

### 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 Township of Michigamme, Michigan	County Marquette
Fiscal Year End 3/31/07	Opinion Date 9/20/07	Date Audit Report Submitted to State 9/27/07	

We affirm that:

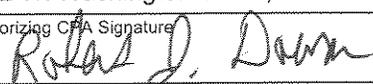
We are certified public accountants licensed to practice in Michigan.

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<br>NO | <input checked="" type="checkbox"/> <input type="checkbox"/> | <b>Check each applicable box below.</b> (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) Anderson, Tackman, & Company, P.L.C.		Telephone Number (906) 225-1166		
Street Address 102 W. Washington Street, Suite 109		City Marquette	State MI	Zip 49855
Authorizing CPA Signature 		Printed Name Robert J. Downs, CPA		License Number 10993

**TOWNSHIP OF MICHIGAMME, MICHIGAN**  
**FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2007**

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REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

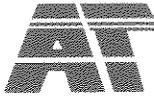
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**PARTNERS**

JOHN W. BLEMBERG, CPA

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WISCONSIN  
GREEN BAY  
MILWAUKEE

INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Members of  
The Township Board of Trustees  
Township of Michigamme, Michigan  
PO Box 220  
Michigamme, Michigan 49861

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Michigamme, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, business-type activities, each major fund and the aggregate remaining fund information of the Township of Michigamme, Michigan as of March 31, 2007, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a separate report to management dated September 20, 2007 on our consideration of the Township of Michigamme, Michigan's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 5 through 9 and budgetary comparison information on pages 35 to 38 is not a required part of the basic financial statements, but are supplementary information required by 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

Honorable Supervisor and Members of the Township Board of Trustees  
Township of Michigamme, Michigan

and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Township of Michigamme, Michigan's basic financial statements. The combining and individual fund statements and schedules as listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Township of Michigamme, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Anderson, Tackman & Company, PLC*  
Certified Public Accountants

September 20, 2007

## Township of Michigamme, Michigan

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of Michigamme, Michigan's financial performance provides an overview of the Township's financial activities for the year ended March 31, 2005. Please read it in conjunction with the financial statements, which begin on page 20.

#### FINANCIAL HIGHLIGHTS

The Township's net assets were reported for the first time under GASB 34. As such, no comparisons with prior years will be made. In future years, comparative information will be presented in various schedules throughout the MD&A.

- Net assets for the Township as a whole increased by \$30,372 as a result of this year's operations. Net assets of our business-type activities decreased by \$(25,486), or 2 percent, and net assets of our governmental activities increased by \$55,858, or 4 percent.
- During the year, the Township had expenses for governmental activities that were \$442,869 which is more than the \$110,323 generated in program revenue sources.
- During the year, the Township had expenses for business-type activities that were \$93,226 which is more than the \$63,027 generated in program revenue sources.
- The General Fund reported a net fund balance of \$87,839. This is \$7,118 more than the forecasted increase of \$1,000.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

#### **Reporting the Township as a Whole**

Our analysis of the Township as a whole begins on page 6. One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's *net* assets and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or *financial position*. Over time, *increases or decreases* in the Township's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's patron base and the condition of the Township's capital assets, to assess the *overall financial health* of the Township.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two kinds of activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.
- **Business-Type Activities** – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's Sewer System activities are reported here.

### Reporting the Township's Most Significant Funds

Our analysis of the Township's major funds begins on page 8. The fund financial statements begin on page 12 and provide detailed information on the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The Township's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- **Governmental funds** – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.
- **Proprietary funds** – When the Township charges customers for the services it provides – whether to outside customers or to other units of the Township – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

### The Township as a Whole

Table I provides a summary of the Township's net assets as of March 31, 2007 compared to 2005.

**Table 1  
Net Assets**

	2007			2005		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and other assets	\$464,939	\$233,552	\$698,491	\$338,013	\$236,785	\$574,798
Capital assets, net	1,659,124	1,309,556	2,968,680	1,788,259	1,381,418	3,169,677
Total Assets	2,124,063	1,543,108	3,667,171	2,126,272	1,618,203	3,744,475
Current liabilities	46,119	28,425	74,544	40,894	28,209	69,103
Non-current liabilities	543,425	473,000	1,016,425	607,615	495,000	1,102,615
Total Liabilities	589,544	501,425	1,090,969	648,509	523,209	1,171,718

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

	2007			2006		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	\$1,082,926	\$825,556	\$1,908,482	\$1,148,845	\$876,418	\$2,025,263
Restricted	-	142,956	142,956	-	131,059	131,059
Unrestricted (deficit)	451,593	73,171	524,764	328,918	87,517	416,435
<b>Total Net Assets</b>	<b>\$1,534,519</b>	<b>\$1,041,683</b>	<b>\$2,576,202</b>	<b>\$1,477,763</b>	<b>\$1,094,994</b>	<b>\$2,572,757</b>

Net assets of the Township's governmental activities stood at \$1,534,519. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$451,593.

The \$451,593 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The net assets of our business-type activities stood at \$1,041,683. The Township can generally only use these net assets to finance continuing operations of the Sewer System operations.

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal year 2007 compared to 2005.

Table 2  
Change in Net Assets

	2007			2005		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$46,895	\$63,027	\$109,922	\$143,657	\$59,534	\$203,191
Operating Grants and Contributions	63,428	-	63,428	-	-	-
<b>General Revenues:</b>						
Property taxes	297,160	-	297,160	271,752	-	271,752
State Sources	30,315	-	30,315	29,758	-	29,758
Interest	9,615	4,713	14,328	3,375	1,749	5,124
Miscellaneous	51,314	-	51,314	41,544	-	41,544
<b>Total Revenues</b>	<b>498,727</b>	<b>67,740</b>	<b>566,467</b>	<b>490,086</b>	<b>61,283</b>	<b>551,369</b>
<b>Program Expenses:</b>						
Legislative	12,952	-	12,952	18,423	-	18,423
General Services and administration	146,658	-	146,658	102,358	-	102,358
Public Safety	96,240	-	96,240	79,004	-	79,004
Public Works	86,362	-	86,362	69,901	-	69,901
Health and Welfare	27,809	-	27,809	34,611	-	34,611
Community and Economic Development	2,712	-	2,712	1,117	-	1,117
Recreation and Culture	28,761	-	28,761	23,963	-	23,963
Other	17,125	-	17,125	17,532	-	17,532
Debt Service	24,250	-	24,250	5,699	-	5,699
Sewer system	-	93,226	93,226	-	109,427	109,427
<b>Total Expenses</b>	<b>442,869</b>	<b>93,226</b>	<b>536,095</b>	<b>352,608</b>	<b>109,427</b>	<b>462,035</b>
Increase (decrease) in net assets	55,858	(25,486)	30,372	137,478	(48,144)	89,334
Net assets, beginning	1,478,661	1,067,169	2,545,830	1,340,285	1,143,138	2,483,423
<b>Net Assets, Ending</b>	<b>\$1,534,519</b>	<b>\$1,041,683</b>	<b>\$2,576,202</b>	<b>\$1,477,763</b>	<b>\$1,094,994</b>	<b>\$2,572,757</b>

The Township's total revenues were \$498,727. The total cost of all programs and services was \$442,869, leaving an increase in net assets of \$55,858. Our analysis below separately considers the operations of governmental and business-type activities:

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

**Governmental Activities**

Governmental Activities had a net income of \$55,858. This was due from a \$63,012 gain from governmental funds, reclassification of \$64,994 from capital outlay to capital assets, record depreciation expense of \$103,564, and reclassifying principal portion on long term liabilities from debt expense of \$31,416.

**Business-type Activities**

Business type activities had a net loss of \$25,486, which is from not charging for depreciation expense to users.

**THE TOWNSHIP'S FUNDS**

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a *combined* fund balance of \$451,593, an increase of \$63,012 from the beginning of the year.

The major reason for this increase was the road funds \$30,052 increase in fund balance.

**General Fund Budgetary Highlights**

Over the course of the year, the Township Board did not revise the budget.

Budget amendments were not done during the year due to simple oversight. The major differences in the budget were due to budgeting payroll taxes verse personnel expense during the year. Employee and Employer payroll taxes were budgeted in other expenditures and actual expenses for gross wages were recorded in the proper departments. The Township also failed to budget for the acquisition of 2 voting machines which were acquired from the State of Michigan through a federal grant.

With these adjustments, actual charges to expenditures were \$49,413, more than the final amended budget. Additionally, revenues were \$56,531 more then the final budget projection.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal 2007, the Township had \$2,926,752 invested in a variety of capital assets including land and improvements, buildings and improvements, and other equipment. (See table 3 below)

Table 3  
Capital Assets at Year-End

	2007			2005		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
Land	\$647,500	\$58,724	\$706,224	\$647,500	\$58,724	\$706,224
Land improvements	-	-	-	-	-	-
Buildings and improvements	883,429	1,250,832	2,134,261	947,959	1,322,694	2,270,653
Equipment and furnishings	128,195	-	128,195	192,800	-	192,800
<b>TOTALS</b>	<b>\$1,659,124</b>	<b>\$1,309,556</b>	<b>\$2,968,680</b>	<b>\$1,788,259</b>	<b>\$1,381,418</b>	<b>\$3,169,677</b>

During the current year, the Township acquired two voting machines through a federal grant for \$12,584, purchased turnout gear for the fire department in the amount of \$52,410, had two disposals totaling \$65,000, and recorded depreciation expense of \$103,564. The Sewer fund record depreciation expense in the amount of \$35,931.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

**Debt**

At year-end, the Township had \$1,060,198 in bonds and notes outstanding as depicted in Table 4 below.

Table 4  
Outstanding Debt at Year-End

	2006			2005		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
Bonds	\$ 2,686	\$ 484,000	\$ 486,686	\$ 4,137	\$ 505,000	\$509,137
Loans	573,512	-	573,512	635,276	-	635,276
<b>TOTALS</b>	<b>\$ 576,198</b>	<b>\$ 484,000</b>	<b>\$ 1,060,198</b>	<b>\$ 639,414</b>	<b>\$ 505,000</b>	<b>\$1,144,414</b>

During the year the Township recorded principle payments of \$42,416.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

In preparing the Township's budget for the year ending March 31, 2008, the Township considered the following issues:

- The fiscal 2008 budget was based on 2007 estimated year end balances and kept fairly stable for all activity.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of Michigamme, P.O. Box 220, Michigamme, MI 49861.

TOWNSHIP OF MICHIGAMME, MICHIGAN

STATEMENT OF NET ASSETS

March 31, 2007

	Primary Government		Total
	Governmental Activities	Business Type Activities	
<b>ASSETS</b>			
Current Assets:			
Cash and equivalents	\$ 429,790	\$ 29,810	\$ 459,600
Cash and equivalents - restricted	-	142,956	142,956
Receivables (net)	35,149	60,786	95,935
Prepaid Expense	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>464,939</b>	<b>233,552</b>	<b>698,491</b>
Non-current assets:			
Capital assets being depreciated	1,659,124	1,309,556	2,968,680
Total Capital Assets	1,659,124	1,309,556	2,968,680
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,659,124</b>	<b>1,309,556</b>	<b>2,968,680</b>
<b>TOTAL ASSETS</b>	<b>2,124,063</b>	<b>1,543,108</b>	<b>3,667,171</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts payable	6,488	182	6,670
Accrued liabilities	6,858	-	6,858
Deferred revenue	-	-	-
Accrued interest	-	17,243	17,243
Current portion of notes payable	32,773	11,000	43,773
Other current liabilities	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>46,119</b>	<b>28,425</b>	<b>74,544</b>
Non-current Liabilities:			
Compensated absences	-	-	-
Notes payable	543,425	473,000	1,016,425
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>543,425</b>	<b>473,000</b>	<b>1,016,425</b>
<b>TOTAL LIABILITIES</b>	<b>589,544</b>	<b>501,425</b>	<b>1,090,969</b>
<b>NET ASSETS</b>			
Invested in capital assets net of related debt	1,082,926	825,556	1,908,482
Restricted for:			
Debt Service	-	142,956	142,956
Unrestricted	451,593	73,171	524,764
<b>TOTAL NET ASSETS</b>	<b>\$ 1,534,519</b>	<b>\$ 1,041,683</b>	<b>\$ 2,576,202</b>

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

TOWNSHIP OF MICHIGAMME, MICHIGAN

STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2007

Function / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Business Type	
					Governmental Activities	Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
Legislative	\$ 12,952	\$ -	\$ -	\$ -	\$ (12,952)	\$ -	\$ (12,952)
General services and administration	146,658	5,301	12,584	-	(128,773)	-	(128,773)
Public safety	96,240	12,670	50,844	-	(32,726)	-	(32,726)
Public works	86,362	22,681	-	-	(63,681)	-	(63,681)
Health and Welfare	27,809	6,243	-	-	(21,566)	-	(21,566)
Community and economic development	2,712	-	-	-	(2,712)	-	(2,712)
Recreation and culture	28,761	-	-	-	(28,761)	-	(28,761)
Other	17,125	-	-	-	(17,125)	-	(17,125)
Debt service	24,250	-	-	-	(24,250)	-	(24,250)
Total Governmental Activities	442,869	46,895	63,428	-	(332,546)	-	(332,546)
<b>Business Type Activities:</b>							
Sewer	93,226	63,027	-	-	-	(30,199)	(30,199)
Total Business Type Activities	93,226	63,027	-	-	-	(30,199)	(30,199)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 536,095</b>	<b>\$ 109,922</b>	<b>\$ 63,428</b>	<b>\$ -</b>	<b>(332,546)</b>	<b>(30,199)</b>	<b>(362,745)</b>
<b>General Revenues:</b>							
Taxes					297,160	-	297,160
Unrestricted State sources					30,315	-	30,315
Interest and investment earnings					9,615	4,713	14,328
Miscellaneous					51,314	-	51,314
Transfers					-	-	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>388,404</b>	<b>4,713</b>	<b>393,117</b>
<b>CHANGE IN NET ASSETS</b>					<b>55,858</b>	<b>(25,486)</b>	<b>30,372</b>
Net assets, beginning of year					1,478,661	1,067,169	2,545,830
<b>NET ASSETS, END OF YEAR</b>					<b>\$ 1,534,519</b>	<b>\$ 1,041,683</b>	<b>\$ 2,576,202</b>

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

TOWNSHIP OF MICHIGAMME, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2007

	General Fund	Road Fund	Fire Fund	Park Fund	Building Fund	Garbage Fund	Total Governmental Funds
<b>ASSETS</b>							
Cash and equivalents	\$ 76,548	\$ 126,197	\$ 72,552	\$ 16,286	\$ 52,792	\$ 85,415	\$ 429,790
Receivables	4,913	1,652	5,265	826	2,710	3,200	18,566
Due from other units	5,893	-	-	-	-	-	5,893
Due from other funds	12,445	50,000	-	-	-	-	62,445
Prepaid expense	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>99,799</b>	<b>177,849</b>	<b>77,817</b>	<b>17,112</b>	<b>55,502</b>	<b>88,615</b>	<b>516,694</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES:</b>							
Accounts payable	6,488	-	-	-	-	-	6,488
Accrued payroll and related	3,717	301	1,317	226	-	1,297	6,858
Due to other funds	1,755	-	-	-	50,000	-	51,755
Deferred revenue	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>11,960</b>	<b>301</b>	<b>1,317</b>	<b>226</b>	<b>50,000</b>	<b>1,297</b>	<b>65,101</b>
<b>FUND BALANCE:</b>							
Unreserved:	87,839	177,548	76,500	16,886	5,502	87,318	451,593
<b>TOTAL FUND BALANCE</b>	<b>87,839</b>	<b>177,548</b>	<b>76,500</b>	<b>16,886</b>	<b>5,502</b>	<b>87,318</b>	<b>451,593</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 99,799</b>	<b>\$ 177,849</b>	<b>\$ 77,817</b>	<b>\$ 17,112</b>	<b>\$ 55,502</b>	<b>\$ 88,615</b>	<b>\$ 516,694</b>

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

**TOWNSHIP OF MICHIGAMME, MICHIGAN**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

March 31, 2007

<b>Total Fund Balances for Governmental Funds</b>	<b>\$</b>	<b>451,593</b>
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*Amounts reported for governmental activities in the statement of net assets are different because:*

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

	Cost of Capital Assets	\$ 3,139,593	
	Accumulated Deprecation of Assets	<u>(1,480,469)</u>	1,659,124

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

	Current portion of notes payable	32,773	
	Notes payable	<u>543,425</u>	(576,198)

<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>1,534,519</u></b>
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The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF MICHIGAMME, MICHIGAN**  
GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
For the Year Ended March 31, 2007

	General Fund	Road Fund	Fire Fund	Park Fund	Building Fund	Garbage Fund	Total Governmental Funds
<b>REVENUES:</b>							
Taxes	\$ 102,314	\$ 30,219	\$ 52,257	\$ 13,777	\$ 45,203	\$ 53,390	\$ 297,160
Licenses and Permits	370	-	-	-	-	-	370
Federal Sources	12,584	-	50,844	-	-	-	63,428
State Sources	29,129	1,186	-	-	-	-	30,315
Local Sources	-	-	-	-	-	-	-
Charges for Services	5,301	-	18,913	-	-	22,681	46,895
Fines and Forfeits	-	-	-	-	-	-	-
Interest and Rents	9,465	-	-	150	-	-	9,615
Other Revenue	31,732	458	1,633	327	6,664	10,130	50,944
<b>TOTAL REVENUES</b>	<b>190,895</b>	<b>31,863</b>	<b>123,647</b>	<b>14,254</b>	<b>51,867</b>	<b>86,201</b>	<b>498,727</b>
<b>EXPENDITURES:</b>							
Legislative	12,952	-	-	-	-	-	12,952
General Government	121,593	-	-	-	4,658	-	126,251
Public Safety	-	-	44,158	-	-	-	44,158
Public Works	7,835	1,811	-	-	-	75,216	84,862
Health and Welfare	-	-	7,609	-	-	-	7,609
Community and Economic Development	2,712	-	-	-	-	-	2,712
Recreation and Culture	7,976	-	-	11,410	-	-	19,386
Other Functions	17,125	-	-	-	-	-	17,125
Capital Outlay	12,584	-	52,410	-	-	-	64,994
Debt Service	-	-	9,608	-	46,058	-	55,666
<b>TOTAL EXPENDITURES</b>	<b>182,777</b>	<b>1,811</b>	<b>113,785</b>	<b>11,410</b>	<b>50,716</b>	<b>75,216</b>	<b>435,715</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>8,118</b>	<b>30,052</b>	<b>9,862</b>	<b>2,844</b>	<b>1,151</b>	<b>10,985</b>	<b>63,012</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Loan proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>8,118</b>	<b>30,052</b>	<b>9,862</b>	<b>2,844</b>	<b>1,151</b>	<b>10,985</b>	<b>63,012</b>
Fund balance, beginning of year	79,721	147,496	66,638	14,042	4,351	76,333	388,581
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 87,839</b>	<b>\$ 177,548</b>	<b>\$ 76,500</b>	<b>\$ 16,886</b>	<b>\$ 5,502</b>	<b>\$ 87,318</b>	<b>\$ 451,593</b>

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

**TOWNSHIP OF MICHIGAMME, MICHIGAN**

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

For the Year Ended March 31, 2007

**Net Change in Fund Balances - Total Governmental Funds** \$ 63,012

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

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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$	64,994	
Depreciation expense		<u>(103,564)</u>	(38,570)

Repayment of loan principal is an expenditure in the governmental funds but repayment reduces long-term liabilities in the statement of net assets.			<u>31,416</u>
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<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>			<u><u>\$ 55,858</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MICHIGAMME, MICHIGAN

SEWER FUND

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

March 31, 2007

	<u>Total</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and equivalents	\$ 29,810
Cash and equivalents - restricted	142,956
Accounts receivable, net	60,786
Due from other funds	-
Prepaid expense	-
<b>TOTAL CURRENT ASSETS</b>	<u>233,552</u>
Non-current Assets:	
Capital assets	1,855,272
Accumulated depreciation	(545,716)
<b>TOTAL NON-CURRENT ASSETS</b>	<u>1,309,556</u>
<b>TOTAL ASSETS</b>	<u>1,543,108</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts payable	-
Accrued liabilities	-
Due to other funds	182
Accrued interest payable	17,243
Current portion of long-term debt	11,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>28,425</u>
Non-current Liabilities:	
Bond payable	473,000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>473,000</u>
<b>TOTAL LIABILITIES</b>	<u>501,425</u>
<b>NET ASSETS:</b>	
Invested in capital assets net of related debt	825,556
Restricted - debt service	142,956
Unrestricted	73,171
<b>TOTAL NET ASSETS</b>	<u>\$ 1,041,683</u>

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

TOWNSHIP OF MICHIGAMME, MICHIGAN

PROPRIETARY FUNDS

SEWER FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Year Ended March 31, 2007

	<u>Total</u>
<b>OPERATING REVENUES:</b>	
Charges for services (net)	\$ 63,027
Other operating revenue	<u>-</u>
<b>TOTAL OPERATING REVENUES</b>	<u>63,027</u>
<b>OPERATING EXPENSES:</b>	
Operating expenses	22,810
Depreciation	<u>35,931</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>58,741</u>
<b>OPERATING INCOME (LOSS)</b>	<u>4,286</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Investment income	4,713
Interest expense	<u>(34,485)</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(29,772)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(25,486)
Transfer in	-
Transfer (out)	-
<b>CHANGE IN NET ASSETS</b>	<u>(25,486)</u>
Net assets, beginning of year	<u>1,067,169</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 1,041,683</u></u>

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

TOWNSHIP OF MICHIGAMME, MICHIGAN

PROPRIETARY FUNDS

SEWER FUND

STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2007

	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from fees and charges for services	\$ 79,233
Cash payments to employees for services	(6,203)
Cash payments to suppliers for goods and services	(16,193)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>56,837</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Increase (decrease) Interfund activity	182
Cash payments for capital assets	-
Interest payments on bonds	(34,877)
Principal payments on bonds	(11,000)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(45,695)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Change in restricted cash	-
Interest income	4,713
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>4,713</u>
	<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>
	15,855
Cash and cash equivalents, beginning of year	13,955
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 29,810</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	<u>\$ 4,286</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	35,931
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	16,620
(Increase) decrease in prepaid expense	-
Increase (decrease) in accounts payable	-
Increase (decrease) in accrued liabilities	-
<b>NET ADJUSTMENTS</b>	<u>52,551</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 56,837</u>

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

TOWNSHIP OF MICHIGAMME, MICHIGAN

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

March 31, 2007

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 12,924
Due from other funds	<u>1,755</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 14,679</u></b>
<b>LIABILITIES:</b>	
Due to other funds	\$ 12,263
Due to others	<u>2,416</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 14,679</u></b>

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

TOWNSHIP OF MICHIGAMME, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS

March 31, 2007

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Township have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

**(1) REPORTING ENTITY**

The Township's financial statements present the Township (the primary government). In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Township may or may not be financially accountable and, as such, be includable within the Township's financial statements.

**(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities. The Township's Sewer System is classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

The government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities. For the most part, the effect of Interfund activities has been removed from these statements.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

### (3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS:

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

#### ***Governmental Funds:***

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

**General Fund** – General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

#### ***Proprietary Funds***

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Township:

- **Enterprise Funds** – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township reports the following major governmental funds:

- The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- The **Road Fund** is used to account for the financial resources to be used for the expenditures related to road improvements.
- The **Fire Fund** is used to account for the operations of the fire and EMS department.
- The **Park Fund** is used to account for the financial resources to be used for the expenditures related to the maintenance of the park.
- The **Building Fund** is used to account for the maintenance and construction of the townhall.
- The **Garbage Fund** is used to account for the refuse collection system.

The Township reports the following major proprietary funds:

- The **Sewer Fund** is used to account for the revenues and expenses for the operation of a sewer system.

### **(4) BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

#### ***Accrual***

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All enterprise funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

#### ***Modified Accrual***

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**(5) FINANCIAL STATEMENT AMOUNTS**

**Budgets and Budgetary Accounting** – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to March 31 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board of Trustees, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Supervisor is authorized by means of Township policy to make certain transfers:
  1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or groups(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.
  2. The following considerations must be reviewed in determination of transfer approvals.
    - a. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
    - b. Will the transfer maintain the financial integrity of the Township?  
Will the transfer provide a reasonable solution to the Departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Supervisor and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary controls exist at the most detailed level adopted by the Board of Trustees, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

**Cash Equivalents and Investments** – For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

**Capital Assets** – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	15 years
Building, structures and improvements	10-40 years
Equipment	5 years
Water and Sewage System	20-50 years
Vehicles	5 years
Infrastructure	20-50 years

**Long-Term Liabilities** – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**Property Taxes** – Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

**Interfund Activity** – Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**NOTE B – DEPOSITS AND INVESTMENTS:**

Cash Equivalents

The following is a reconciliation of cash and investments for both the unrestricted and restricted assets for the primary government from the Statement of Net Assets:

	Primary Government	Proprietary Funds	Fiduciary Funds	Total
Unrestricted:				
Cash and cash equivalents	\$429,790	\$29,810	\$12,924	\$472,524
Investments	-	-	-	-
	429,790	29,810	12,924	472,524
Restricted:				
Cash and cash equivalents	-	142,956	-	142,956
Investments	-	-	-	-
	-	142,956	-	142,956
TOTALS	\$429,790	\$172,766	\$12,924	\$615,480

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require and the Township does not have a deposit policy for custodial credit risk. The carrying amounts of the primary government and fiduciary fund's deposits with financial institutions were \$615,480 and the bank balance was \$661,404. The bank balance is categorized as follows:

Amount insured by the FDIC or uncollateralized with securities held by the Township in its name	\$100,000
Amount collateralized with securities held by the pledging financial institutions trust department in the Township's name:	
Collateralized and uninsured	561,404
TOTAL	\$661,404

Investments

As of March 31, 2007, the Township did not have any investments.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Township's investments. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**NOTE B – DEPOSITS AND INVESTMENTS (Continued):**

*Credit Risk*

Michigan statutes (Act 196, PA 1997) authorize the Township to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The Township has no investment policy that would further limit its investment choices. The Township's investments are in accordance with statutory authority.

**NOTE C – INTERFUND TRANSFERS IN AND TRANSFERS OUT:**

There were no interfund transfers in 2007.

**NOTE D – INTERFUND RECEIVABLES AND PAYABLES:**

The Interfund transfers for the year relating to un-reimbursed expenses are as follows:

	DUE TO OTHER FUNDS		
	General Fund	Road Fund	Totals
Tax Collection Fund	\$ 12,263	\$ -	\$ 12,263
Community Building Fund	-	50,000	50,000
Sewer Fund	182	-	182
Trust & Agency Fund	1,755	-	1,755
<b>Total</b>	<b>\$ 14,200</b>	<b>\$ 50,000</b>	<b>\$ 64,200</b>

**NOTE D – CAPITAL ASSETS:**

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at April 1, 2006	Additions	Disposals	Balance at March 31, 2007
<b>GOVERNMENTAL ACTIVITIES:</b>				
Land	\$ 647,500	\$ -	\$ -	\$ 647,500
Total Capital Assets, not being depreciated	647,500	-	-	647,500
Buildings and improvements	1,735,599	-	-	1,735,599
Furniture and equipment	756,500	64,994	(65,000)	756,494
Total Capital Assets, being depreciated	2,492,099	64,994	(65,000)	2,492,093
Less Accumulated Depreciation:				
Building and improvements	(819,905)	(32,265)	-	(852,170)
Furniture and equipment	(622,000)	(71,299)	65,000	(628,299)
Total Accumulated Depreciation	(1,441,905)	(103,564)	65,000	(1,480,469)
Governmental Activities Capital Assets, Net	\$ 1,697,694	\$ (38,570)	\$ -	\$ 1,659,124

**NOTE D – CAPITAL ASSETS (Continued):**

Depreciation expenses for the governmental activities were charged to the following functions and activities of the primary government:

General and Administrative	\$ 20,407
Public Safety	52,082
Public Works	1,500
Health and Welfare	20,200
Recreation and Culture	9,375
Total	<u>\$ 103,564</u>

A summary of changes in business-type activities capital assets is as follows:

	Balance at April 1, 2006	Additions	Disposals	Balance at March 31, 2007
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Land	\$58,724	\$ -	\$ -	\$58,724
Total Capital Assets, not being depreciated	<u>58,724</u>	<u>-</u>	<u>-</u>	<u>58,724</u>
Buildings and improvements	1,796,548	-	-	1,796,548
Equipment	-	-	-	-
Total Capital Assets, being depreciated	<u>1,796,548</u>	<u>-</u>	<u>-</u>	<u>1,796,548</u>
<b>Less Accumulated Depreciation:</b>				
Buildings and improvements	(509,785)	(35,931)	-	(545,716)
Equipment	-	-	-	-
Total Accumulated Depreciation	<u>(509,785)</u>	<u>(35,931)</u>	<u>-</u>	<u>(545,716)</u>
Business-Type Capital Assets, Net	<u>\$1,345,487</u>	<u>\$(35,931)</u>	<u>\$ -</u>	<u>\$1,309,556</u>

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

Business-Type Activities:	
Sewer Fund	\$35,931
Total Depreciation Expense – Business-Type Activities	<u>\$35,931</u>

**NOTE E – LONG-TERM DEBT:**

SCHEDULE OF MARQUETTE COUNTY LANDFILL BOND  
March 31, 2007

	May		November	Total
	Principal	Interest	Interest	
2007-2008	\$ 817	\$ 102	\$ 71	\$ 990
2008-2009	889	71	37	997
2009-2010	979	37	-	1,016
TOTALS	<u>\$ 2,685</u>	<u>\$ 210</u>	<u>\$ 108</u>	<u>\$ 3,003</u>

The Bonds originally issued for \$9,738 and dated September 11, 1991 mature annually as scheduled above and bears a variable interest rate.

**NOTE E – LONG-TERM DEBT (Continued):**

**SCHEDULE OF FIRE TRUCK LOAN**  
March 31, 2007

	May		Total
	Principal	Interest	
2007-2008	\$ 6,380	\$ 3,228	\$ 9,608
2008-2009	6,715	2,893	9,608
2009-2010	7,068	2,540	9,608
2010-2011	7,439	2,169	9,608
2011-2012	7,829	1,779	9,608
2012-2013	8,241	1,367	9,608
2013-2014	8,673	935	9,608
2014-2015	9,131	477	9,608
<b>TOTALS</b>	<b>\$ 61,476</b>	<b>\$ 15,388</b>	<b>\$ 76,864</b>

The Loan originally issued for \$75,000 and dated September 23, 2004 mature annually on April 1 above and bears a 5.25% interest rate.

**Building Loan**  
March 31, 2007

	April 1		Total
	Principal	Interest	
2007-2008	\$25,576	\$20,481	\$46,057
2008-2009	26,599	19,458	46,057
2009-2010	459,863	18,395	478,258
<b>TOTALS</b>	<b>\$512,038</b>	<b>\$58,334</b>	<b>\$570,372</b>

The loan originally issued for \$600,000 and dated April 1, 2003 mature annually on April 1 above, with a balloon payment in 2009 and bears a 4% interest rate.

**SEWER REVENUE BOND**  
March 31, 2007

	April 1		September 1	Total
	Principal	Interest	Interest	
2007-2008	\$6,000	\$14,749	\$14,535	\$35,284
2008-2009	7,000	14,535	14,286	35,821
2009-2010	7,000	14,286	14,036	35,322
2010-2011	8,000	14,036	13,751	35,787
2011-2012	10,000	13,751	13,395	37,146
2012-2013	11,000	13,395	13,003	37,398
2013-2014	12,000	13,003	12,576	37,579
2014-2015	13,000	12,576	12,113	37,689
2015-2016	14,000	12,113	11,614	37,727
2016-2017	15,000	11,614	11,079	37,693
2017-2018	16,000	11,079	10,510	37,589
2018-2019	17,000	10,510	9,904	37,414
2019-2020	18,000	9,904	9,263	37,167
2020-2021	20,000	9,263	8,550	37,813
2021-2022	21,000	8,550	7,802	37,352
2022-2023	22,000	7,802	7,018	36,820
2023-2024	23,000	7,018	6,199	36,217
2024-2025	24,000	6,199	5,344	35,543
2025-2026	25,000	5,344	4,453	34,797
2026-2027	25,000	4,453	3,563	33,016
2027-2028	25,000	3,563	2,672	31,235
2028-2029	25,000	2,672	1,781	29,453
2029-2030	25,000	1,781	890	27,671
2030-2031	25,000	890	-	25,890
<b>TOTALS</b>	<b>\$ 414,000</b>	<b>\$ 223,086</b>	<b>\$ 208,337</b>	<b>\$ 845,423</b>

The Bond was originally issued for \$446,000 on September 10, 1991. Bond Payments are due Semi-annually, April 1 (principal plus interest) and September 1 (interest), with an interest rate of 7.125%.

**NOTE E – LONG-TERM DEBT: (Continued)**

**SEWER SPECIAL ASSESSMENT BOND**  
March 31, 2007

	April 1		September 1	Total
	Principal	Interest	Interest	
2007-2008	\$5,000	\$2,494	\$2,316	\$9,810
2008-2009	5,000	2,316	2,138	9,454
2009-2010	5,000	2,138	1,959	9,097
2010-2011	5,000	1,959	1,781	8,740
2011-2012	5,000	1,781	1,603	8,384
2012-2013	5,000	1,603	1,425	8,028
2013-2014	5,000	1,425	1,247	7,672
2014-2015	5,000	1,247	1,069	7,316
2015-2016	5,000	1,069	891	6,960
2016-2017	5,000	891	713	6,604
2017-2018	5,000	713	534	6,247
2018-2019	5,000	534	356	5,890
2019-2020	5,000	356	178	5,534
2020-2021	5,000	178	-	5,178
<b>TOTALS</b>	<b>\$ 70,000</b>	<b>\$ 18,704</b>	<b>\$ 16,210</b>	<b>\$ 104,914</b>

The Bond was originally issued for \$150,000 on September 10, 1991. Bond Payments are due Semi-annually, April 1 (principal plus interest) and September 1 (interest), with an interest rate of 7.125%.

The annual debt service requirements to maturity for the non-current liabilities (excluding compensated absences) are as follows:

Year	Governmental	Business Type	Total
2007-2008	\$32,773	\$11,000	\$43,773
2008-2009	34,203	12,000	46,203
2009-2010	467,910	12,000	479,910
2010-2011	7,439	13,000	20,439
2011-2012	7,829	15,000	22,829
2012-2013	8,241	16,000	24,241
2013-2014	8,673	17,000	25,673
2014-2015	9,130	18,000	27,130
2015-2016	-	19,000	19,000
2016-2017	-	20,000	20,000
2017-2018	-	21,000	21,000
2018-2019	-	22,000	22,000
2019-2020	-	23,000	23,000
2020-2021	-	25,000	25,000
2021-2022	-	21,000	21,000
2022-2023	-	22,000	22,000
2023-2024	-	23,000	23,000
2024-2025	-	24,000	24,000
2025-2026	-	25,000	25,000
2026-2027	-	25,000	25,000
2027-2028	-	25,000	25,000
2028-2029	-	25,000	25,000
2029-2030	-	25,000	25,000
2030-2031	-	25,000	25,000
<b>Total</b>	<b>\$576,198</b>	<b>\$484,000</b>	<b>\$1,060,198</b>

**NOTE E – LONG-TERM DEBT: (Continued)**

	April 1, 2006	Additions	Subtractions	March 31, 2007
<b>Governmental Activities:</b>				
This debt represents the Township's share of the Bond to form the Joint Venture in the Marquette County Solid Waste Management Authority.				
Management Authority	\$3,448	\$ -	\$762	\$2,686
Fire Truck Loan	67,537	-	6,062	61,475
Building Loan	536,629	-	24,592	512,037
Total Governmental Activities	607,614	-	31,416	576,198
<b>Business-Type Activities:</b>				
Revenue Bond – for original sewer system	420,000	-	6,000	414,000
Special Assessment Bond – for original sewer system	75,000	-	5,000	70,000
Total Business-Type Activities	495,000	-	11,000	484,000
TOTAL PRIMARY GOVERNMENT LONG-TERM DEBT	\$1,102,614	-	\$42,416	\$1,060,198

**NOTE F – RESERVED AND DESIGNATED NET ASSETS:**

The Sewer Fund has reserved net assets totaling \$142,956 which represents the balance available to pay down debt.

**NOTE G – PROPERTY TAXES:**

The Local Governmental Unit property tax is levied on each December 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the Local Governmental Unit as of the preceding December 31<sup>st</sup>.

Although the Local Governmental Unit 2006 ad valorem tax is levied and collectible on December 1, 2006, it is the Local Governmental Unit's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60) days.

The 2006 taxable valuation of the Local Governmental Unit totaled \$26,475,008, on which ad valorem taxes levied consisted of 2.9748 mills for the Local Governmental Unit operation purposes, 3.4376 mills for garbage, road and park operations, 1.8965 mills for fire and emergency management service operations and 1.6406 mills for the community building. These amounts are recognized in the General Fund, Garbage Fund, Road Fund, Park Fund and Building fund financial statements as revenue.

**NOTE H – CONTINGENT LIABILITIES:**

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. The Township has obtained commercial insurance to handle its risk of loss.

**NOTE I – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:**

The Township has variances with regards to expenditures over appropriations in their funds as of March 31, 2007.

	Budget	Actual	Unfavorable Variance
<b>General Fund:</b>			
Elections	\$ 2,000	\$ 3,355	\$ 1,355
Assessor	4,000	9,844	5,844
Clerk	7,100	10,088	2,988
Board of Review	800	1,320	520
Town hall and grounds	37,364	77,767	40,403

**NOTE I – EXCESS OF EXPENDITURES OVER APPROPRIATIONS (Continued):**

	Budget	Actual	Unfavorable Variance
Planning Commission	\$1,500	\$2,712	\$1,212
Senior Center	800	940	140
Library	2,700	3,881	1,181
Museum	3,000	3,155	155
Capital Outlay	-	12,584	12,584
Special Revenue:			
Fire Department Fund -			
Fire Department	38,960	44,158	5,198
Capital Outlay	-	52,410	52,410
Building Fund -			
Building	2,266	4,658	2,392
Garbage Fund -			
Sanitation	59,500	75,216	15,716

**NOTE J – JOINT VENTURE:**

In June 1988, Michigamme Township joined with 19 other municipalities to create the Marquette County Solid Waste Management Authority ("Authority"). The Authority was created pursuant to Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair and dispose of, whether by sale, lease, or otherwise, an Act 641 landfill, including all improvements, appurtenances, easements, accessory facilities and structures, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements of, and function as a solid waste disposal area under Act 641 and to establish and administer procedures providing for the separation, recycling, recovery, conversion of solid waste to energy and for the disposition of such energy output and disposal at the site of Non-toxic Type II and Type III Solid Waste, to fund all of the above activities, to charge and collect fees in connection with the operation of the landfill and to provide for the reimbursement with receipt of bond proceeds to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

The Authority is governed by a Board of Trustees consisting of one (1) member (who is the Chairperson of the board of Trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two (2) members designated by the Marquette City Commission; three (3) members designated by the Marquette County Board of Commissioners, and one resident of the City of Marquette appointed by the other 6 Authority Board members. All decisions of the Board are made by majority vote, consisting of at least four of its members.

The Township's share of assets, liabilities, and fund equity is approximately 1 percent. Summary financial information as of and for the fiscal year ended June 30, 2006, is as follows:

Total Assets	\$13,550,304
Total Liabilities	2,135,432
Total Equity	11,369,872
Total Operating Revenues	2,368,781
Total Operating Expenses	2,625,815
Net Income (loss)	(257,034)

The City of Marquette has pledged its full faith and credit for the Marquette County Solid Waste Management Authority Bonds, Series 1988. These bonds are payable from the net revenues of the Authority, as well as by each member of the Authority to the extent of their pro rata share of the principal and interest requirements on the bonds.

## **NOTE K – DEFERRED COMPENSATION PLAN:**

The Township offers its employees deferred compensation Plans created in accordance with the Internal Revenue Code, Section 457. The Plans are available to all employees. The Plans permit them to defer a portion of their current earnings until the employee's termination, retirement, death or unforeseeable future.

Due to changes in the Internal Revenue Code, the Plan's assets are considered to be property of the Plan's participants and are no longer subject to the Township's general creditors. Therefore, the Plan is no longer presented in these statements.

The Plan's participants have the right to designate how the funds will be invested. Accordingly, the Township has no liability for losses under the Plan. The Plan's assets are held in trust for the exclusive benefit of the Plan's participants and their beneficiaries.

The Township's Plan is administered by American Express (full time employees) and Wells Fargo Mid America Retirement Solutions (part time employees), and as Plan Administrators, agree to hold harmless and indemnify the Board, it's appointed and elected officers and participating employees from any loss resulting from American Express or Wells Fargo or their agents' failure to perform their duties and services pursuant to the American Express or Wells Fargo program.

REQUIRED SUPPLEMENTAL  
FINANCIAL INFORMATION

## TOWNSHIP OF MICHIGAMME, MICHIGAN

## GENERAL FUND

## BUDGETARY COMPARISON SCHEDULE

For the Year Ended March 31, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 86,500	\$ 86,500	\$ 102,314	\$ 15,814
Licenses and Permits	500	500	370	(130)
Federal Sources	-	-	12,584	12,584
State Sources	29,800	29,800	29,129	(671)
Local Sources	-	-	-	-
Charges for Services	5,300	5,300	5,301	1
Fines and Forfeits	-	-	-	-
Interest and Rents	2,500	2,500	9,465	6,965
Other Revenue	9,764	9,764	31,732	21,968
<b>TOTAL REVENUES</b>	<b>134,364</b>	<b>134,364</b>	<b>190,895</b>	<b>56,531</b>
<b>EXPENDITURES:</b>				
Legislative	15,800	15,800	12,952	2,848
General Government	74,564	74,564	121,593	(47,029)
Public Safety	-	-	-	-
Public Works	8,000	8,000	7,835	165
Health and Welfare	-	-	-	-
Community and Economic Development	1,500	1,500	2,712	(1,212)
Recreation and Culture	6,500	6,500	7,976	(1,476)
Other Functions	27,000	27,000	17,125	9,875
Capital Outlay	-	-	12,584	(12,584)
Debt Service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>133,364</b>	<b>133,364</b>	<b>182,777</b>	<b>(49,413)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,000</b>	<b>1,000</b>	<b>8,118</b>	<b>7,118</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>1,000</b>	<b>1,000</b>	<b>8,118</b>	<b>7,118</b>
Fund balance, beginning of year	79,721	79,721	79,721	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 80,721</b>	<b>\$ 80,721</b>	<b>\$ 87,839</b>	<b>\$ 7,118</b>

TOWNSHIP OF MICHIGAMME, MICHIGAN

ROAD FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended March 31, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 26,886	\$ 26,886	\$ 30,219	\$ 3,333
Licenses and Permits	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	1,186	1,186
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	-	-
Other Revenue	-	-	458	458
<b>TOTAL REVENUES</b>	<b>26,886</b>	<b>26,886</b>	<b>31,863</b>	<b>4,977</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	12,500	12,500	1,811	10,689
Health and Welfare	-	-	-	-
Community and Economic Development	-	-	-	-
Recreation and Culture	-	-	-	-
Other Functions	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>12,500</b>	<b>12,500</b>	<b>1,811</b>	<b>10,689</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>14,386</b>	<b>14,386</b>	<b>30,052</b>	<b>15,666</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>14,386</b>	<b>14,386</b>	<b>30,052</b>	<b>15,666</b>
Fund balance, beginning of year	147,496	147,496	147,496	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 161,882</b>	<b>\$ 161,882</b>	<b>\$ 177,548</b>	<b>\$ 15,666</b>

TOWNSHIP OF MICHIGAMME, MICHIGAN

FIRE FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended March 31, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 50,500	\$ 50,500	\$ 52,257	\$ 1,757
Licenses and Permits	-	-	-	-
Federal Sources	54,000	54,000	50,844	(3,156)
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	17,500	17,500	18,913	1,413
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	-	-
Other Revenue	-	-	1,633	1,633
<b>TOTAL REVENUES</b>	<b>122,000</b>	<b>122,000</b>	<b>123,647</b>	<b>1,647</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
General Government	-	-	-	-
Public Safety	38,960	38,960	44,158	(5,198)
Public Works	-	-	-	-
Health and Welfare	14,700	14,700	7,609	7,091
Community and Economic Development	-	-	-	-
Recreation and Culture	-	-	-	-
Other Functions	-	-	-	-
Capital Outlay	-	-	52,410	(52,410)
Debt Service	10,000	10,000	9,608	392
<b>TOTAL EXPENDITURES</b>	<b>63,660</b>	<b>63,660</b>	<b>113,785</b>	<b>(50,125)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>58,340</b>	<b>58,340</b>	<b>9,862</b>	<b>(48,478)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>58,340</b>	<b>58,340</b>	<b>9,862</b>	<b>(48,478)</b>
Fund balance, beginning of year	66,638	66,638	66,638	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 124,978</b>	<b>\$ 124,978</b>	<b>\$ 76,500</b>	<b>\$ (48,478)</b>

TOWNSHIP OF MICHIGAMME, MICHIGAN

PARK FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended March 31, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 12,000	\$ 12,000	\$ 13,777	\$ 1,777
Licenses and Permits	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	500	500	150	(350)
Other Revenue	-	-	327	327
<b>TOTAL REVENUES</b>	<b>12,500</b>	<b>12,500</b>	<b>14,254</b>	<b>1,754</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health and Welfare	-	-	-	-
Community and Economic Development	-	-	-	-
Recreation and Culture	12,500	12,500	11,410	1,090
Other Functions	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>12,500</b>	<b>12,500</b>	<b>11,410</b>	<b>1,090</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>2,844</b>	<b>2,844</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>2,844</b>	<b>2,844</b>
Fund balance, beginning of year	14,042	14,042	14,042	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 14,042</b>	<b>\$ 14,042</b>	<b>\$ 16,886</b>	<b>\$ 2,844</b>

TOWNSHIP OF MICHIGAMME, MICHIGAN

BUILDING FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended March 31, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 53,866	\$ 53,866	\$ 45,203	\$ (8,663)
Licenses and permits	-	-	-	-
Federal sources	-	-	-	-
State sources	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	-	-	6,664	6,664
<b>TOTAL REVENUES</b>	<b>53,866</b>	<b>53,866</b>	<b>51,867</b>	<b>(1,999)</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
General services and administration	2,266	2,266	4,658	(2,392)
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service	46,058	46,058	46,058	-
<b>TOTAL EXPENDITURES</b>	<b>48,324</b>	<b>48,324</b>	<b>50,716</b>	<b>(2,392)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,542</b>	<b>5,542</b>	<b>1,151</b>	<b>(4,391)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	(5,000)	(5,000)	-	5,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>-</b>	<b>5,000</b>
<b>CHANGE IN FUND BALANCE</b>	<b>542</b>	<b>542</b>	<b>1,151</b>	<b>609</b>
Fund balance, beginning of year	4,351	4,351	4,351	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 4,893</b>	<b>\$ 4,893</b>	<b>\$ 5,502</b>	<b>\$ 609</b>

TOWNSHIP OF MICHIGAMME, MICHIGAN

GARBAGE FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended March 31, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 51,300	\$ 51,300	\$ 53,390	\$ 2,090
Licenses and Permits	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	7,200	7,200	22,681	15,481
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	-	-
Other Revenue	-	-	10,130	10,130
<b>TOTAL REVENUES</b>	<b>58,500</b>	<b>58,500</b>	<b>86,201</b>	<b>27,701</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	59,500	59,500	75,216	(15,716)
Health and Welfare	-	-	-	-
Community and Economic Development	-	-	-	-
Recreation and Culture	-	-	-	-
Other Functions	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>59,500</b>	<b>59,500</b>	<b>75,216</b>	<b>(15,716)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>10,985</b>	<b>11,985</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>10,985</b>	<b>11,985</b>
Fund balance, beginning of year	76,333	76,333	76,333	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 75,333</b>	<b>\$ 75,333</b>	<b>\$ 87,318</b>	<b>\$ 11,985</b>

## Other Supplemental Information

TOWNSHIP OF MICHIGAMME, MICHIGAN

MAJOR GOVERNMENTAL FUNDS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Property Taxes:			
Current levy	\$ 62,000	\$ 73,641	\$ 11,641
Delinquent taxes	-	4,913	4,913
Commercial forest reserve	7,100	3,423	(3,677)
Swamp tax	6,100	6,095	(5)
Tax collection fees	11,300	14,242	2,942
Total Property Taxes	<u>86,500</u>	<u>102,314</u>	<u>15,814</u>
Licensing and Permits:			
Zoning	500	280	(220)
Dog license	-	90	90
Total Licensing and Permits	<u>500</u>	<u>370</u>	<u>(130)</u>
Federal Sources:			
Grants	-	12,584	12,584
Total Federal Sources	<u>-</u>	<u>12,584</u>	<u>12,584</u>
State Sources:			
State revenue sharing	29,800	29,129	(671)
Total State Sources	<u>29,800</u>	<u>29,129</u>	<u>(671)</u>
Charges for Services:			
Burial	5,000	3,499	(1,501)
Miscellaneous services	300	1,802	1,502
Total Charges for Services	<u>5,300</u>	<u>5,301</u>	<u>1</u>
Interest and Rents:			
Interest	2,000	9,115	7,115
Rents	500	350	(150)
Total Interest and Rents	<u>2,500</u>	<u>9,465</u>	<u>6,965</u>
Other Revenues:			
Miscellaneous other	9,764	31,732	21,968
Total Other Revenues	<u>9,764</u>	<u>31,732</u>	<u>21,968</u>
<b>TOTAL REVENUES</b>	<u>134,364</u>	<u>190,895</u>	<u>56,531</u>
<b>EXPENDITURES:</b>			
<b>Legislative:</b>			
Township Board:			
Personnel services	8,600	5,113	3,487
Supplies	1,500	2,810	(1,310)
Other services and charges	5,700	5,029	671
Total Legislative	<u>15,800</u>	<u>12,952</u>	<u>2,848</u>

TOWNSHIP OF MICHIGAMME, MICHIGAN

MAJOR GOVERNMENTAL FUNDS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>General Government</b>			
Supervisor:			
Personnel services	\$ 7,200	\$ 6,510	\$ 690
Supplies	-	-	-
Other services and charges	-	335	(335)
Total Supervisor	<u>7,200</u>	<u>6,845</u>	<u>355</u>
Elections:			
Personnel services	2,000	1,564	436
Supplies	-	1,263	(1,263)
Other services and charges	-	528	(528)
Total Elections	<u>2,000</u>	<u>3,355</u>	<u>(1,355)</u>
Assessor:			
Personnel services	4,000	9,549	(5,549)
Supplies	-	295	(295)
Other services and charges	-	-	-
Total Assessor	<u>4,000</u>	<u>9,844</u>	<u>(5,844)</u>
Clerk:			
Personnel services	7,100	6,941	159
Supplies	-	-	-
Other services and charges	-	3,147	(3,147)
Total Clerk	<u>7,100</u>	<u>10,088</u>	<u>(2,988)</u>
Board of Review:			
Personnel services	800	740	60
Supplies	-	70	(70)
Other services and charges	-	510	(510)
Total Board of Review	<u>800</u>	<u>1,320</u>	<u>(520)</u>
Treasurer:			
Personnel services	7,000	6,510	490
Supplies	2,100	-	2,100
Other services and charges	-	220	(220)
Total Treasurer	<u>9,100</u>	<u>6,730</u>	<u>2,370</u>
Township Hall and Grounds:			
Personnel services	17,500	21,293	(3,793)
Supplies	3,664	6,601	(2,937)
Other services and charges	16,200	49,873	(33,673)
Total Township Hall and Grounds	<u>37,364</u>	<u>77,767</u>	<u>(40,403)</u>

TOWNSHIP OF MICHIGAMME, MICHIGAN

MAJOR GOVERNMENTAL FUNDS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Cemetery			
Personnel services	\$ 7,000	\$ 4,153	\$ 2,847
Supplies	-	695	(695)
Other services and charges	-	796	(796)
Total Cemetery	<u>7,000</u>	<u>5,644</u>	<u>1,356</u>
<b>Total General Government</b>	<u>74,564</u>	<u>121,593</u>	<u>(47,029)</u>
<b>Public Works</b>			
Streetlights			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	8,000	7,835	165
Total Streetlights	<u>8,000</u>	<u>7,835</u>	<u>165</u>
<b>Total Public Works</b>	<u>8,000</u>	<u>7,835</u>	<u>165</u>
<b>Community and Economic Development</b>			
Planning Commission			
Personnel services	1,500	1,548	(48)
Supplies	-	-	-
Other services and charges	-	1,164	(1,164)
Total Planning Commission	<u>1,500</u>	<u>2,712</u>	<u>(1,212)</u>
<b>Total Community and Economic Development</b>	<u>1,500</u>	<u>2,712</u>	<u>(1,212)</u>
<b>Recreation and Culture</b>			
Senior Center			
Personnel services	800	-	800
Supplies	-	-	-
Other services and charges	-	940	(940)
Total Senior Center	<u>800</u>	<u>940</u>	<u>(140)</u>
Library			
Personnel services	2,700	232	2,468
Supplies	-	-	-
Other services and charges	-	3,649	(3,649)
Total Library	<u>2,700</u>	<u>3,881</u>	<u>(1,181)</u>
Museum			
Personnel services	3,000	419	2,581
Supplies	-	43	(43)
Other services and charges	-	2,693	(2,693)
Total Museum	<u>3,000</u>	<u>3,155</u>	<u>(155)</u>
<b>Total Recreation and Culture</b>	<u>6,500</u>	<u>7,976</u>	<u>(1,476)</u>

TOWNSHIP OF MICHIGAMME, MICHIGAN

MAJOR GOVERNMENTAL FUNDS  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

For the Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>Capital Outlay</b>			
Elections	\$ -	\$ 12,584	\$ (12,584)
Total Capital Outlay	<u>-</u>	<u>12,584</u>	<u>(12,584)</u>
<b>Other Expenditures</b>			
Payroll taxes	9,000	928	8,072
Insurance	18,000	16,197	1,803
Pension	-	-	-
Total Other Expenditures	<u>27,000</u>	<u>17,125</u>	<u>9,875</u>
<b>TOTAL EXPENDITURES</b>	<u>133,364</u>	<u>182,777</u>	<u>(49,413)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,000</u>	<u>8,118</u>	<u>7,118</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in:	-	-	-
Transfers (out):	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	1,000	8,118	7,118
Fund balance, beginning of year	<u>79,721</u>	<u>79,721</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 80,721</u>	<u>\$ 87,839</u>	<u>\$ 7,118</u>

TOWNSHIP OF MICHIGAMME, MICHIGAN

MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE

ROAD FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Property Taxes:			
Currently levy	\$ 21,674	\$ 24,755	\$ 3,081
Delinquent taxes	-	1,652	1,652
National forest	2,912	2,664	(248)
Commercial forest reserve	2,300	1,148	(1,152)
Total Property Taxes	<u>26,886</u>	<u>30,219</u>	<u>3,333</u>
State Sources:			
Metro act	-	1,186	1,186
Total State Sources	<u>-</u>	<u>1,186</u>	<u>1,186</u>
Other Revenue:			
Reimbursements	-	458	458
Total Other Revenue	<u>-</u>	<u>458</u>	<u>458</u>
<b>TOTAL REVENUES</b>	<u>26,886</u>	<u>31,863</u>	<u>4,977</u>
<b>EXPENDITURES:</b>			
Public Works:			
Road:			
Personnel services	2,000	1,146	854
Supplies	-	116	(116)
Other services and charges	10,500	549	9,951
Capital outlay	-	-	-
Total Road	<u>12,500</u>	<u>1,811</u>	<u>10,689</u>
Total Public Works	<u>12,500</u>	<u>1,811</u>	<u>10,689</u>
<b>TOTAL EXPENDITURES</b>	<u>12,500</u>	<u>1,811</u>	<u>10,689</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>14,386</u>	<u>30,052</u>	<u>15,666</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers (out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>14,386</u>	<u>30,052</u>	<u>15,666</u>
Fund balance, beginning of year	<u>147,496</u>	<u>147,496</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 161,882</u>	<u>\$ 177,548</u>	<u>\$ 15,666</u>

TOWNSHIP OF MICHIGAMME, MICHIGAN

MAJOR GOVERNMENTAL FUNDS  
FIRE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Property Taxes:			
Current levy	\$ 44,900	\$ 46,946	\$ 2,046
Delinquent taxes	-	3,132	3,132
Commercial forest reserve	5,600	2,179	(3,421)
Total Property Taxes	<u>50,500</u>	<u>52,257</u>	<u>1,757</u>
Federal sources:			
Grants	54,000	50,844	(3,156)
Total State Sources	<u>54,000</u>	<u>50,844</u>	<u>(3,156)</u>
State sources:			
Grants	-	-	-
Total State Sources	<u>-</u>	<u>-</u>	<u>-</u>
Charges for services:			
Fire services	10,800	12,670	1,870
EMS services	6,700	6,243	(457)
Total Charges for Services	<u>17,500</u>	<u>18,913</u>	<u>1,413</u>
Other Revenue:			
Other Revenue	-	1,633	1,633
Total Other Revenues	<u>-</u>	<u>1,633</u>	<u>1,633</u>
<b>TOTAL REVENUES</b>	<u>122,000</u>	<u>123,647</u>	<u>1,647</u>
<b>EXPENDITURES:</b>			
Public Safety:			
Fire Department:			
Personnel services	9,200	13,160	(3,960)
Supplies	2,300	3,111	(811)
Other services and charges	27,460	27,887	(427)
Total Fire Department	<u>38,960</u>	<u>44,158</u>	<u>(5,198)</u>
Total Public Safety	<u>\$ 38,960</u>	<u>\$ 44,158</u>	<u>\$ (5,198)</u>
Health and Welfare:			
EMS Department:			
Personnel services	1,300	1,201	99
Supplies	4,050	2,158	1,892
Other services and charges	9,350	4,250	5,100
Total EMS Department	<u>14,700</u>	<u>7,609</u>	<u>7,091</u>
Total Health and Welfare	<u>14,700</u>	<u>7,609</u>	<u>7,091</u>

TOWNSHIP OF MICHIGAMME, MICHIGAN

MAJOR GOVERNMENTAL FUNDS  
FIRE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Capital Outlay:			
Fire department	\$ -	\$ 52,410	\$ (52,410)
EMS department	-	-	-
Total Capital Outlay	<u>-</u>	<u>52,410</u>	<u>(52,410)</u>
Debt Service:			
Principal	6,400	6,062	338
Interest	3,600	3,546	54
Total Debt Service	<u>10,000</u>	<u>9,608</u>	<u>392</u>
<b>TOTAL EXPENDITURES</b>	<u>63,660</u>	<u>113,785</u>	<u>(50,125)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>58,340</u>	<u>9,862</u>	<u>(48,478)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Loan proceeds	-	-	-
Transfers in	-	-	-
Transfers (out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>58,340</u>	<u>9,862</u>	<u>(48,478)</u>
Fund balance, beginning of year	<u>66,638</u>	<u>66,638</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 124,978</u>	<u>\$ 76,500</u>	<u>\$ (48,478)</u>

TOWNSHIP OF MICHIGAMME, MICHIGAN

MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE

PARK FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Property Taxes:			
Currently levy	\$ 10,800	\$ 12,378	\$ 1,578
Delinquent taxes	-	826	826
Commercial forest reserve	1,200	573	(627)
Total Property Taxes	<u>12,000</u>	<u>13,777</u>	<u>1,777</u>
Interest and Rents:			
Rental	500	150	(350)
Total Interest and Rents	<u>500</u>	<u>150</u>	<u>(350)</u>
Other Revenue:			
Other Revenue	-	327	327
Total Other Revenues	<u>-</u>	<u>327</u>	<u>327</u>
<b>TOTAL REVENUES</b>	<u>12,500</u>	<u>14,254</u>	<u>1,754</u>
<b>EXPENDITURES:</b>			
Recreation and Culture:			
Park:			
Personnel services	5,100	4,920	180
Supplies	1,650	404	1,246
Other services and charges	5,750	6,086	(336)
Capital outlay	-	-	-
Total Park	<u>12,500</u>	<u>11,410</u>	<u>1,090</u>
Total Recreation and Culture	<u>12,500</u>	<u>11,410</u>	<u>1,090</u>
<b>TOTAL EXPENDITURES</b>	<u>12,500</u>	<u>11,410</u>	<u>1,090</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>2,844</u>	<u>2,844</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers (out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>2,844</u>	<u>2,844</u>
Fund balance, beginning of year	<u>14,042</u>	<u>14,042</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 14,042</u>	<u>\$ 16,886</u>	<u>\$ 2,844</u>

TOWNSHIP OF MICHIGAMME, MICHIGAN

MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE

BUILDING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Property Taxes:			
Currently levy	\$ 45,366	\$ 40,611	\$ (4,755)
Delinquent taxes	-	2,709	2,709
Commercial forest reserve	8,500	1,883	(6,617)
Total Property Taxes	<u>53,866</u>	<u>45,203</u>	<u>(8,663)</u>
Other Revenue:			
Reimbursements	-	6,664	6,664
Total Other Revenues	<u>-</u>	<u>6,664</u>	<u>6,664</u>
<b>TOTAL REVENUES</b>	<u>53,866</u>	<u>51,867</u>	<u>(1,999)</u>
<b>EXPENDITURES:</b>			
General Government:			
Building:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	2,266	4,658	(2,392)
Capital outlay	-	-	-
Total Building	<u>2,266</u>	<u>4,658</u>	<u>(2,392)</u>
Total General Government	<u>2,266</u>	<u>4,658</u>	<u>(2,392)</u>
Capital Outlay:			
Building	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service:			
Principal	24,593	24,593	-
Interest	21,465	21,465	-
Total Capital Outlay	<u>46,058</u>	<u>46,058</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>48,324</u>	<u>50,716</u>	<u>(2,392)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,542</u>	<u>1,151</u>	<u>(4,391)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers (out)	(5,000)	-	(5,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
<b>CHANGE IN FUND BALANCE</b>	542	1,151	609
Fund balance, beginning of year	4,351	4,351	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 4,893</u>	<u>\$ 5,502</u>	<u>\$ 609</u>

TOWNSHIP OF MICHIGAMME, MICHIGAN

MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE

GARBAGE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Property Taxes:			
Currently levy	\$ 46,000	\$ 47,966	\$ 1,966
Delinquent taxes	-	3,200	3,200
Commercial forest reserve	5,300	2,224	(3,076)
Total Property Taxes	<u>51,300</u>	<u>53,390</u>	<u>2,090</u>
Charges for Services			
Republic Township	5,200	5,200	-
Church Camps	1,500	1,650	150
Contractors	-	15,573	15,573
Recycling	-	-	-
Landfill tickets	500	258	(242)
Total Charges for Services	<u>7,200</u>	<u>22,681</u>	<u>15,481</u>
Other Revenues:			
Reimbursements	-	10,130	10,130
Total Other Revenues	<u>-</u>	<u>10,130</u>	<u>10,130</u>
<b>TOTAL REVENUES</b>	<u>58,500</u>	<u>86,201</u>	<u>27,701</u>
<b>EXPENDITURES:</b>			
Public Works:			
Sanitation:			
Personnel services	13,200	18,248	(5,048)
Supplies	600	2,494	(1,894)
Other services and charges	38,200	54,474	(16,274)
Capital outlay	7,500	-	7,500
Total Sanitation	<u>59,500</u>	<u>75,216</u>	<u>(15,716)</u>
Total Public Works	<u>59,500</u>	<u>75,216</u>	<u>(15,716)</u>
<b>TOTAL EXPENDITURES</b>	<u>59,500</u>	<u>75,216</u>	<u>(15,716)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,000)</u>	<u>10,985</u>	<u>11,985</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers (out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(1,000)</u>	<u>10,985</u>	<u>11,985</u>
Fund balance, beginning of year	<u>76,333</u>	<u>76,333</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 75,333</u>	<u>\$ 87,318</u>	<u>\$ 11,985</u>

TOWNSHIP OF MICHIGAMME, MICHIGAN

FIDUCIARY FUNDS

COMBINING STATEMENT OF NET ASSETS

March 31, 2007

	Trust and Agency Fund	Tax Collection Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 661	\$ 12,263	\$ 12,924
Due from other funds	1,755	-	1,755
<b>TOTAL ASSETS</b>	<u>2,416</u>	<u>12,263</u>	<u>14,679</u>
<b>LIABILITIES</b>			
Due to other funds	-	12,263	12,263
Due to others	2,416	-	2,416
<b>TOTAL LIABILITIES</b>	<u>\$ 2,416</u>	<u>\$ 12,263</u>	<u>\$ 14,679</u>

## Compliance Supplements



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Supervisor and Township Board of Trustees  
Township of Michigamme, Michigan  
PO Box 220  
Michigamme, Michigan 49861

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Michigamme, Michigan as of and for the year ended March 31, 2007, and have issued our report thereon dated September 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Michigamme, Michigan's internal control over financial reporting 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 of Michigamme, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Michigamme, Michigan's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 combination of control deficiencies, that adversely affects the Township of Michigamme, Michigan'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 Township of Michigamme, Michigan's financial that is more than inconsequential will not be prevented or detected by the Township of Michigamme, Michigan's internal control. We consider the deficiencies described in the accompanying report to management to be significant deficiencies in internal control over financial reporting as items 07-01 and 07-02.

A material weakness is a significant deficiency, or 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 Township of Michigamme, Michigan's internal control.

To the Supervisor and Township Board of Trustees  
Township of Michigamme, Michigan

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

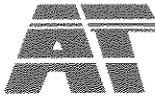
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Michigamme, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and are described in the accompanying report to management as item 07-03.

This report is intended solely for the information and use of management, the audit committee, Township Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Jackman & Company, PLLC*  
Certified Public Accountants

September 20, 2007



*Township of Michigamme, Michigan  
Report to Management Letter  
For the Year Ended March 31, 2007*

To the Supervisor and Township Board of Trustees  
Township of Michigamme, Michigan  
PO Box 220  
Michigamme, MI 49861

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Michigamme, Michigan as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Michigamme, Michigan'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 of Michigamme, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Michigamme, Michigan'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 might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

To the Supervisor and Township Board of Trustees  
Township of Michigamme, Michigan

#### **07-01 – FINANCIAL REPORTING CYCLE**

**Condition/Criteria:** The monthly and year end financial reporting package as presented to the Board of Trustees is not fully compliant with generally accepted accounting principles. The general ledger is recorded on the cash basis of accounting and not on the modified-accrual basis of accounting.

**Effect:** Because the accruals are not being recorded in the general ledger prior to the audit, the financial statements are not compliant with generally accepted accounting principles.

**Cause of Condition:** Failure to record accruals in the general ledger.

**Recommendation:** We suggest that monthly and at year end, all accruals are recorded in the general ledger.

#### **Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Jean Howe, Clerk
- Corrective Action Planned:
  - The Township is planning on starting to record accruals on a monthly basis in the coming fiscal year.
- Anticipated Completion Date:
  - March 31, 2008

#### **07-02 – POOLED CASH**

**Condition/Criteria:** The General Fund bank account is used to record all deposits and payments for the General Fund and all of the Special Revenue Funds. However, the Special Revenue fund activity is not properly allocated to back to each fund on no less than a monthly basis.

**Effect:** The cash balance, income, and expenses in each of the Special Revenue Funds are not properly stated and, as a result, may become materially misleading due to error or fraud.

**Cause of Condition:** Failure to record all bank activity in the Special Revenue Funds timely.

**Recommendation:** We recommend either opening separate bank accounts for each Special Revenue fund or processing the pooled cash activity on no less than a monthly basis.

#### **Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Carla Skytta, Treasurer
- Corrective Action Planned:
  - The Township is considering action in the coming fiscal year.
- Anticipated Completion Date:
  - March 31, 2008

To the Supervisor and Township Board of Trustees  
Township of Michigamme, Michigan

### **INSTANCE OF NON-COMPLIANCE**

#### **07-03 (REPEATED) – UNIFORM BUDGETING AND ACCOUNTING ACT (PA621)**

**Condition/Criteria:** Public Act 621 of 1978, Section 18 (1) as amended, provides that townships shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township of Michigamme, Michigan had actual expenditures and budgeted expenditures for the General Fund and Special Revenue Funds have been shown on a functional basis. The approved budgets of these funds were adopted on an activity and/or program level. During the year ended March 31, 2007, the Township of Michigamme, Michigan incurred functional expenditures which were in excess of the amounts appropriated as shown within the basic financial statements.

**Effect:** The Township of Michigamme, Michigan is not in compliance with State Law.

**Cause of Condition:** Failure to amend the budgets during the year based on the level of expenditures.

**Recommendation:** The Township of Michigamme, Michigan should strictly control expenditures in each governmental fund so as not to exceed the original appropriation. When this is not possible, the budget should be amended accordingly.

#### **Management Response – Corrective Action Plan:**

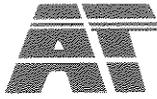
- Contact Person(s) Responsible for Correction:
  - Jean Howe, Clerk
- Corrective Action Planned:
  - The budget will be more closely monitored and budget amendments will be made accordingly.
- Anticipated Completion Date:
  - March 31, 2008

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

We appreciate and would like to thank the Township of Michigamme, Michigan's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

September 20, 2007



# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

## PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

September 20, 2007

To the Honorable Supervisor and  
Members of the Township Board of Trustees  
Township of Michigamme, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Michigamme, Michigan for the year ended March 31, 2007, and have issued our report thereon dated September 20, 2007. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated April 23, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Township of Michigamme, Michigan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Township of Michigamme, Michigan's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Township of Michigamme, Michigan are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2006-2007. We noted no transactions entered into by Township of Michigamme, Michigan during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. These estimates are relatively insignificant in relation to the financial statements taken as a whole.

### Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township of Michigamme, Michigan's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the

To the Honorable Supervisor and  
Members of the Township Board of Trustees  
Township of Michigamme, Michigan

Township of Michigamme, Michigan, either individually or in the aggregate, indicate matters that could have a significant effect on the Township of Michigamme, Michigan's financial reporting process.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Michigamme, Michigan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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

Very truly yours,

*Anderson, Tackman & Company, PLLC*

Certified Public Accountants