

### 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 MAYFIELD TOWNSHIP	County LAPEER
Fiscal Year End 6/30/07	Opinion Date 12/05/07	Date Audit Report Submitted to State 12/17/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

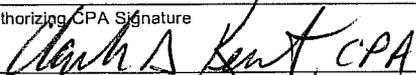
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

**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) BROWN & KENT, PC	Telephone Number 810-664-4470			
Street Address 951 S. MAIN ST., STE. 3	City LAPEER	State MI	Zip 48446	
Authorizing CPA Signature 	Printed Name CLARK D. KENT, CPA	License Number 1101018986		

**MAYFIELD TOWNSHIP  
LAPEER, MICHIGAN**

**FINANCIAL REPORT  
WITH ADDITIONAL INFORMATION  
FOR YEAR ENDED JUNE 30, 2007**

**MAYFIELD TOWNSHIP**

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**BROWN & KENT, P.C.**

**Certified Public Accountants**

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## INDEPENDENT AUDITORS' REPORT

To the Board Members  
Mayfield Township  
Lapeer, MI 48446

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mayfield Township (the "Township"), Lapeer, Michigan, 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Mayfield Township, as of 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 and the budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mayfield Township's basic financial statements. The accompanying 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.

*Brown & Kent, P.C.*

Certified Public Accountants

December 5, 2007

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MAYFIELD TOWNSHIP  
LAPEER COUNTY  
LAPEER, MICHIGAN**

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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

**Financial Highlights**

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$5,265,467. Of this amount, \$301,533 may be used to meet the Township's ongoing obligations to citizens and creditors.
- As of the close of current fiscal year, the Township's governmental funds reported combined ending fund balances of \$408,871, a decrease of \$127,711 in comparison with the prior year. Approximately 74.78 percent of the total amount, \$305,742, is available for spending at the Township's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$222,307, or approximately 19.08 percent of total general fund expenditures.
- The Township's total debt decreased by \$5,112, or 0.83 percent, during the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise 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.

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 of 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, public works, cemetery, and building department operations. The business-type activities of the Township include *an airport*.

The government-wide financial statements can be found on pages 1-3 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. The 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 financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Mayfield Township maintains nine (9) 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, Special Revenue and Fiduciary which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriate 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.** The Township maintains a single proprietary fund. *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 airport 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 statement 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 statements can be found on page 11 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 12-21 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 22-29 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 30-33 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 Mayfield Township, assets exceeded liabilities by \$5,265,467, at the close of the most recent fiscal year.

By far the most significant portion of the Township's net assets, approximately 90.02 percent, reflects its investment in capital assets, e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding. The Township uses these 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.

The following tables show, in a condensed format, the Net Assets of the Township for June 30, 2007.

#### Mayfield Township's Net Assets June 30, 2007

Governmental Activities			
	June 30, 2007	June 30, 2006	Increase / (Decrease)
Current and Other Assets	\$ 473,509	\$ 598,862	\$ (125,353)
Capital Assets	474,242	500,857	(26,615)
Total Assets	947,751	1,099,719	(151,968)
Long-term Liabilities	167,523	167,523	-
Other Liabilities	64,638	62,280	2,358
Total Liabilities	232,161	229,803	2,358
Net Assets:			
Invested in Capital Assets Net of Related Debt	306,719	333,334	(26,615)
Restricted	107,338	110,750	(3,412)
Unrestricted	301,533	425,832	(124,299)
Total Net Asset	\$ 715,590	\$ 869,916	\$ (154,326)

### Business-type Activities

	June 30, 2007	June 30, 2006	Increase / (Decrease)
Current and Other Assets	\$ 145,335	\$ 111,676	\$ 33,659
Capital Assets	4,780,977	4,549,359	231,618
Total Assets	4,926,312	4,661,035	265,277
Long-term Liabilities	307,604	338,609	(31,005)
Other Liabilities	68,831	45,296	23,535
Total Liabilities	376,435	383,905	(7,470)
Net Assets:			
Invested in Capital Assets Net of Related Debt	4,442,100	4,181,132	260,968
Restricted	107,777	95,998	11,779
Unrestricted	-	-	-
Total Net Asset	\$ 4,549,877	\$ 4,277,130	\$ 272,747

### Totals

	June 30, 2007	June 30, 2006	Increase / (Decrease)
Current and Other Assets	\$ 618,844	\$ 710,538	\$ (91,694)
Capital Assets	5,255,219	5,050,216	205,003
Total Assets	5,874,063	5,760,754	113,309
Long-term Liabilities	475,127	506,132	(31,005)
Other Liabilities	133,469	107,576	25,893
Total Liabilities	608,596	613,708	(5,112)
Net Assets:			
Invested in Capital Assets Net of Related Debt	4,748,819	4,514,466	234,353
Restricted	215,115	206,748	8,367
Unrestricted	301,533	425,832	(124,299)
Total Net Asset	\$ 5,265,467	\$ 5,147,046	\$ 118,421

The following tables show the changes in the Net Assets during the fiscal year ending June 30, 2007.

**Mayfield Township's Changes in Net Assets  
June 30, 2007**

<b>Governmental Activities</b>			
	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Increase / (Decrease)</u>
Revenue			
Program Revenues:			
Charges for Services	\$ 170,535	\$ 213,015	\$ (42,480)
General Revenue			
Property Taxes and Collection Fees	395,897	373,050	22,847
State-shared Revenue	525,101	527,155	(2,054)
Franchise Fees	30,432	31,700	(1,268)
Other Revenue	51,016	54,143	(3,127)
Total Revenue	<u>1,172,981</u>	<u>1,199,063</u>	<u>(26,082)</u>
Program Expenses			
General Government	460,769	426,511	34,258
Public Safety	440,025	438,913	1,112
Public Works	274,110	104,228	169,882
Cemetery	50,525	46,028	4,497
Health and Welfare	22,977	22,977	-
Drug Forfeiture	750	900	(150)
Building Department	78,151	71,407	6,744
Total Program Expenses	<u>1,327,307</u>	<u>1,110,964</u>	<u>216,343</u>
Change in Net Assets	(154,326)	88,099	(242,425)
Net Assets – Beginning of year	869,916	781,817	88,099
Net Assets – End of year	<u>\$ 715,590</u>	<u>\$ 869,916</u>	<u>\$ (154,326)</u>

<b>Business-type Activities</b>			
	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Increase / (Decrease)</u>
Revenue			
Program Revenues:			
Charges for Services	\$ 132,938	\$ 133,184	\$ (246)
Capital Grants and Contributions	412,551	500,125	(87,574)
General Revenue			
Other Revenue	9,846	11,110	(1,264)
Total Revenue	<u>555,335</u>	<u>644,419</u>	<u>(89,084)</u>
Program Expenses			
Airport	282,588	212,384	70,204
Total Program Expenses	<u>282,588</u>	<u>212,384</u>	<u>70,204</u>
Change in Net Assets	272,747	432,035	(159,288)
Net Assets – Beginning of year	4,277,130	3,845,095	432,035
Net Assets – End of year	<u>\$ 4,549,877</u>	<u>\$ 4,277,130</u>	<u>\$ 272,747</u>

**Totals**

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Increase / (Decrease)</u>
Revenue			
Program Revenues:			
Charges for Services	\$ 303,473	\$ 346,199	\$ (42,726)
Capital Grants and Contributions	412,551	500,125	(87,574)
General Revenue			
Property Taxes and Collection Fees	395,897	373,050	22,847
State-shared Revenue	525,101	527,155	(2,054)
Franchise Fees	30,432	31,700	(1,268)
Other Revenue	60,862	65,253	(4,391)
Total Revenue	<u>1,728,316</u>	<u>1,843,482</u>	<u>(115,166)</u>
Program Expenses			
General Government	460,769	426,511	34,258
Public Safety	440,025	438,913	1,112
Public Works	274,110	104,228	169,882
Cemetery	50,525	46,028	4,497
Health and Welfare	22,977	22,977	-
Drug Forfeiture	750	900	(150)
Building Department	78,151	71,407	6,744
Airport	282,588	212,384	70,204
Total Program Expenses	<u>1,609,895</u>	<u>1,323,348</u>	<u>286,547</u>
Change in Net Assets	118,421	520,134	(401,713)
Net Assets – Beginning of year	5,147,046	4,626,912	520,134
Net Assets – End of year	<u>\$ 5,265,467</u>	<u>\$ 5,147,046</u>	<u>\$ 118,421</u>

A portion of the Township's net assets, 4.2 percent or \$215,115, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$301,533, may be used to meet the Township's ongoing obligations to citizens and creditors.

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

During the current fiscal year the Township's net assets increased by \$118,421.

**Governmental activities.** Governmental activities decreased the Township's net assets by \$154,326.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Noteworthy exceptions are: 1) Public Works Services increased approximately 163 percent to \$274,110, due mostly to the repaving of certain roads in the Township and 2) Airport expenses increased nearly 33 percent to \$282,588, due mostly to attorney fees involved in acquiring the avigation easements necessary to operate the airport. The attorney fees were almost totally offset by a grant from the State of Michigan.

**Business-type activities.** Business-type activities increased the Township's net assets by \$272,747. This was due in large part to a grant from the State of Michigan used for constructing new buildings, purchasing new equipment and to purchase avigation easements.

## Financial Analysis of the Township's Funds

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

**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 balance of \$408,871, a decrease of \$127,711, in comparison with the prior year. Approximately 74.78 percent of this total amount, \$305,742, is available for spending at the Township's discretion. The remaining portion, \$103,129, is restricted to its use.

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$222,307. Unreserved fund balance represents approximately 19.08 percent of the total current year general fund expenditures.

The fund balance of the Township's General Fund decreased by \$155,291, during the current fiscal year.

**Proprietary funds.** The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the Airport Fund are restricted for use on airport activities. Net assets of the Airport Fund available for spending at the end of the year amounted to \$107,777, an increase of \$41,397. Overall the net assets of the Airport fund increased \$272,747. Other factors concerning the finances of the fund have already been addressed in the discussion of the Township's business-type activities.

### General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year. The overall budgeted revenues were decreased approximately \$14,000 from the original budget to reflect the decrease in fire fine and state revenue sharing. The overall budgeted expenditures, including transfers to other funds were increased approximately \$34,000 to reflect payments for ambulance services and increased costs in road work.

### 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 \$5,255,219, *net of accumulated depreciation*. This investment in capital assets includes land, buildings, improvements, machinery and equipment. The total increase in the Township's investment in capital assets for the current fiscal year was 4.06 percent (a 5.31 percent decrease for governmental activities and a 5.09 percent increase for business-type activities). The decrease in the governmental activities was due mostly to depreciation of the capital assets. The increase in the business-type activities was due to a grant from the State of Michigan for the construction of new buildings, purchase of new equipment and purchase of avigation easements.

Details of the Township's capital assets are continued in the notes to the financial statements on pages 18-19.

**Long-term debt.** At the end of the current fiscal year, the Township had total installment debt outstanding of \$338,877.

Additional information on the Township's long-term debt can be found in the notes on pages 19-20.

### **Economic Factors and Next Year's Budgets and Rates**

The State's current economic condition has impacted many levels of township government. Mayfield Township anticipates this trend will continue and will likely result in further reductions in state shared revenue, as well as possible cuts in state payments in lieu of taxes (PILT). In addition, the Township has experienced a considerable downturn in residential building, resulting in less revenue for its building department. This has, and will likely continue, to require General Fund contributions to the building department. As in past years, the Township was required by the Headlee Amendment to reduce its millage rate, resulting in a millage levy of 1.5591 mills. These factors were considered in preparing the Township's budget for the 2007-08 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of Mayfield 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 Mayfield Township Clerk, 1900 N. Saginaw Road, Lapeer, MI 48446.

## **BASIC FINANCIAL STATEMENTS**

**MAYFIELD TOWNSHIP  
STATEMENT OF NET ASSETS  
JUNE 30, 2007**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 72,659	\$ 145,335	\$ 217,994
Certificates of Deposit	176,087	-	176,087
Investments	77,034	-	77,034
Accounts Receivable - Fireruns	40,310	-	40,310
Accounts Receivable - State Shared Revenue	82,183	-	82,183
Prepaid Expenditures	25,236	-	25,236
<b>Total Current Assets</b>	<b>473,509</b>	<b>145,335</b>	<b>618,844</b>
<b>Capital Assets</b>			
Land and Improvements, Net of Depreciation	22,374	3,800,948	3,823,322
Building and Improvements, Net of Depreciation	331,524	846,754	1,178,278
Equipment, Net of Depreciation	32,922	133,275	166,197
Municipal Water System, Net of Depreciation	87,422	-	87,422
<b>Total Capital Assets</b>	<b>474,242</b>	<b>4,780,977</b>	<b>5,255,219</b>
<b>TOTAL ASSETS</b>	<b>\$ 947,751</b>	<b>\$ 4,926,312</b>	<b>\$ 5,874,063</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 63,184	\$ 25,894	\$ 89,078
Accounts Payable - State of Michigan	-	8,724	8,724
Accrued Payroll	1,454	-	1,454
Deposits Payable	-	1,925	1,925
Unearned Rent	-	1,015	1,015
Current Portion of Long-term Debt	-	31,273	31,273
<b>Total Current Liabilities</b>	<b>64,638</b>	<b>68,831</b>	<b>133,469</b>
<b>LONG-TERM DEBT, Net of Current Portion</b>	<b>167,523</b>	<b>307,604</b>	<b>475,127</b>
<b>TOTAL LIABILITIES</b>	<b>232,161</b>	<b>376,435</b>	<b>608,596</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	306,719	4,442,100	4,748,819
Restricted for:			
Permanent Fund - Perpetual Care Fund	103,129	-	103,129
Building Department Operations	4,209	-	4,209
Airport Fund Operations	-	107,777	107,777
Unrestricted	301,533	-	301,533
<b>TOTAL NET ASSETS</b>	<b>715,590</b>	<b>4,549,877</b>	<b>5,265,467</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 947,751</b>	<b>\$ 4,926,312</b>	<b>\$ 5,874,063</b>

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

**MAYFIELD TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDED JUNE 30, 2007**

	Functions / Programs			
	Governmental Activities			
	General Government	Public Safety	Public Works	Health and Welfare
<b>EXPENSES</b>				
Salaries and Benefits	\$ 270,047	\$ 6,956	\$ -	\$ -
Employment Taxes	16,456	574	-	-
Professional Services	44,141	417,515	-	22,977
Roads	-	-	261,968	-
Recycling	-	-	2,470	-
Street Lights	-	-	8,831	-
Management Fee	-	-	-	-
Interest	-	-	-	-
Bonds and Insurance	-	-	-	-
Depreciation	27,676	665	-	-
Other Program Expenses	102,449	14,315	841	-
<b>TOTAL EXPENSES</b>	<b>460,769</b>	<b>440,025</b>	<b>274,110</b>	<b>22,977</b>
<b>PROGRAM REVENUES</b>				
Charges for Services	10,238	47,787	4,014	-
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	-
<b>NET PROGRAM (EXPENSES) REVENUES</b>	<b>(450,531)</b>	<b>(392,238)</b>	<b>(270,096)</b>	<b>(22,977)</b>
<b>GENERAL REVENUES</b>				
Property Taxes				
Collection Fees				
State Shared Revenue				
Right-of-Way Fee				
Interest Income				
Cable TV Franchise Fee				
Rental Income				
Gain (Loss) on Sale of Capital Assets				
Miscellaneous				
<b>TOTAL GENERAL REVENUES</b>				
<b>CHANGE IN NET ASSETS</b>				
<b>NET ASSETS - BEGINNING</b>				
<b>NET ASSETS - ENDING</b>				

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

				Business-type Activities	
Cemetery	Drug Forfeiture	Building Department	Total Governmental	Airport	Total
\$ -	\$ -	\$ 8,576	\$ 285,579	\$ -	\$ 285,579
-	-	655	17,685	-	17,685
42,374	-	65,000	592,007	75,330	667,337
-	-	-	261,968	-	261,968
-	-	-	2,470	-	2,470
-	-	-	8,831	-	8,831
-	-	-	-	21,946	21,946
-	-	-	-	19,771	19,771
-	-	-	-	23,218	23,218
-	-	-	28,341	118,692	147,033
8,151	750	3,920	130,426	23,631	154,057
<u>50,525</u>	<u>750</u>	<u>78,151</u>	<u>1,327,307</u>	<u>282,588</u>	<u>1,609,895</u>
43,834	1,044	63,618	170,535	132,938	303,473
-	-	-	-	-	-
-	-	-	-	412,551	412,551
<u>(6,691)</u>	<u>294</u>	<u>(14,533)</u>	<u>(1,156,772)</u>	<u>262,901</u>	<u>(893,871)</u>
			340,096	-	340,096
			55,801	-	55,801
			525,101	-	525,101
			7,566	-	7,566
			18,374	4,184	22,558
			30,432	-	30,432
			24,953	2,655	27,608
			(2,482)	-	(2,482)
			2,605	3,007	5,612
			<u>1,002,446</u>	<u>9,846</u>	<u>1,012,292</u>
			(154,326)	272,747	118,421
			<u>869,916</u>	<u>4,277,130</u>	<u>5,147,046</u>
			<u>\$ 715,590</u>	<u>\$ 4,549,877</u>	<u>\$ 5,265,467</u>

**MAYFIELD TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 50,537	\$ 22,122	\$ 72,659
Certificates of Deposit	81,538	94,549	176,087
Investments	320	76,714	77,034
Due from Other Funds	179	-	179
Accounts Receivable	40,310	-	40,310
Accounts Receivable - State Shared Revenue	82,183	-	82,183
Prepaid Expenses	25,236	-	25,236
<b>TOTAL ASSETS</b>	<b><u>\$ 280,303</u></b>	<b><u>\$ 193,385</u></b>	<b><u>\$ 473,688</u></b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 56,552	\$ 6,632	\$ 63,184
Accrued Expenses	1,444	10	1,454
Due to Other Funds	-	179	179
<b>TOTAL LIABILITIES</b>	<b><u>57,996</u></b>	<b><u>6,821</u></b>	<b><u>64,817</u></b>
<b>FUND EQUITY</b>			
Fund Balance			
Unreserved - Undesignated	222,307	186,564	408,871
<b>TOTAL FUND EQUITY</b>	<b><u>222,307</u></b>	<b><u>186,564</u></b>	<b><u>408,871</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 280,303</u></b>	<b><u>\$ 193,385</u></b>	<b><u>\$ 473,688</u></b>

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



**MAYFIELD TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR YEAR ENDED JUNE 30, 2007**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 395,897	\$ -	\$ 395,897
Licenses and Fees	30,432	-	30,432
Intragovernmental	525,101	-	525,101
Charges for Services	60,695	109,840	170,535
Interest	10,518	7,856	18,374
Rental	24,953	-	24,953
Other Revenue	10,153	50	10,203
<b>TOTAL REVENUES</b>	<u>1,057,749</u>	<u>117,746</u>	<u>1,175,495</u>
<b>EXPENDITURES</b>			
General Government	428,687	6,836	435,523
Health and Welfare	22,977	-	22,977
Building	-	78,151	78,151
Cemetery	-	50,525	50,525
Public Safety	439,610	2,310	441,920
Public Works	274,110	-	274,110
<b>TOTAL EXPENDITURES</b>	<u>1,165,384</u>	<u>137,822</u>	<u>1,303,206</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(107,635)</u>	<u>(20,076)</u>	<u>(127,711)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	344	52,606	52,950
Operating Transfers Out	(48,000)	(4,950)	(52,950)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(47,656)</u>	<u>47,656</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(155,291)</u>	<u>27,580</u>	<u>(127,711)</u>
<b>FUND BALANCE - BEGINNING</b>	<u>377,598</u>	<u>158,984</u>	<u>536,582</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 222,307</u>	<u>\$ 186,564</u>	<u>\$ 408,871</u>

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

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities

---

Net change in fund balance -  
Total Governmental Funds \$ (127,711)

Amounts reported for Governmental Activities  
in the Statement of Activities are different  
because:

Governmental funds report capital outlays  
expenditures. In the Statement of Activities,  
the cost of those assets is allocated over  
their estimated useful lives as depreciation  
expense. This is the amount by which  
depreciation exceeded capital outlays  
in the current period. (24,101)

Governmental funds report the proceeds from  
the sale of Capital Assets. In the Statement  
of Activities only the gain or loss on the sale  
of these assets is reported. This is the amount  
by which the proceeds exceeded the gain or  
loss in the current period. (2,514)

Change in Net Assets of Governmental Activities \$ (154,326)

**MAYFIELD TOWNSHIP  
STATEMENT OF NET ASSETS  
ENTERPRISE FUND  
JUNE 30, 2007**

	Airport Fund
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 145,335
Accounts Receivable - Other	-
Total Current Assets	145,335
Capital Assets	
Land and Improvements, Net of Depreciation	3,800,948
Building and Improvements, Net of Depreciation	846,754
Equipment, Net of Depreciation	133,275
Total Capital Assets	4,780,977
<b>TOTAL ASSETS</b>	<b>\$ 4,926,312</b>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 25,894
Accounts Payable - State of Michigan	8,724
Deposits Payable	1,925
Unearned Rent	1,015
Current Portion of Long-term Debt	31,273
Total Current Liabilities	68,831
LONG-TERM DEBT, Net of Current Portion	307,604
<b>TOTAL LIABILITIES</b>	<b>376,435</b>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	4,442,100
Restricted for:	
Airport Fund Operations	107,777
Unrestricted	-
<b>TOTAL NET ASSETS</b>	<b>4,549,877</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,926,312</b>

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

**MAYFIELD TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND NET ASSETS - ENTERPRISE FUND**  
**JUNE 30, 2007**

	Airport Fund
OPERATING REVENUES	
Charges for Services	\$ 132,938
Rental Income	2,655
Other Income	3,007
TOTAL OPERATING REVENUES	138,600
OPERATING EXPENSES	
Bonds and Insurance	23,218
Contractual Services	-
Depreciation	118,692
Legal and Professional Fees	75,330
Licenses and Permits	645
Management Fees	21,946
Miscellaneous	1,859
Office Supplies and Expense	206
Other	421
Printing and Publishing	2,536
Repairs and Maintenance	11,700
Utilities	6,264
TOTAL OPERATING EXPENSES	262,817
NET OPERATING INCOME (LOSS)	(124,217)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	4,184
Interest Expense	(19,771)
TOTAL NONOPERATING REVENUES (EXPENSES)	(15,587)
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	(139,804)
CAPITAL GRANTS AND CONTRIBUTIONS	412,551
NET INCOME (LOSS) / CHANGE IN NET ASSETS	272,747
NET ASSETS - BEGINNING	4,277,130
NET ASSETS - ENDING	\$ 4,549,877

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

**MAYFIELD TOWNSHIP  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR YEAR ENDED JUNE 30, 2007**

	Airport Fund
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 133,021
Other Operating Revenues	5,662
Payments to Suppliers	(122,329)
NET CASH FLOWS FROM OPERATING ACTIVITIES	16,354
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Contribution from State of MI for Legal Fees paid	72,306
Payments of Long-term Debt	(29,350)
Interest Paid	(19,771)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	23,185
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Capital Assets	(10,064)
Interest Income	4,184
NET CASH FLOWS FROM INVESTING ACTIVITIES	(5,880)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,659
CASH AND CASH EQUIVALENTS - BEGINNING	111,676
CASH AND CASH EQUIVALENTS - ENDING	\$ 145,335
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	\$ (124,217)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	118,692
Deferred Income Increase (Decrease)	(300)
Unearned Rent Increase (Decrease)	383
Payable Increase (Decrease)	21,796
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 16,354
NON-CASH INVESTING ACTIVITIES	
Assets acquired through Contributions	\$ 340,246

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

**MAYFIELD TOWNSHIP  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2007**

	Agency	
	Trust and Agency	Current Tax Fund
ASSETS		
Cash in Bank		
Demand Deposits	\$ 2,075	\$ -
Investments	-	-
	-	-
TOTAL ASSETS	\$ 2,075	\$ -
LIABILITIES		
Deposits Payable	\$ 2,075	\$ -
Due to Others	-	-
	-	-
TOTAL LIABILITIES	2,075	-
NET ASSETS	\$ -	\$ -

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of Mayfield Township (the “Township”), conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The more significant accounting policies of the Township are described below.

**A. REPORTING ENTITY**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township. For the Township, this includes providing police protection, fire services, road maintenance and repairs, cemeteries, and planning and zoning. The Board of Trustees and the Township Administrator have direct responsibility for these activities.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority or the organization’s governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization, or (2) the Township is legally entitled to or can otherwise access the organization’s resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organizations. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes, or determines the budget.

Based on the aforementioned criteria, Mayfield Township has no component units.

**B. BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Township. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments 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.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

FUND FINANCIAL STATEMENTS (Continued)

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 major governmental fund.

General Fund – The General Fund is the general operating fund of the Township. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

The Township has presented the following major enterprise (business-type) fund.

Airport Fund – The Airport Fund is used to account for all financial resources and expenditures of the Township airport.

Additionally, the Township has two agency fiduciary funds as follows:

Trust and Agency Fund – This fund is used to account for the collection and disbursement of performance and other deposits payable.

Tax Collection Fund – This fund is used to account for the collection and disbursement of property taxes assessed within the Township.

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 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. Expenses are recognized at the time liability is incurred.

Governmental 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.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. Sales taxes collected and held by the State at year-end on behalf of the Township are also recognized as revenue. All other Governmental Fund Type revenues are recognized when received.

Enterprise funds distinguish operating revenue and expense from non-operating items. Operating revenue and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenue of our Enterprise Fund relates to 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 revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

D. BUDGETS AND BUDGETARY ACCOUNTING

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

- (1) Prior to the beginning of the fiscal year, the Board proposes an operating budget for each budgetary fund. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statute requires that the budget be submitted in summary form. Also, more detailed line item budgets are included for administrative control.
- (2) A public hearing is conducted to obtain taxpayer comment.
- (3) The budgets are adopted by a majority vote of the Township Board.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- (5) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Amendments to the Budget are approved by the Township Board, as necessary.

E. CASH EQUIVALENTS

The Township considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

F. 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.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations.

H. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost 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 has not been capitalized during the construction period on property, plant, and equipment.

Assets capitalized have an original cost of \$500 or more for equipment and \$5,000 or more for non-equipment, and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Governmental</u>	
Buildings and Improvements	5-50 years
Equipment	5-20 years
Vehicles	5 years
Municipal Water System	50 years
<u>Enterprise</u>	
Buildings and Improvements	20-50 years
Equipment	7-10 years
Land Improvements	25-50 years

I. NET ASSETS

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

J. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as “Due to/from other funds.”

K. USE OF ESTIMATES

The preparation of basic financial statements in conformance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2007**

**NOTE 2 – CASH AND EQUIVALENTS AND INVESTMENTS**

All accounts are in the name of the Township and a specific fund or common account. They are recorded in the Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

**STATUTORY AUTHORITY**

Act 217, PA 1982, authorizes the Township to deposit and invest in:

- (1) bonds and other direct obligations of the United States or its agencies,
- (2) certificates of deposits, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations, or credit unions insured by the national credit union administration that are eligible to be a depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146), and
- (3) mutual funds composed of investments, which are legal for direct investment of local government.

**CASH AND EQUIVALENTS**

A summary of cash and equivalents as of June 30, 2007 follows:

	Carrying Value	Bank Balance	Covered By FDIC Insurance
Cash			
Demand Deposits	\$ 74,442	\$ 126,441	\$ 126,441
Savings Deposits	145,335	145,335	63,437
Petty Cash	292	-	-
Total Cash	220,069	271,776	189,878
Certificates of Deposit	176,087	176,087	125,272
Total Cash & Certificates of Deposit	\$ 396,156	\$ 447,863	\$ 315,150

Bank balance does not reflect deposits in transit or outstanding checks.

FDIC Regulation Number 330.8, provides that deposits of a governmental unit are insured for the lesser of the amount of the combined deposit or \$100,000, in every financial institution that is not a branch location and that is a member of FDIC in the following deposit accounts:

- (1) All demand, non-interest bearing accounts (checking), in the name of the authorized or statutory custodian (treasurer) of public funds.
- (2) All savings deposits, which include regular passbook, daily interest savings, and time certificates of deposit in the name of the governmental unit's custodian.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2007**

NOTE 2 – CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

INVESTMENTS

The Governmental Accounting Standards Board of the Financial Accounting Foundation Statement 3, includes the requirement that a government entity's investments be classified into three categories of credit risk. The categories are:

- (1) Insured or registered securities held by the government entity of its agent in the entity's name;
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name; and
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the entity's name.

The Township has invested \$77,034 with Comerica Bank in their Investment Fund. These mutual fund investments cannot be categorized, because they are not evidenced by securities that exist in physical or book entry form.

NOTE 3 – INTERFUND TRANSACTIONS

Operating Transfers

Operating transfers constitute the transfer of resources from the fund that received the resources to the fund that utilized them. The interfund transfers are as follows:

<u>Fund</u>	<u>Operating Transfer In</u>	<u>Fund</u>	<u>Operating Transfer Out</u>
General Fund	\$ 344	General Fund	\$ 48,000
Special Revenue		Special Revenue	
Cemetery Operating Fund	4,606	Drug Forfeiture Fund	344
Revolving Improvement Fund	40,000	Permanent Fund	
Building Department Fund	<u>8,000</u>	Perpetual Care Fund	<u>4,606</u>
Total	<u>\$ 52,950</u>	Total	<u>\$ 52,950</u>

Interfund Receivables/Payables

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>
General Fund	\$ 179		
		Special Revenue Fund	
		Crossing Guard	\$ 179
Total	<u>\$ 179</u>	Total	<u>\$ 179</u>

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2007**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2007, was as follows:

	Balance 7-01-06	Additions	Deletions	Balance 6-30-07
Capital Assets Not Being Depreciated				
Land	\$ 22,374	\$ -	\$ -	\$ 22,374
Total Capital Assets Not Being Depreciated	<u>22,374</u>	<u>-</u>	<u>-</u>	<u>22,374</u>
Capital Assets Being Depreciated				
Building and Improvements	593,110	-	-	593,110
Equipment	151,009	4,240	(30,739)	124,510
Municipal Water System	170,858	-	-	170,858
Total Capital Assets Being Depreciated	<u>914,977</u>	<u>4,240</u>	<u>(30,739)</u>	<u>888,478</u>
Less Accumulated Depreciation For:				
Building and Improvements	245,850	15,736	-	261,586
Equipment	110,626	9,187	(28,225)	91,588
Municipal Water System	80,018	3,418	-	83,436
Total Accumulated Depreciation	<u>436,494</u>	<u>28,341</u>	<u>(28,225)</u>	<u>436,610</u>
Total Capital Assets Being Depreciated, Net	<u>478,483</u>	<u>(24,101)</u>	<u>(2,514)</u>	<u>451,868</u>
Total Governmental Activity Assets, Net	<u>\$ 500,857</u>	<u>\$ (24,101)</u>	<u>\$ (2,514)</u>	<u>\$ 474,242</u>

Capital asset activity for business-type activities for the year ended June 30, 2007, was as follows:

	Balance 7-01-06	Additions	Deletions	Balance 6-30-07
Capital Assets Not Being Depreciated				
Land	\$ 2,214,213	\$ 90,000	\$ -	\$ 2,304,213
Total Capital Assets Not Being Depreciated	<u>2,214,213</u>	<u>90,000</u>	<u>-</u>	<u>2,304,213</u>
Capital Assets Being Depreciated				
Building and Improvements	966,279	131,035	-	1,097,314
Equipment	92,596	129,275	-	221,871
Land Improvements	1,771,956	-	-	1,771,956
Total Capital Assets Being Depreciated	<u>2,830,831</u>	<u>260,310</u>	<u>-</u>	<u>3,091,141</u>
Less Accumulated Depreciation For:				
Building and Improvements	223,869	26,691	-	250,560
Equipment	75,245	13,351	-	88,596
Land Improvements	196,571	78,650	-	275,221
Total Accumulated Depreciation	<u>495,685</u>	<u>118,692</u>	<u>-</u>	<u>614,377</u>
Total Capital Assets Being Depreciated, Net	<u>2,335,146</u>	<u>141,618</u>	<u>-</u>	<u>2,476,764</u>
Total Business-type Activity Assets, Net	<u>\$ 4,549,359</u>	<u>\$ 231,618</u>	<u>\$ -</u>	<u>\$ 4,780,977</u>

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2007**

**NOTE 4 – CAPITAL ASSETS** (Continued)

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

Governmental Activities:		
General Government	\$	27,676
Public Safety		<u>665</u>
Total Depreciation Expense – Governmental Activities		<u>\$ 28,341</u>
Business-type Activities:		
Airport Fund	\$	<u>118,692</u>
Total Depreciation Expense – Business-type Activities		<u>\$ 118,692</u>

**NOTE 5 – LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 2007:

	<u>Interest Rate</u>	<u>Maturing</u>	<u>Balance 7/1/06</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Outstanding 6/30/07</u>
Governmental Activities:						
Kamax, L.P. Contract Issued 6/10/80	N/A	N/A	<u>\$ 167,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,523</u>
Business-Type Activities:						
Independent Bank #9001 Issued 12/2/98	5.4%	12/02/13	\$ 79,368	\$ -	\$ 8,798	\$ 70,570
Independent Bank #9002 Issued 1/4/99	5.4%	01/02/14	86,993	-	9,700	77,293
Independent Bank #9003 Issued 1/14/99	5.4%	01/02/14	22,996	-	2,647	20,349
Independent Bank #0004 Issued 2/24/99	5.4%	02/24/13	6,250	-	744	5,506
Independent Bank #9004 Issued 11/9/00	5.6%	12/02/15	65,836	-	2,962	62,874
Independent Bank #9005 Issued 1/2/01	5.6%	02/02/16	81,178	-	3,629	77,549
Independent Bank #9006 Issued 1/2/01	5.6%	01/02/16	<u>25,606</u>	<u>-</u>	<u>870</u>	<u>24,736</u>
			<u>\$ 368,227</u>	<u>\$ -</u>	<u>\$ 29,350</u>	<u>338,877</u>
Less Current Portion						<u>31,273</u>
Total Business-type Activities						<u>307,604</u>
Total Government-wide						<u>\$ 475,127</u>

The Kamax, L.P., contract was entered into for the construction of a municipal water system. The contract is to be repaid at such time as tap-in fees and water use fees are sufficient to cover the normal costs of operations and generate a surplus. Presently, the sole user of the system is Kamax, L.P., and they are charged only for actual costs incurred.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2007**

NOTE 5 – LONG-TERM DEBT (Continued)

Total principal and interest payment requirements for the next five years and beyond are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 31,273	\$ 17,848	\$ 49,121
2009	33,022	16,099	49,121
2010	34,867	14,254	49,121
2011	36,817	12,304	49,121
2012	38,875	10,246	49,121
Thereafter	<u>164,023</u>	<u>21,994</u>	<u>186,017</u>
Total	<u>\$ 338,877</u>	<u>\$ 92,745</u>	<u>\$ 431,622</u>

NOTE 6 – PROPERTY TAXES

The Township's property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2006 tax is levied and collectible on December 1, 2006, and is recognized as revenue in the year ended June 30, 2007, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2006 taxable valuation of the Township totaled approximately \$212,810,000 on which taxes levied consisted of 1.5591 mills for operating purposes. This resulted in approximately \$332,000 for operating purposes. These amounts were recognized in the General Fund financial statements as tax revenue. An additional \$8,000 was collected for delinquent taxes and trailer tenant fees.

NOTE 7 – PENSION PLAN

The Township makes annual contributions to the Manulife Financial Defined Contribution Plan for Governmental Employees for all eligible employees.

The Township contributed \$37,569 to the plan for the year ended June 30, 2007.

NOTE 8 – FIRE DEPARTMENT CONTRACT

The City of Lapeer provides fire department services to Mayfield Township. The City of Lapeer was paid a standby fee of \$163,600 for the period from July 1, 2006 through June 30, 2007.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2007**

**NOTE 9 – RELATED PARTY TRANSACTION**

The Township has entered into a contract with Davis and Sons Landscaping (owned and operated by the son of the Township Clerk, Kendra Davis) covering the maintenance and operation of the Township hall; summer and winter grounds maintenance for the three year period beginning March 16, 2003 and ending March 15, 2006, and the maintenance and operation of the cemetery summer and winter grounds maintenance for the three year period beginning April 1, 2003 and ending March 31, 2006. This contract remains in effect unless terminated by either party. So long as this contract continues in effect, the contract amount shall be adjusted on March 31 of each year. The adjustment shall be a percentage amount determined by the State of Michigan for increases in taxable value for property taxation purposes. The annual payments for the contract year April 1, 2007 through March 31, 2008 are \$7,893 for the Township hall and \$43,538 for the Cemetery. These represent increases of 3.7% over the current fiscal year.

**NOTE 10 – CAPITAL GRANTS**

The Township, from time to time, receives grants from State and Federal governments. The grants in the current fiscal year were for buildings and equipment needed for operation of the airport and for the payment of attorney fees relating to the purchase of avigation easements. These grants do not require an audit of expenditures, as the money is paid directly to the suppliers and contractors providing the equipment and services.

**NOTE 11 – RISK MANAGEMENT**

The Township has exposure to risks of loss due to torts, errors, omissions, and property loss. The Township manages these risks by purchasing commercial insurance.

**NOTE 12 – CONTINGENCIES**

The Township continuously prosecutes certain District Court ordinance enforcement matters. These District Court matters do not involve costs to the Township beyond prosecution expenses.

The Township is the plaintiff in four circuit court condemnation cases. All four property easements are being acquired to facilitate the runways at the Township airport. All costs, including compensation and legal fees, are being paid by airport grant funds. The Township has no liability.

**REQUIRED SUPPLEMENTAL INFORMATION**

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
REVENUES				
TAXES				
Property Taxes	\$ 328,200	\$ 331,200	\$ 340,096	\$ 8,896
Collection Fees and Penalties	50,200	52,200	55,801	3,601
TOTAL TAXES	378,400	383,400	395,897	12,497
LICENSES, PERMITS AND FEES				
Franchise Fees	30,000	30,000	30,432	432
TOTAL LICENSES, PERMITS AND FEES	30,000	30,000	30,432	432
INTERGOVERNMENTAL				
State Revenue Sharing	530,000	521,000	525,101	4,101
TOTAL INTERGOVERNMENTAL	530,000	521,000	525,101	4,101
CHARGES FOR SERVICES				
Board of Appeals Fees	2,000	500	750	250
Fines and Forfeits	6,500	3,750	3,959	209
Fire Fines	50,000	37,500	36,380	(1,120)
Liquor Licenses	2,000	1,900	1,942	42
Parcel Split Fees	1,500	200	200	-
Penalty and Interest - Delinquent Tax	300	2,000	2,131	131
Property Transfers	500	4,700	4,709	9
Rezoning Fees	850	850	850	-
Sale of Materials and Duplicating	500	300	310	10
Special Meetings	3,500	2,800	3,088	288
Water Line	3,500	2,200	4,014	1,814
Zoning Permits and Fees	4,000	2,000	2,362	362
TOTAL CHARGES FOR SERVICES	75,150	58,700	60,695	1,995
MISCELLANEOUS SOURCES				
Hall and Land Rental	19,000	22,800	24,953	2,153
Interest Earned	7,000	9,700	10,518	818
Other Revenue	9,600	9,500	10,121	621
Sale of Fixed Assets	-	-	32	32
TOTAL MISCELLANEOUS SOURCES	35,600	42,000	45,624	3,624
TOTAL REVENUES	1,049,150	1,035,100	1,057,749	22,649

See Accompanying Notes.

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
LEGISLATIVE				
Salaries and Wages	\$ 10,020	\$ 10,020	\$ 10,020	\$ -
Per Diem	1,000	1,000	780	220
Fringe Benefits	1,703	1,703	1,194	509
F.I.C.A. Expense	843	843	826	17
Office Supplies	100	100	58	42
Transportation	150	150	183	(33)
TOTAL LEGISLATIVE	<u>13,816</u>	<u>13,816</u>	<u>13,061</u>	<u>755</u>
SUPERVISOR				
Salaries and Wages	28,100	28,100	28,100	-
Per Diem	100	100	30	70
Fringe Benefits	4,777	4,777	4,653	124
F.I.C.A. Expense	2,157	2,157	2,152	5
Office Supplies	100	100	8	92
Computer Software and Upgrades	500	500	-	500
Transportation	100	100	198	(98)
Equipment	500	500	232	268
TOTAL SUPERVISOR	<u>36,334</u>	<u>36,334</u>	<u>35,373</u>	<u>961</u>
ELECTIONS				
Salaries and Wages	7,400	9,700	8,728	972
F.I.C.A. Expense	110	110	626	(516)
Office Supplies	1,000	1,000	-	1,000
Printing and Publishing	500	500	358	142
Equipment	-	-	188	(188)
TOTAL ELECTIONS	<u>9,010</u>	<u>11,310</u>	<u>9,900</u>	<u>1,410</u>
AUDITOR				
Audit	7,000	7,225	7,225	-
TOTAL AUDITOR	<u>7,000</u>	<u>7,225</u>	<u>7,225</u>	<u>-</u>
ASSESSOR				
Salaries and Wages	21,070	21,070	21,070	-
Per Diem	-	-	80	(80)
Fringe Benefits	3,582	3,582	4,853	(1,271)
F.I.C.A. Expense	1,612	1,612	1,618	(6)
Office Supplies	1,500	1,500	1,861	(361)
Computer Software and Upgrades	1,000	1,000	1,090	(90)

See Accompanying Notes.

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
ASSESSOR (Continued)				
Software Support and Maintenance	\$ 1,000	\$ 1,000	\$ 780	\$ 220
Contractual Services	15,000	15,000	15,000	-
Tax Roll Preparation	50	50	-	50
Transportation	150	150	105	45
Equipment	1,500	1,500	232	1,268
TOTAL ASSESSOR	<u>46,464</u>	<u>46,464</u>	<u>46,689</u>	<u>(225)</u>
ATTORNEY				
Professional Services	15,000	15,000	14,235	765
TOTAL ATTORNEY	<u>15,000</u>	<u>15,000</u>	<u>14,235</u>	<u>765</u>
CLERK				
Salaries and Wages	38,740	38,740	38,740	-
Per Diem	200	200	-	200
Fringe Benefits	6,586	6,586	6,412	174
F.I.C.A. Expense	2,979	2,979	2,964	15
Office Supplies	8,000	12,000	12,280	(280)
Computer Software and Upgrades	1,000	1,000	-	1,000
Software Support and Maintenance	2,500	2,500	2,328	172
Transportation	200	200	137	63
Equipment	200	200	232	(32)
TOTAL CLERK	<u>60,405</u>	<u>64,405</u>	<u>63,093</u>	<u>1,312</u>
DEPUTY CLERK				
Salaries and Wages	14,462	14,462	13,628	834
Fringe Benefits	200	200	-	200
F.I.C.A. Expense	1,122	1,122	1,039	83
Transportation	200	200	137	63
Equipment	200	200	262	(62)
TOTAL DEPUTY CLERK	<u>16,184</u>	<u>16,184</u>	<u>15,066</u>	<u>1,118</u>
BOARD OF REVIEW				
Salaries and Wages	1,000	1,000	755	245
Per Diem	90	90	60	30
F.I.C.A. Expense	83	83	62	21
Transportation	-	-	-	-
Printing and Binding	100	100	60	40
TOTAL BOARD OF REVIEW	<u>1,273</u>	<u>1,273</u>	<u>937</u>	<u>336</u>

See Accompanying Notes.

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
TREASURER				
Salaries and Wages	\$ 30,990	\$ 30,990	\$ 30,990	\$ -
Per Diem	150	150	-	150
Fringe Benefits	5,268	5,268	4,033	1,235
F.I.C.A. Expense	3,000	3,000	2,673	327
Office Supplies	1,000	1,000	475	525
Computer Software and Upgrades	500	500	-	500
Software Support and Maintenance	1,100	1,100	1,045	55
Tax Roll Preparation	400	400	403	(3)
Transportation	700	700	75	625
Refunds and Rebates	100	100	1,364	(1,264)
Equipment	600	600	285	315
TOTAL TREASURER	<u>43,808</u>	<u>43,808</u>	<u>41,343</u>	<u>2,465</u>
DEPUTY TREASURER				
Salaries and Wages	10,000	10,100	9,915	185
F.I.C.A. Expense	900	900	784	116
Office Supplies	100	100	-	100
Computer Software and Upgrades	-	150	150	-
Transportation	25	25	108	(83)
Equipment	300	1,300	1,275	25
TOTAL DEPUTY TREASURER	<u>11,325</u>	<u>12,575</u>	<u>12,232</u>	<u>343</u>
TOWNSHIP HALL AND GROUNDS				
Salaries and Wages	10,000	10,000	10,154	(154)
F.I.C.A. Expense	765	765	762	3
Computer Software and Upgrades	-	875	760	115
Software Support and Maintenance	500	500	-	500
Operating and Maintenance supplies	7,000	7,000	5,298	1,702
Contractual Services	7,500	7,500	7,682	(182)
Telephone	3,000	3,000	3,788	(788)
Burglar Alarm Fee	300	300	195	105
Internet Service	1,000	1,000	874	126
Transportation	100	100	-	100
Printing and Publishing	3,200	3,200	2,820	380
Newsletter and Website	1,000	1,000	4,379	(3,379)
Bonds and Insurance	18,000	18,000	16,464	1,536
Utilities	10,000	10,000	9,820	180
Garbage Disposal	1,200	1,200	1,093	107

See Accompanying Notes.

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
TOWNSHIP HALL AND GROUNDS (Continued)				
Grounds Repair and Maintenance	\$ 1,500	\$ 1,500	\$ 2,836	\$ (1,336)
Equipment Repair and Maintenance	1,000	1,000	-	1,000
Office Equipment - Leased	2,500	2,500	2,953	(453)
Building Repair and Maintenance	1,000	1,000	2,097	(1,097)
Land Improvements	5,000	5,000	4,769	231
Equipment	2,500	2,500	351	2,149
TOTAL TOWNSHIP HALL AND GROUNDS	<u>77,065</u>	<u>77,940</u>	<u>77,095</u>	<u>845</u>
GENERAL OFFICE				
Salaries and Wages	32,000	32,400	32,533	(133)
Per Diem	100	100	-	100
Fringe Benefits	3,300	3,300	3,287	13
F.I.C.A. Taxes	2,456	2,956	2,739	217
Transportation	150	150	-	150
Meals and Lodging	2,000	2,000	1,828	172
Miscellaneous	1,000	1,000	1,341	(341)
Dues	5,000	5,000	5,631	(631)
Education and Training	2,000	2,000	530	1,470
Conferences and Conventions	3,000	3,000	570	2,430
Bonds and Insurance	5,180	5,330	3,418	1,912
Equipment	200	1,200	1,593	(393)
Pension Expense	40,000	40,000	38,968	1,032
TOTAL GENERAL OFFICE	<u>96,386</u>	<u>98,436</u>	<u>92,438</u>	<u>5,998</u>
TOTAL GENERAL GOVERNMENT	<u>434,070</u>	<u>444,770</u>	<u>428,687</u>	<u>16,083</u>
PUBLIC SAFETY				
LAW ENFORCEMENT				
Office Supplies	100	100	-	100
Operating and Maintenance Supplies	100	100	48	52
Gas Usage - Patrol Car	9,500	9,500	10,128	(628)
Computer Software and Upgrades	1,000	1,000	45	955
Contractual Services	220,000	220,000	214,363	5,637
Equipment Repairs and Maintenance	-	-	391	(391)
Equipment	500	500	119	381
TOTAL LAW ENFORCEMENT	<u>231,200</u>	<u>231,200</u>	<u>225,094</u>	<u>6,106</u>

See Accompanying Notes.

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
PUBLIC SAFETY (Continued)				
FIRE SERVICE				
Contractual Services	\$ 165,000	\$ 205,275	\$ 164,025	\$ 41,250
Hazardous Material	1,500	1,500	-	1,500
TOTAL FIRE SERVICE	<u>166,500</u>	<u>206,775</u>	<u>164,025</u>	<u>42,750</u>
PLANNING				
Salaries and Wages	4,000	5,700	6,135	(435)
Per Diem	200	200	261	(61)
F.I.C.A. Expense	337	337	531	(194)
Office Supplies	200	200	-	200
Contractual Services	2,500	2,500	1,200	1,300
Attorney Fees	5,500	5,500	3,600	1,900
Zoning Administrator	32,000	32,000	32,000	-
Transportation	150	150	20	130
Printing and Publishing	1,500	1,500	1,931	(431)
Miscellaneous	200	200	220	(20)
Education and Training	350	350	69	281
Conferences and Conventions	1,000	1,000	125	875
Equipment	500	500	2,677	(2,177)
TOTAL PLANNING	<u>48,437</u>	<u>50,137</u>	<u>48,769</u>	<u>1,368</u>
BOARD OF APPEALS				
Salaries and Wages	2,000	2,000	421	1,579
Per Diem	200	200	140	60
F.I.C.A. Expense	168	168	43	125
Miscellaneous	100	100	-	100
Transportation	-	-	15	(15)
Printing and Publishing	-	-	192	(192)
Education and Training	300	300	69	231
Conferences and Conventions	-	-	75	(75)
TOTAL BOARD OF APPEALS	<u>2,768</u>	<u>2,768</u>	<u>955</u>	<u>1,813</u>
CROSSING GUARDS				
Contractual Services	500	775	767	8
TOTAL CROSSING GUARDS	<u>500</u>	<u>775</u>	<u>767</u>	<u>8</u>
TOTAL PUBLIC SAFETY	<u>449,405</u>	<u>491,655</u>	<u>439,610</u>	<u>52,045</u>

See Accompanying Notes.

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
PUBLIC WORKS				
Drains	\$ 2,500	\$ 2,500	\$ 841	\$ 1,659
Highways, Streets and Bridges	220,000	236,000	261,968	(25,968)
Street Lighting	10,000	10,000	8,831	1,169
Recycling	2,500	2,500	2,470	30
Transportation Authority	16,000	-	-	-
Dupont Water Line	3,800	3,800	-	3,800
TOTAL PUBLIC WORKS	<u>254,800</u>	<u>254,800</u>	<u>274,110</u>	<u>(19,310)</u>
HEALTH AND WELFARE				
Ambulance	-	23,000	22,977	23
TOTAL HEALTH AND WELFARE	<u>-</u>	<u>23,000</u>	<u>22,977</u>	<u>23</u>
CONTINGENCIES	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,178,275</u>	<u>1,214,225</u>	<u>1,165,384</u>	<u>48,841</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(129,125)</u>	<u>(179,125)</u>	<u>(107,635)</u>	<u>71,490</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	344	344
Transfers Out	(50,000)	(48,000)	(48,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,000)</u>	<u>(48,000)</u>	<u>(47,656)</u>	<u>344</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ (179,125)</u>	<u>\$ (227,125)</u>	<u>(155,291)</u>	<u>\$ 71,834</u>
FUND BALANCE - BEGINNING			<u>377,598</u>	
FUND BALANCE - ENDING			<u>\$ 222,307</u>	

See Accompanying Notes.

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

**MAYFIELD TOWNSHIP  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
FOR YEAR ENDED JUNE 30, 2007**

BUDGETARY INFORMATION

The annual budget is prepared by the Township Supervisor and adopted by the Township Board; subsequent amendments are approved by the Township Board.

The budget has been prepared in accordance with generally accepted accounting principles for the General Fund and all Special Revenue Funds.

The budget has been adopted on a cost center basis; expenditures at this level, in excess of amounts budgeted, are a violation of Michigan Law. Comparison of actual results of operations to the budgets of the General Fund and Major Special Revenue Funds, as adopted by the Township Board, are included in the Required Supplemental Information of the basic financial statements. A comparison of the actual results of operations to the Non-major Special Revenue Funds budgets, as adopted by the Township, is included in the Other Supplemental Information section of the financial statements.

EXCESS OF EXPENDITURES OVER BUDGETED AMOUNTS

The Township had material expenditure budget overrun as follows:

<u>Fund and Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Public Works	\$ 254,800	\$ 274,110	\$ 19,310

**OTHER SUPPLEMENTAL INFORMATION**

**MAYFIELD TOWNSHIP  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2007**

	Special Revenue Funds			
	Crossing Guard Fund	Disaster Contingency Fund	Drug Law Enforcement Fund	Revolving Improvement Fund
<b>ASSETS</b>				
Cash in Bank				
Demand Deposits	\$ 2,152	\$ 20	\$ 621	\$ -
Certificates of Deposit	-	-	-	-
Investments	-	-	-	76,714
<b>TOTAL ASSETS</b>	<b>\$ 2,152</b>	<b>\$ 20</b>	<b>\$ 621</b>	<b>\$ 76,714</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 6,628
Accrued Payroll	-	-	-	-
Due to General Fund	179	-	-	-
<b>TOTAL LIABILITIES</b>	<b>179</b>	<b>-</b>	<b>-</b>	<b>6,628</b>
<b>FUND EQUITY</b>				
Fund Balance				
Unreserved - Undesignated	1,973	20	621	70,086
<b>TOTAL FUND EQUITY</b>	<b>1,973</b>	<b>20</b>	<b>621</b>	<b>70,086</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,152</b>	<b>\$ 20</b>	<b>\$ 621</b>	<b>\$ 76,714</b>

See Accompanying Notes.

Building Fund	Cemetery Operating Fund	Expendable Cemetery Trust Fund	Permanent Fund Cemetery Perpetual Care Fund	Total Non-major Governmental Funds
\$ 4,219	\$ 4,814	\$ 1,716	\$ 8,580	\$ 22,122
-	-	-	94,549	94,549
-	-	-	-	76,714
\$ 4,219	\$ 4,814	\$ 1,716	\$ 103,129	\$ 193,385
\$ -	\$ 4	\$ -	\$ -	\$ 6,632
10	-	-	-	10
-	-	-	-	179
10	4	-	-	6,821
4,209	4,810	1,716	103,129	186,564
4,209	4,810	1,716	103,129	186,564
\$ 4,219	\$ 4,814	\$ 1,716	103,129	193,385

**MAYFIELD TOWNSHIP**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2007**

	Special Revenue Funds			
	Crossing Guard Fund	Disaster Contingency Fund	Drug Law Enforcement Fund	Revolving Improvement Fund
REVENUES				
Charges for Services	\$ 1,343	\$ -	\$ 1,046	\$ -
Interest	-	-	-	2,504
Other Revenue	-	-	-	-
TOTAL REVENUES	<u>1,343</u>	<u>-</u>	<u>1,046</u>	<u>2,504</u>
EXPENDITURES				
General Government	-	-	-	6,836
Building	-	-	-	-
Cemetery	-	-	-	-
Public Safety	1,559	-	751	-
TOTAL EXPENDITURES	<u>1,559</u>	<u>-</u>	<u>751</u>	<u>6,836</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(216)</u>	<u>-</u>	<u>295</u>	<u>(4,332)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	40,000
Operating Transfers Out	-	-	(344)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(344)</u>	<u>40,000</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(216)</u>	<u>-</u>	<u>(49)</u>	<u>35,668</u>
FUND BALANCE - BEGINNING	<u>2,189</u>	<u>20</u>	<u>670</u>	<u>34,418</u>
FUND BALANCE - ENDING	<u>\$ 1,973</u>	<u>\$ 20</u>	<u>\$ 621</u>	<u>\$ 70,086</u>

See Accompanying Notes.

Building Fund	Cemetery Operating Fund	Expendable Cemetery Trust Fund	Permanent Fund Cemetery Perpetual Care Fund	Total Non-major Governmental Funds
\$ 63,617	\$ 40,714	\$ -	\$ 3,120	\$ 109,840
2	-	5,350	-	7,856
-	50	-	-	50
63,619	40,764	5,350	3,120	117,746
-	-	-	-	6,836
78,151	-	-	-	78,151
-	50,525	-	-	50,525
-	-	-	-	2,310
78,151	50,525	-	-	137,822
(14,532)	(9,761)	5,350	3,120	(20,076)
8,000	4,606	-	-	52,606
-	-	(4,606)	-	(4,950)
8,000	4,606	(4,606)	-	47,656
(6,532)	(5,155)	744	3,120	27,580
10,741	9,965	972	100,009	158,984
\$ 4,209	\$ 4,810	\$ 1,716	\$ 103,129	\$ 186,564



**BROWN & KENT, P.C.**

**Certified Public Accountants**

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To the Board Members  
Mayfield Township  
Lapeer, MI 48446

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mayfield Township (the "Township"), as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that we consider to be material weaknesses.

We consider the following deficiency to be a material weakness:

*Lack of controls to determine and record accrual adjustments.*

During the audit, we generally provide significant assistance in identifying and proposing accrual adjustments to the accounting records. Accruals represent any adjustments other than cash that impact the accounting records (capital assets [including the recording of additions, depreciation expense and disposals], accounts payable, etc.). We are pleased to assist in this process since our staff of auditors have the expertise in accrual adjustments and can generally assist in an effective manner. However, we bring this to your attention since it meets the above definition of a matter to be communicated to those charged with governance.

We consider the following deficiency to be a significant deficiency in internal control:

*Lack of adequate controls to produce full-disclosure GAAP financial statements.*

*Requirement:* All Michigan governmental units are required to prepare financial statements in accordance with generally accept accounting principles (GAAP). This is the responsibility of the Township's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting government-wide and fund financial statements, including the related footnotes.

*Condition:* The Township, as is common with smaller and medium-sized entities, has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the government's internal controls.

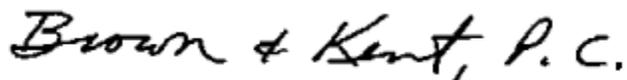
*Effect:* The result of this condition is that the Township lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

We would expect this comment to continue from year to year. We do not recommend any changes to this situation at this time and communicate that as required by professional standards.

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

We wish to thank the Board for the opportunity to serve as auditors for Mayfield Township. Please contact us, if you have any questions regarding these or any other matters.

Sincerely,



Certified Public Accountants

December 5, 2007