional information on the Township’s long-term debt can be found in the notes on pages 28.

Economic Factors and Next Year’s Budget and Rates

The State of Michigan has an uncertain budget and townships are expecting lower revenue sharing. Blair Township will continue to monitor its revenues for shortfalls and take measures to insure the integrity of its financial condition. The Township’s millage rate has been rolled back again by the Headless Amendment to .8250 mills for general operations. These factors were considered in preparing the Township’s budget for the 2007-2008 fiscal year. The general fund budget appropriated expenditures in excess of revenues in the amount of \$19,021.

Blair Township is looking at the possibility of purchasing a new ambulance in 2008. The sewer project is now finished in the commercial district and business establishments should increase, therefore increasing our tax base. The land for our future water tower has been purchased. The Township is also studying possible water capacity expansion and is exploring possible locations for a future well field. The Township has hired a consulting firm that is researching the feasibility of a Township Fire Department. The paramedic “Echo” unit has been purchased. The new playground, which was funded by fund raising, is two thirds finished and is expected to be fully completed in the summer of 2008.

Requests for Information

This financial report is designed to provide a general overview of Blair Township’s finances for all those with an interest in the Township’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor, Blair Township, 2121 County Road 633, Grawn, MI 49637. Phone (231) 276-9263.

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Blair Township
Statement of Net Assets
June 30, 2007

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 1,275,748	\$ 3,758,689	\$ 5,034,437
Investments	-	499,923	499,923
Accounts Receivable	73,359	74,273	147,632
Allowance for Uncollectible Accounts	(25,000)	-	(25,000)
Special Assessments Receivable	9,124	6,033,323	6,042,447
Due from Other Funds	5,808	-	5,808
Prepaid Expenses	46,596	-	46,596
Capital Assets:			
Land	105,748	-	105,748
Other Capital Assets, Net of Depreciation	659,021	11,179,508	11,838,529
Intangible Assets, Net of Amortization	<u>107,565</u>	<u>89,750</u>	<u>197,315</u>
Total Assets	<u>2,257,969</u>	<u>21,635,466</u>	<u>23,893,435</u>
 <u>Liabilities</u>			
Accounts Payable and Accrued Expenses	32,070	100,753	132,823
Long-term Liabilities:			
Due Within One Year	-	428,334	428,334
Due in More Than One Year	<u>-</u>	<u>10,785,803</u>	<u>10,785,803</u>
Total Liabilities	<u>32,070</u>	<u>11,314,890</u>	<u>11,346,960</u>
 <u>Net Assets</u>			
Invested in Capital Assets and Intangible Assets, Net of Related Debt	872,334	55,121	927,455
Unrestricted net assets of special revenue funds:			
Fire and Police Protection	338,606	-	338,606
Ambulance Service	399,575	-	399,575
Liquor Inspections	4,432	-	4,432
Unrestricted	<u>610,952</u>	<u>10,265,455</u>	<u>10,876,407</u>
Total Net Assets	<u>\$ 2,225,899</u>	<u>\$10,320,576</u>	<u>\$12,546,475</u>

See Accompanying Notes to Basic Financial Statements

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Blair Township Statement of Activities June 30, 2007

Functions/Programs	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Legislative	\$ 234,056	\$ -	\$ -	\$ (234,056)	\$ -	\$ (234,056)
General Government	393,001	97,875	-	(295,126)	-	(295,126)
Public Safety	1,010,701	285,481	3,387	(721,833)	-	(721,833)
Public Works	20,762	-	8,601	(12,161)	-	(12,161)
Recreation and Cultural	15,644	-	-	(15,644)	-	(15,644)
Interest on Long-term Debt	<u>898</u>	<u>-</u>	<u>-</u>	<u>(898)</u>	<u>-</u>	<u>(898)</u>
Total Governmental Activities	<u>1,675,062</u>	<u>383,356</u>	<u>11,988</u>	<u>(1,279,718)</u>	<u>-</u>	<u>(1,279,718)</u>
Business-type Activities:						
Water	643,682	543,635	3,695	-	(96,352)	(96,352)
Sewer	<u>437,816</u>	<u>317,825</u>	<u>-</u>	<u>-</u>	<u>(119,991)</u>	<u>(119,991)</u>
Total Business-type Activities	<u>1,081,498</u>	<u>861,460</u>	<u>3,695</u>	<u>-</u>	<u>(216,343)</u>	<u>(216,343)</u>
General Revenues:						
Property Taxes				1,011,297	-	1,011,297
Grants and Contributions Not Restricted To Specific Programs				463,988	-	463,988
Unrestricted Investment Earnings				52,290	219,524	271,814
Miscellaneous				<u>117,623</u>	<u>-</u>	<u>117,623</u>
Total General Revenues				1,645,198	219,524	1,864,722
Change in Net Assets				365,480	3,181	368,661
Net Assets – Beginning				<u>1,860,419</u>	<u>10,317,395</u>	<u>12,177,814</u>
Net Assets – Ending				<u>\$ 2,225,899</u>	<u>\$10,320,576</u>	<u>\$12,546,475</u>

See Accompanying Notes to Basic Financial Statements

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Blair Township Balance Sheet Governmental Funds June 30, 2007

	General	Fire and Police	Ambulance	Non-Major Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and Cash Equivalents	\$ 570,093	\$ 336,798	\$ 362,534	\$ 6,323	\$ 1,275,748
Accounts Receivable, Net	16,182	-	32,177	-	48,359
Due from Other Funds	7,699	1,808	4,864	-	14,371
Prepaid Expenses	3,892	-	-	-	3,892
Total Assets	\$ 597,866	\$ 338,606	\$ 399,575	\$ 6,323	\$ 1,342,370
 <u>Liabilities and Fund Balances</u>					
<u>Liabilities:</u>					
Accounts Payable and Accrued Expenses	\$ 1,847	\$ -	\$ -	\$ -	\$ 1,847
Due to Other Funds	6,672	-	-	1,891	8,563
Total Liabilities	8,519	-	-	1,891	10,410
 <u>Fund Balances:</u>					
Restricted for:					
Membership Incentive	-	4,711	-	-	4,711
Ambulance Replacement	-	-	106,051	-	106,051
Unrestricted	589,347	333,895	293,524	4,432	1,221,198
Total Fund Balances	589,347	338,606	399,575	4,432	1,331,960
Total Liabilities and Fund Balances	\$ 597,866	\$ 338,606	\$ 399,575	\$ 6,323	

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

Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.	872,334
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	51,828
Long-term accrued expenses in the statement of activities are not current period fund expenditures.	(30,223)
Net assets of governmental activities.	\$ 2,225,899

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	General	Fire and Police	Ambulance	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>					
Taxes	\$ 207,576	\$ 497,437	\$ 306,284	\$ -	\$ 1,011,297
Licenses and Permits	76,142	-	-	-	76,142
State Grants	472,589	-	-	3,387	475,976
Charges for Services	21,733	3,000	282,481	-	307,214
Interest and Rents	47,388	13,623	11,279	-	72,290
Other	111,859	10,474	4,414	-	126,747
Total	937,287	524,534	604,458	3,387	2,069,666
<u>Expenditures</u>					
Legislative	117,616	-	-	-	117,616
General Government	315,357	-	-	-	315,357
Public Safety	62,272	397,165	441,833	1,022	902,292
Public Works	14,569	-	-	-	14,569
Recreation and Cultural	9,721	-	-	-	9,721
Employee Benefits and Insurance	175,003	18,696	41,272	73	235,044
Debt Service	-	-	22,557	-	22,557
Capital Outlay	119,954	5,688	45,622	-	171,264
Total	814,492	421,549	551,284	1,095	1,788,420
Excess Revenues (Expenditures) and Net Change in Fund Balances	122,795	102,985	53,174	2,292	281,246
Fund Balance – Beginning of Year	466,552	235,621	346,401	2,140	1,050,714
Fund Balance – End of Year	\$ 589,347	\$ 338,606	\$ 399,575	\$ 4,432	\$ 1,331,960

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Of Governmental Activities
For the Year Ended June 30, 2007

Net change in fund balances – total governmental funds	\$ 281,246
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.	76,493
Some revenues providing financial resources in the governmental funds are a payment of receivables in the statement of net assets and are not reported in the statement of activities.	(9,124)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayment during the period.	21,659
Some expenditures reported in the governmental funds are deferred and are not reported as expenses in the statement of activities.	<u>(4,794)</u>
Changes in net assets of governmental activities	<u>\$ 365,480</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township
Statement of Net Assets
Enterprise Water Fund
June 30, 2007

Assets

Cash and Cash Equivalents	\$ 1,192,005
Investments	499,923
Accounts Receivable	73,840
Special Assessments Receivable	1,453,408
Capital Assets:	
Other Capital Assets, Net of Depreciation	6,650,352
Intangible Assets, Net of Amortization	<u>41,084</u>
Total Assets	<u>9,910,612</u>

Liabilities

Accounts Payable and Accrued Expenses	47,907
Long-term Liabilities:	
Due Within One Year	228,334
Due in More Than One Year	<u>5,471,625</u>
Total Liabilities	<u>5,747,866</u>

Net Assets

Invested in Capital and Intangible Assets, Net of Related Debt	55,121
Unrestricted	<u>4,107,625</u>
Total Net Assets	<u>\$ 4,162,746</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township
Statement of Net Assets
Enterprise Sewer Fund
June 30, 2007

Assets

Cash and Cash Equivalents	\$ 2,566,684
Accounts Receivable	433
Special Assessments Receivable	4,579,915
Capital Assets:	
Other Capital Assets, Net of Depreciation	4,529,156
Intangible Assets, Net of Amortization	<u>48,666</u>
Total Assets	<u>11,724,854</u>

Liabilities

Accounts Payable and Accrued Expenses	52,846
Long-term Liabilities:	
Due Within One Year	200,000
Due in More Than One Year	<u>5,314,178</u>
Total Liabilities	<u>5,567,024</u>

Net Assets

Invested in Capital and Intangible Assets, Net of Related Debt	(936,356)
Unrestricted	<u>7,094,186</u>
Total Net Assets	<u>\$ 6,157,830</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township
Statement of Revenues, Expenses and Changes in Net Assets
Enterprise Water Fund
For the Year Ended June 30, 2007

<u>Operating Revenues</u>	
State Grant	\$ 3,695
Usage and Connection Fees	434,853
Interest and Penalties on Special Assessments	90,632
Tower Rental	<u>18,150</u>
Total	<u>547,330</u>
<u>Operating Expenses</u>	
Salaries and Wages	20,600
Payroll Taxes	3,152
Pension	2,266
Postage	3,778
Supplies	4,798
Contractual Services	119,967
Insurance	4,698
Utilities	29,993
Maintenance and Repairs	1,556
Miscellaneous	1,648
Depreciation	158,195
Amortization	2,568
Debt Service:	
Interest	290,176
Fees	<u>287</u>
Total	<u>643,682</u>
Operating Income (Loss)	<u>(96,352)</u>
<u>Non-operating Income</u>	
Interest	<u>84,135</u>
Total	<u>84,135</u>
Net Income (Loss)	(12,217)
Net Assets – Beginning of Year	<u>4,174,963</u>
Net Assets – End of Year	<u>\$ 4,162,746</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township
Statement of Revenues, Expenses and Changes in Net Assets
Enterprise Sewer Fund
For the Year Ended June 30, 2007

<u>Operating Revenues</u>	
Usage and Connection Fees	\$ 59,412
Interest and Penalties on Special Assessments	<u>258,413</u>
Total	<u>317,825</u>
<u>Operating Expenses</u>	
Supplies	1,312
Contractual Services	36,815
Insurance	3,648
Utilities	1,708
Maintenance and Repairs	2,150
Miscellaneous	9,121
Depreciation	53,464
Amortization	2,561
Capacity Lease	71,637
Debt Service:	
Interest	<u>255,400</u>
Total	<u>437,816</u>
Operating Income (Loss)	<u>(119,991)</u>
<u>Non-operating Income</u>	
Interest	<u>135,389</u>
Total	<u>135,389</u>
Net Income	15,398
Net Assets – Beginning of Year	<u>6,142,432</u>
Net Assets – End of Year	<u>\$ 6,157,830</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township
Statement of Cash Flows
Enterprise Water Fund
For the Year Ended June 30, 2007

Operating Activities

Collection of State Grant	\$ 3,695
Collection of Usage and Connection Fees	393,149
Collection of Special Assessments	99,271
Collection of Interest	84,135
Collection of Tower Rent	18,150
Deduct Expenses Using Cash and Cash Equivalents	<u>(484,204)</u>
Net Cash Flow From Operating Activities	<u>114,196</u>

Investing Activities

Purchase of Capital Assets	<u>(87,005)</u>
Net Cash Flow (Used In) Investing Activities	<u>(87,005)</u>

Capital Financing Activities

Sale of Investments	283,646
Collection of Special Assessments	165,562
Principal Payment on Bonds	(174,125)
Principal Payments on Installment Contract	<u>(53,333)</u>
Net Cash Flow From Capital Financing Activities	<u>221,750</u>

<u>Net Increase in Cash</u>	248,941
<u>Balance of Cash – Beginning of Year</u>	<u>943,064</u>
<u>Balance of Cash – End of Year</u>	<u>\$ 1,192,005</u>

Reconciliation of Net (Loss) and Net Cash Flow From Operating Activities

Net Income (Loss)	\$ (12,217)
Adjustments to Reconcile Net Earnings:	
(Increase) in Receivables	(33,065)
(Decrease) in Payables	(1,285)
Depreciation of Water System	158,195
Amortization of Bond Acquisition Costs	<u>2,568</u>
Net Cash Flow From Operating Activities	<u>\$ 114,196</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township
Statement of Cash Flows
Enterprise Sewer Fund
For the Year Ended June 30, 2007

Operating Activities

Collection of Usage and Connection Fees	\$ 58,979
Collection of Special Assessments	258,413
Collection of Interest	135,389
Deduct Expenses Using Cash and Cash Equivalents	<u>(331,943)</u>
Net Cash Flow From Operating Activities	<u>120,838</u>

Investing Activities

Purchase of Capital Assets	<u>(1,590,164)</u>
Net Cash Flow (Used In) Investing Activities	<u>(1,590,164)</u>

Capital Financing Activities

Collection of Special Assessments	343,948
Bond Payments	<u>(98,909)</u>
Net Cash Flow From Capital Financing Activities	<u>245,039</u>

Net Decrease in Cash (1,224,287)

Balance of Cash – Beginning of Year 3,790,971

Balance of Cash – End of Year \$ 2,566,684

Reconciliation of Net Income and Net Cash Flow From Operating Activities

Net Income	\$ 15,398
Adjustments to Reconcile Net Earnings:	
(Increase) in Receivables	(433)
Increase in Payables	49,848
Depreciation of Sewer System	53,464
Amortization of Bond Acquisition Costs	<u>2,561</u>
Net Cash Flow From Operating Activities	<u>\$ 120,838</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township
Statement of Fiduciary Net Assets
June 30, 2007

Assets

Cash	\$ 14,507
Total Assets	<u>14,507</u>

Liabilities

Undistributed Taxes and Interest	9,641
Due to Other Funds	5,000
Escrow Deposits	<u>(134)</u>
Total Liabilities	<u>14,507</u>
Net Assets	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township
Notes to Financial Statements
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Blair Township is a general law township located in Grand Traverse County. Population as of the 2000 census was 6,448, and the current taxable valuation for taxable property is \$214,099,373.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Proprietary Funds – These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included in the statement of net assets.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Tobin & Co.

Blair Township
Notes to Financial Statements
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns or business-type activities in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Building Improvements	25 years
Land Improvements	20 years
Furniture and Fixtures	10 years
Vehicles	10 years
Equipment	5 years

Tobin & Co.

Blair Township
Notes to Financial Statements
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

G. Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

H. Prepaid Items

Prepaid balances are for payments made by the Township in the current year to provide services accruing in subsequent fiscal years.

I. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	<u>SEV</u>	<u>Taxable Value</u>	<u>Millage Rate</u>
General Operating	\$259,632,572	\$214,099,373	.8511
Fire and Police	\$244,530,672	\$198,997,473	2.500
Emergency Service	\$259,632,572	\$214,099,373	1.4614

J. Use of Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at June 30, 2007.
- C. Public Act 621 of 1978, §18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended June 30, 2007, no cost centers exceeded their appropriation without formal budget amendment.

Tobin & Co.

Blair Township
Notes to Financial Statements
June 30, 2007

E 3 -

DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$4,159,597 deposited with local financial institutions at June 30, 2007 with a carrying value of \$3,989,858. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$3,167,699 of uninsured deposits at June 30, 2007. Investments at June 30, 2007 consisted of \$499,923 of commercial paper held by a local financial institution and fully insured. In addition the Township had cash at Grand Traverse County as fiscal agent. The insured status of these amounts is unknown.

Tobin & Co.

Blair Township
Notes to Financial Statements
June 30, 2007

NOTE 4 - CAPITAL/INTANGIBLE ASSETS

	<u>6/30/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/07</u>
Governmental Activities:				
Land and Improvements	\$ 233,105	\$ 2,500	\$ -	\$ 235,605
Buildings and Improvements	517,127	-	-	517,127
Vehicles and Equipment	735,446	163,182	4,985	893,643
 Total	 1,485,678	 165,682	 4,985	 1,646,375
Less Accumulated Depreciation	(803,595)	(82,996)	(4,985)	(881,606)
 Governmental Activities Assets, Net	 \$ 682,083	\$ 82,686	\$ -	\$ 764,769
 Business-type Activities:				
Building Improvements	\$ 21,609	\$ -	\$ -	\$ 21,609
Water System	7,672,172	-	-	7,672,172
Equipment	30,768	-	-	30,768
Sewer System	2,992,456	1,590,164	-	4,582,620
 Total	 10,717,005	 1,590,164	 -	 12,307,169
Less Accumulated Depreciation	(1,003,007)	(211,659)	-	(1,214,666)
 Business-type Activities Capital Assets, Net	 \$ 9,713,998	\$ 1,378,505	\$ -	\$ 11,092,503

Governmental intangible assets at June 30, 2007 consisted of major improvements to roads owned and maintained by Grand Traverse County: Road costs of \$123,859 less accumulated amortization of \$16,203. Business-type intangible assets consisted of bond origination costs of \$115,421 less accumulated amortization of \$25,671.

NOTE 5 - LONG-TERM DEBT

On July 1, 1998 Grand Traverse County issued \$6,550,000 of Water System Improvements Project Bonds at interest rates ranging from 4.75 % to 5.2% with principal payments due November 1 and interest payments due May 1 and November 1. The proceeds were used to construct a water system in Blair Township.

A \$480,000 non-interest bearing installment purchase agreement dated July 21, 1998 was entered into with Cherryland Rural Electrical Cooperative. Monthly principal only payments of \$4,444 began August 1, 1999. The proceeds were used to construct a water system for Blair Township.

On January 14, 2003, the Township entered into an installment lease purchase agreement for the purchase of a new ambulance. Interest and principal payments are due January 14 with interest at 4.15%.

On October 20, 2005 Grand Traverse County issued \$5,675,000 of Sewer System Improvement Project Bonds at interest rates ranging from 3% to 4.3% with principal payments due November 1 and interest payments May 1 and November 1. The proceeds were used to construct a sewer system in Blair Township.

	<u>Balance</u> <u>6/30/06</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/07</u>
Water System Improvement Project Bonds	\$ 5,850,000	\$ -	\$ 175,000	\$ 5,675,000
Rural Electrical Cooperative Installment Note	106,667	-	53,333	53,334
Ambulance Installment Note	21,659	-	21,659	-
Sewer System Improvements Project Bonds	5,675,000	-	100,000	5,575,000
 Total	 11,653,326	 -	 349,992	 11,303,334
Less Discounts	(91,163)	-	(1,966)	(89,197)
	 \$ 11,562,163	\$ -	\$ 348,026	\$ 11,214,137

Tobin & Co.

Blair Township
Notes to Financial Statements
June 30, 2007

NOTE 5 - LONG-TERM DEBT (Continued)

Debt services requirements to maturity:

	<u>Water and Sewer System</u>		<u>Water System</u>
	<u>Improvements</u>	<u>Projects Bonds</u>	<u>Improvements</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2007	\$ 375,000	\$ 499,775	\$ 26,666
2008	425,000	485,362	26,668
2009	450,000	467,976	
2010	525,000	449,975	
2011	525,000	427,981	
2012	575,000	405,325	
2013	575,000	380,463	
2014	650,000	353,661	
2015	650,000	324,950	
2016	650,000	295,325	
2017	650,000	265,300	
2018	700,000	235,275	
2019	725,000	202,175	
2020	750,000	167,700	
2021	750,000	132,506	
2022	750,000	97,138	
2023	775,000	61,019	
2024	375,000	24,187	
2025	<u>375,000</u>	<u>8,063</u>	
	<u>\$ 11,250,000</u>	<u>\$ 5,284,156</u>	<u>\$ 53,334</u>

NOTE 6 - INVENTORIES

Blair Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

NOTE 7 - PENSION PLAN

The Blair Township Pension Plan is a defined contribution pension plan administered by Municipal Retirement Systems, Inc. By Board resolution, the Township pays the entire cost of the plan, based on 11% of the total of participants' prior year forms W-2.

The plan covers all elected officials, deputies, and all full-time employees.

Contributions are 100% vested to the employee after six years of service.

The plan is administered by the Township Clerk.

During the year of audit, the total contribution for the plan year, February 1, 2006 to January 31, 2007 was \$68,622. Covered payroll for the year was \$623,835 with total payroll for all employees \$772,136. The plan was funded at the required amount.

Tobin & Co.

Blair Township
Notes to Financial Statements
June 30, 2007

NOTE 8 - DEFERRED COMPENSATION PLAN

Blair Township offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by the Township Clerk and is available to all full-time employees. The plan allows employees to defer a portion of their salary until a future date. It becomes available to the employee at death, termination, retirement or disability.

NOTE 9 - ACCOUNTS RECEIVABLE

Accounts receivable of \$16,181 in the General Fund represents \$15,142 of cable franchise fees, and \$1,039 of election cost reimbursement from a local school district of the audit year collected after July 1, 2007. \$57,178 in the Ambulance Fund represents amounts due from individuals for ambulance service. \$73,840 in the Water Fund represents unpaid water bills.

NOTE 10- CONTINGENT LIABILITIES

The Township is aware of no contingent liabilities at June 30, 2007.

NOTE 11- COMPENSATED ABSENCES

Full-time Township employees (scheduled to work a minimum of 24 hours per week) earn non-cumulative vacation leave based upon average hours per work week and years of service. They also earn sick leave at ½ day per month, not to exceed twelve days at any given point in time. Salaried employees are paid for all sick days with no accrual of days.

NOTE 12- RISK MANAGEMENT

The Township 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. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

NOTE 13- SEGMENT INFORMATION – ENTERPRISE FUND

The Township maintains enterprise funds which provide water and sewer services. Segment information for the year ended June 30, 2007 was as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating Revenues	\$ 547,330	\$ 317,825	\$ 865,155
Depreciation and Amortization Expense	160,763	56,025	216,788
Operating Income (Loss)	(96,352)	(119,991)	(216,343)
Net Income(Loss)	(12,217)	15,398	3,181
Net Working Capital	1,582,728	2,314,271	3,896,999
Total Assets	9,910,612	11,724,854	21,635,466
Bonds and Other Long-Term Liabilities:			
Payable from Operating Revenues	5,699,959	5,514,178	11,214,137
Total Equity	4,162,746	6,157,830	10,320,576

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
General Fund
For the Year Ended June 30, 2007

Schedule 1
Page 1

<u>Revenues</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Property Taxes	\$ 170,000	\$ 170,000	\$ 185,247	\$ 15,247
Swamp Tax	2,300	2,300	2,165	(135)
Trailer Park Fees	900	900	936	36
Special Assessments – Roads and Lights	22,000	22,000	19,228	(2,772)
Licenses and Permits:				
Permits	25,000	25,000	16,252	(8,748)
Cable TV Franchise Fees	51,500	51,500	59,890	8,390
State Grants:				
State Shared Revenues	400,000	400,000	463,988	63,988
Metro Act	-	-	8,601	8,601
Charges for Services:				
Tax Collection Fees	14,000	14,000	14,765	765
Other	5,000	5,000	6,968	1,968
Interest and Rents:				
Interest	12,000	12,000	27,388	15,388
Rent	20,000	20,000	20,000	-
Other:				
Refunds and Reimbursements	6,000	6,000	7,548	1,548
Donations	-	101,770	104,311	2,541
Total Revenues	728,700	830,470	937,287	106,817
 <u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	28,172	-
Supplies and postage	-	-	5,287	-
Professional Services	-	-	28,076	-
Other Contracted Services	-	-	46,633	-
Dues	-	-	3,821	-
Printing and Advertising	-	-	5,214	-
Education and Training	-	-	350	-
Other	-	-	63	-
Total	121,052	121,052	117,616	3,436
Total Legislative	121,052	121,052	117,616	3,436

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2007

Schedule I
Page 2

Expenditures (Continued)	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	39,684	-
Supplies	-	-	297	-
Mileage and Travel	-	-	235	-
Education and Training	-	-	385	-
Total	44,308	44,308	40,601	3,707
Elections:				
Salaries and Wages	-	-	15,437	-
Supplies and Postage	-	-	5,102	-
Other Services	-	-	353	-
Mileage and Travel	-	-	13	-
Education and Training	-	-	358	-
Publishing	-	-	1,160	-
Total	23,200	23,200	22,423	777
Assessor:				
Salaries and Wages	-	-	32,391	-
Salaries and Wages - Clerical	-	-	18,285	-
Supplies and Postage	-	-	4,810	-
Other Services	-	-	1,365	-
Contractual Services	-	-	2,852	-
Dues	-	-	150	-
Mileage and Travel	-	-	59	-
Total	71,889	71,889	59,912	11,977
Clerk:				
Salaries and Wages	-	-	42,021	-
Salaries and Wages - Deputy	-	-	25,793	-
Supplies and Postage	-	-	1,782	-
Other Services	-	-	375	-
Professional Services	-	-	50	-
Mileage and Travel	-	-	303	-
Printing and Publishing	-	-	40	-
Total	73,771	73,771	70,364	3,407
Board of Review:				
Salaries and Wages	-	-	1,320	-
Printing and Publishing	-	-	123	-
Education and Training	-	-	65	-
Total	2,400	2,400	1,508	892

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
General Fund
For the Year Ended June 30, 2007

Schedule I
Page 3

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
Expenditures (Continued)	Original	Final		
General Government (Continued):				
Treasurer:				
Salaries and Wages	-	-	36,878	-
Salaries and Wages – Deputy	-	-	21,557	-
Supplies and Postage	-	-	8,157	-
Other Services	-	-	1,010	-
Professional Services	-	-	45	-
Mileage and Travel	-	-	374	-
Printing and Publishing	-	-	324	-
Education and Training	-	-	770	-
Total	76,508	75,194	69,115	6,079
Township Hall and Grounds:				
Salaries and Wages	-	-	21,297	-
Supplies	-	-	4,746	-
Other Services	-	-	2,354	-
Telephone	-	-	2,089	-
Public Utilities	-	-	8,028	-
Maintenance and Repairs	-	-	4,819	-
Mileage and Travel	-	-	789	-
Total	52,957	52,957	44,122	8,835
Cemetery:				
Salaries and Wages	-	-	4,014	-
Supplies	-	-	1,042	-
Public Utilities	-	-	366	-
Maintenance and Repairs	-	-	1,890	-
Total	9,716	9,716	7,312	2,404
Total General Government	354,749	353,435	315,357	38,078
Public Safety:				
Planning and Zoning:				
Salaries and Wages	-	-	53,675	-
Supplies and Postage	-	-	3,298	-
Outside Services	-	-	2,025	-
Mileage and Travel	-	-	761	-
Printing and Publishing	-	-	2,320	-
Education and Training	-	-	193	-
Total	94,350	94,350	62,272	32,078
Total Public Safety	94,350	94,350	62,272	32,078

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2007

Schedule 1
Page 4

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Public Works:				
Road Maintenance and Improvements	3,500	3,500	-	3,500
Street Lighting	16,000	16,000	14,569	1,431
Total Public Works	19,500	19,500	14,569	4,931
Recreation and Cultural:				
Parks and Recreation:				
Salaries and Wages	-	-	4,614	-
Supplies	-	-	1,857	-
Other Services	-	-	3,085	-
Maintenance and Repairs	-	-	165	-
Total	12,250	12,250	9,721	2,529
Total Recreation and Cultural	12,250	12,250	9,721	2,529
Other:				
Employee Benefits and Insurance	186,188	186,188	175,003	11,185
Capital Outlay	23,750	125,520	119,954	5,566
Contingency	25,000	25,000	-	25,000
Total Expenditures	836,839	937,295	814,492	122,803
<u>Excess Revenues (Expenditures)</u>	(1) \$ (108,139)	\$ (106,825)	122,795	\$ 229,620
Fund Balance – Beginning of Year			466,552	
Fund Balance – End of Year			\$ 589,347	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Fire and Police Fund
For the Year Ended June 30, 2007

Schedule 2

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes:			
Current Property Taxes	\$ 486,332	\$ 497,437	\$ 11,105
Charges for Services:			
Extrication Fees	4,500	3,000	(1,500)
Interest and Rents:			
Interest	1,200	9,623	8,423
Rents	4,000	4,000	-
Other:			
Donations and Reimbursements	9,000	10,474	1,474
Other	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
Total	<u>506,532</u>	<u>524,534</u>	<u>18,002</u>
<u>Expenditures</u>			
Salaries and Wages	-	99,540	-
Salaries and Wages - Contractual	-	64,934	-
Social Security and Medicare	-	7,674	-
Pension	-	11,022	-
Supplies and Postage	-	8,805	-
Contractual Services	-	188,778	-
Professional Services	-	970	-
Rent	-	10,000	-
Telephone	-	1,364	-
Community Promotion	-	208	-
Insurance	-	13,672	-
Public Utilities	-	5,595	-
Maintenance and Repairs – Vehicles	-	643	-
Maintenance and Repairs – Other	-	2,632	-
Education and Training	-	24	-
Capital Outlay	<u>-</u>	<u>5,688</u>	<u>-</u>
Total	<u>479,337</u>	<u>421,549</u>	<u>57,788</u>
<u>Excess Revenues (Expenditures)</u>	<u>\$ 27,195</u>	102,985	<u>\$ 75,790</u>
Fund Balance – Beginning of Year		<u>235,621</u>	
Fund Balance – End of Year		<u>\$ 338,606</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Ambulance Fund
For the Year Ended June 30, 2007

Schedule 3

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes:			
Current Property Taxes	\$ 273,600	\$ 306,284	\$ 32,684
Charges for Services:			
Ambulance Runs	225,000	270,811	45,811
Contracts	13,000	11,670	(1,330)
Interest and Rents:			
Interest	2,000	11,279	9,279
Other:			
Sale of Equipment	500	631	131
Refunds and Reimbursements	400	3,685	3,285
Donations and Memorials	400	98	(302)
Total	514,900	604,458	89,558
<u>Expenditures</u>			
Salaries and Wages	-	268,783	-
Social Security and Medicare	-	20,822	-
Pension	-	20,450	-
Supplies and Postage	-	4,697	-
Gasoline	-	9,669	-
Medical Supplies	-	20,573	-
Uniforms	-	3,210	-
Professional and Other Services	-	15,849	-
License Fees	-	265	-
Rent	-	10,000	-
Medical Services	-	19,216	-
Telephone	-	3,236	-
Mileage and Travel	-	134	-
Maintenance and Repairs – Vehicles and Equipment	-	12,657	-
Community Promotion	-	491	-
Insurance	-	58,136	-
Utilities	-	5,348	-
Maintenance and Repairs – Building	-	2,068	-
Other	-	2,447	-
Education and Training	-	5,054	-
Capital Outlay	-	45,622	-
Debt Service	-	22,557	-
Total	580,286	551,284	29,002
<u>Excess Revenues (Expenditures)</u>	(1) \$ (65,386)	53,174	\$ 118,560
Fund Balance – Beginning of Year		346,401	
Fund Balance – End of Year		\$ 399,575	
(1) Budgeted from Fund Balance			

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Liquor Law Enforcement Fund
For the Year Ended June 30, 2007

Schedule 4

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
State Grants:			
License Refunds	\$ 2,500	\$ 3,387	\$ 887
Total	<u>2,500</u>	<u>3,387</u>	<u>887</u>
<u>Expenditures</u>			
Salaries and Wages	-	955	-
Social Security and Medicare	-	73	-
Mileage	-	67	-
Total	<u>1,776</u>	<u>1,095</u>	<u>681</u>
<u>Excess Revenues (Expenditures)</u>	<u>\$ 724</u>	<u>2,292</u>	<u>\$ 1,568</u>
Fund Balance – Beginning of Year		<u>2,140</u>	
Fund Balance – End of Year		<u>\$ 4,432</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blair Township
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2007

Schedule 5

	Trust and Agency Fund			Balance 6/30/07
	Balance 6/30/06	Additions	Deductions	
<u>Assets</u>				
Cash	\$ 20,185	\$ 117,810	\$ 133,129	\$ 4,866
Total Assets	<u>\$ 20,185</u>	<u>\$ 117,810</u>	<u>\$ 133,129</u>	<u>\$ 4,866</u>
 <u>Liabilities</u>				
Undistributed Taxes and Interest	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	5,000	-	5,000
Escrow Deposits	<u>20,185</u>	<u>112,810</u>	<u>133,129</u>	<u>(134)</u>
Total Liabilities	<u>\$ 20,185</u>	<u>\$ 117,810</u>	<u>\$ 133,129</u>	<u>\$ 4,866</u>
	Current Tax Collection Fund			Balance 6/30/07
	Balance 6/30/06	Additions	Deductions	
<u>Assets</u>				
Cash	\$ 16,165	\$ 7,197,793	\$ 7,204,317	\$ 9,641
Total Assets	<u>\$ 16,165</u>	<u>\$ 7,197,793</u>	<u>\$ 7,204,317</u>	<u>\$ 9,641</u>
 <u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 16,165	\$ 7,197,793	\$ 7,204,317	\$ 9,641
Due to Other Funds	-	-	-	-
Escrow Deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 16,165</u>	<u>\$ 7,197,793</u>	<u>\$ 7,204,317</u>	<u>\$ 9,641</u>
	Total			Balance 6/30/07
	Balance 6/30/06	Additions	Deductions	
<u>Assets</u>				
Cash	\$ 36,350	\$ 7,315,603	\$ 7,337,446	\$ 14,507
Total Assets	<u>\$ 36,350</u>	<u>\$ 7,315,603</u>	<u>\$ 7,337,446</u>	<u>\$ 14,507</u>
 <u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 16,165	\$ 7,197,793	\$ 7,204,317	\$ 9,641
Due to Other Funds	-	5,000	-	5,000
Escrow Deposits	<u>20,185</u>	<u>112,810</u>	<u>133,129</u>	<u>(134)</u>
Total Liabilities	<u>\$ 36,350</u>	<u>\$ 7,315,603</u>	<u>\$ 7,337,446</u>	<u>\$ 14,507</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blair Township
2006 Property Tax Levy and Collections
For the Year Ended June 30, 2007

Schedule 6

	Millage Rate	Adjusted Levy	Collected	Returned Delinquent
County	5.0154	\$ 1,076,582	\$ 991,236	\$ 85,346
Commission on Aging	0.4890	104,816	94,285	10,531
Medical Care Facility	0.6637	142,452	127,975	14,477
B.A.T.A.	0.3317	71,186	63,950	7,236
State Education	6.0000	1,284,358	1,200,259	84,099
School District:				
Traverse City	21.1000	2,168,723	1,998,768	169,955
Kingsley	22.0000	106,890	98,105	8,785
Intermediate School District	2.9421	631,521	587,995	43,526
Community College	2.9138	625,325	572,070	53,255
District Library	1.1029	236,752	212,656	24,096
Township:				
General	0.8336	178,936	160,739	18,197
Fire and Police	2.5000	497,465	446,579	50,886
Ambulance (Emergency) Service	1.4314	307,254	276,022	31,232
Other Taxes on Roll:				
State Commercial Forest		235	235	-
Special Assessments:				
Township – Water		114,632	70,760	43,872
Township – Roads		10,957	9,389	1,568
Township – Street Lights		12,052	9,814	2,238
Township – Sewer		30,581	3,171	27,410
Total		\$ 7,600,717	\$ 6,924,008	\$ 676,709
Percent of Levy Collected	91.10%			

The Notes to the Basic Financial Statements are an integral part of this statement.