

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 Powell, Michigan	County Marquette
Fiscal Year End 3/31/07	Opinion Date 9/7/07	Date Audit Report Submitted to State 9-26-07	

We affirm that:

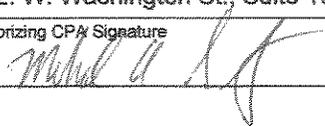
We are certified public accountants licensed to practice in Michigan.

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

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Anderson, Tackman, & Company, PLC		Telephone Number 906-225-1166	
Street Address 102. W. Washington St., Suite 109		City Marquette	State MI
		Zip 49855	
Authorizing CPA Signature 	Printed Name Michael Alan Greutz	License Number 1101027988	

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

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REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

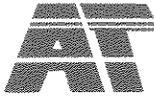
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PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Supervisor and Members of
The Township Board of Trustees
Township of Powell, Michigan
P.O. Box 39
Big Bay, Michigan 49808

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information the Township of Powell, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township of Powell, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Powell, Michigan's management. Our responsibility is to express opinions 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 the 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 Powell, 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 our report dated September 7, 2007, on our consideration of the Township of Powell, Michigan's internal control over financial reporting and on 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 and Budgetary Comparison Information on pages 5 through 9 and 32 through 33, are 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

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

limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Powell, Michigan's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have 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 7, 2007

Township of Powell, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of Powell, Michigan's financial performance provides an overview of the Township of Powell, Michigan's financial activities for the year ended March 31, 2007. Please read it in conjunction with the financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- Net assets for the Township of Powell as a whole increased by \$58,192 as a result of this year's operations. Net assets of our business-type activities decreased by \$22,378, or 3 percent, and net assets of our governmental activities increased by \$80,570, or 9 percent.
- During the year, the Township of Powell had expenses for governmental activities that were \$365,260 which is \$335,181 less than the \$30,079 generated in program revenue sources.
- During the year, the Township of Powell had expenses for business-type activities that were \$84,020 which is \$23,894 more than the \$60,126 generated in program revenue sources.
- The General Fund reported a net fund balance of \$532,172, which is an increase of \$24,651 as a result of this year's operation.

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 of Powell, Michigan as a whole and present a longer-term view of the Township of Powell, Michigan's finances. Fund financial statements, start on page 12, 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 of Powell, Michigan's operations in more detail than the government-wide financial.

Reporting the Township of Powell as a Whole

Our analysis of the Township of Powell, Michigan as a whole begins on page 6. One of the most important questions asked about the Township of Powell, Michigan's finances is "Is the Township of Powell, Michigan 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 of Powell, Michigan 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 of Powell, Michigan's *net assets* and changes in them. You can think of the net assets - the difference between assets and liabilities - as one way to measure the financial health, or *financial position*. Over time, *increases or decreases* in the 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 patron base and the condition of the capital assets, to assess the *overall financial health* of the Township of Powell, Michigan.

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

- **Governmental Activities** – Most of the Township of Powell, Michigan'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.

Township of Powell, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

- **Business-Type Activities** – The Township of Powell, Michigan charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township of Powell's Water System and Sewer System activities are reported here.

Table 1 provides a summary of the Township of Powell's net assets as of March 31, 2007 and 2006.

Table 1
Statement of Net Assets

	2007			2006		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and Other Assets	\$707,723	\$80,883	\$788,606	\$691,926	\$72,032	\$763,958
Capital Assets, Net	403,335	1,053,842	1,457,177	404,888	1,090,295	1,495,183
Total Assets	1,111,058	1,134,725	2,245,783	1,096,814	1,162,327	2,259,141
Current liabilities	55,252	12,267	67,519	75,988	9,491	85,479
Non-Current Liabilities	47,639	401,500	449,139	93,229	409,500	502,729
Total Liabilities	102,891	413,767	516,658	169,217	418,991	588,208
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	403,335	644,342	1,047,677	306,446	673,795	980,241
Restricted	-	27,026	27,026	-	85,731	85,731
Unrestricted	604,832	49,590	654,422	621,151	(16,190)	604,961
Total Net Assets	\$1,008,167	\$720,958	\$1,729,125	\$927,597	\$743,336	\$1,670,933

Net assets of the Township of Powell, Michigan's governmental activities stood at \$1,008,167. *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 \$604,832.

The \$604,832 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 \$720,958. The Township of Powell can generally only use these net assets to finance continuing operations of the Water System and Sewer System operations.

The results of this year's operations for the Township of Powell as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal year 2007 and 2006.

Table 2
Statement of Activities

	2007			2006		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program Revenues:						
Charges for services	\$27,657	\$60,126	\$87,873	\$49,526	\$60,899	\$110,425
Operating Grants and Contributions	2,422	-	2,422	6,825	-	6,825
Capital Grants and Contributions	-	-	-	553,950	-	553,950
General Revenues:						
Property taxes	308,519	-	308,519	282,844	-	282,844
State Sources	49,879	-	49,879	60,821	-	60,821
Interest and Miscellaneous	57,353	1,516	58,869	58,338	1,005	59,343
Total Revenues	445,830	61,642	507,562	1,012,304	61,904	1,074,208

Township of Powell, Michigan
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
Program Expenses:						
Legislative	\$4,805	\$-	\$4,805	\$3,944	\$-	\$3,944
General Services and administration	126,049	-	126,049	136,474	-	136,474
Public Safety	24,084	-	24,084	34,616	-	34,616
Public Works	64,017	-	64,017	116,803	-	116,803
Health and Welfare	21,470	-	21,470	31,170	-	31,170
Community and Economic Development	20,609	-	20,609	12,934	-	12,934
Recreation and Culture	44,840	-	44,840	24,644	-	24,644
Debt Service:	12,636	-	12,636	-	-	-
Other Expense	16,097	-	16,097	1,674	-	1,674
Unallocated Depreciation	30,653	-	30,653	20,242	-	20,242
Sewer system	-	39,526	39,526	-	43,466	43,466
Water system	-	44,494	44,494	-	44,820	44,820
Total Expenses	365,260	84,020	449,280	382,501	88,286	470,787
Transfers	-	-	-	(553,950)	553,950	-
Increase (decrease) in net assets	80,570	(22,378)	58,192	75,853	527,568	603,421
Net assets, beginning,	927,597	743,336	1,670,933	851,744	214,768	1,067,512
Net Assets, Ending	\$1,008,167	\$720,958	\$1,729,125	\$927,597	\$743,336	\$1,670,933

The Township of Powell's total revenues were \$507,562. The total cost of all programs and services was \$449,280, leaving an increase in net assets of \$58,192. Our analysis below separately considers the operations of governmental and business-type activities:

Governmental Activities

The Governmental Activities experienced an increase in net assets for the year of \$80,570. Key reasons for the change in net assets are as follows:

- Net Increase in governmental fund balances of \$43,424
- Capital Outlay reclassified to Capital Assets of \$29,100.
- Depreciation charged to expenses of \$30,653
- Principle payments reclassified from expenses to liability \$45,484
- Change in accrued interest payable of \$6,785.

Business-type Activities

The Business-Type Activities had a Net Loss of \$22,378 which is resulting from not charging users enough to cover depreciation expense.

THE TOWNSHIP OF POWELL, MICHIGAN'S FUNDS

Our analysis of the Township of Powell, Michigan's major funds begins on page 12. The fund financial statements provide detail information about the most significant funds, not the Township of Powell, Michigan as a whole. The board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The Township of Powell, Michigan's major funds includes the General Fund, Donated Funds, EMS Building Fund, Sanitation Fund, Water Fund and Sewer Fund.

The General Fund pays for the most of the Township of Powell, Michigan's governmental services.

General Fund Budgetary Highlights

Over the course of the year, the Township of Powell, Michigan did revise the budget.

The main revenue budget amendment was for an increase in Delinquent Property Taxes in the amount of \$13,674 for a more accurate amount and \$2,000 in immaterial amounts for all other revenue accounts.

Township of Powell, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The main expenditure budget amendments were related to decreasing the budget by \$30,000 in contingency and \$9,358 in immaterial amounts in all other accounts.

There were several significant budget variances during the fiscal year. Revenues were \$5,068 more than the budgeted \$293,354.

The \$5,068 in additional revenues is due from a decrease in commercial forest tax of \$6,822, relating to proper allocation of tax to other funds and \$11,890 in immaterial additions to all other revenue accounts.

Expenditures were \$36,834 less than the budgeted \$300,605.

The \$36,834 in less expenditures is due immaterial amounts in all expenditure accounts, due to better budgeting.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2007 and 2006, the Township of Powell had \$1,457,177 and \$1,495,183 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

	2007	2006
Land	\$10,000	\$10,000
Buildings and improvements	1,414,167	1,441,250
Equipment and furnishings	33,010	43,933
TOTALS	<u>\$1,457,177</u>	<u>\$1,495,183</u>

There were no deletions to Capital Assets during the current year, and additions totaling \$21,900 from the Town hall Building Improvement, and depreciation expense of \$59,906 recorded during the year. Further details on capital assets can be found in the Footnotes to the Financial Statements.

Debt

At the end of fiscal year 2007 and 2006, the Township of Powell, Michigan had \$502,729 and \$599,213 in bonds outstanding as depicted in Table 4 below.

Table 4
Long-Term Debt

	2007	2006
Landfill Bond	\$5,229	\$6,713
EMS Building Bond	88,000	176,000
Water Revenue – Bond	131,000	135,000
Sewer Revenue –Bond	278,500	281,500
TOTALS	<u>\$502,729</u>	<u>\$599,213</u>

There were no new additions to debt for this year and principal payments were \$96,484. Further details on long-term debt can be found in the Footnotes to the Financial Statements.

Township of Powell, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

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

- We reviewed the fiscal year 2006 and 2007 budget vs. actual and budgeted roughly the same amounts, except for some minor variances.

CONTACTING THE TOWNSHIP OF POWELL'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 of Powell, Michigan's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of Powell, P.O. Box 39, Big Bay, MI 49808.

TOWNSHIP OF POWELL, MICHIGAN

STATEMENT OF NET ASSETS

March 31, 2007

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 635,906	\$ 96,326	\$ 732,232
Receivables (net)	50,336	6,038	56,374
Primary government internal balances	21,481	(21,481)	-
TOTAL CURRENT ASSETS	707,723	80,883	788,606
Non-current assets:			
Capital assets (net)	403,335	1,053,842	1,457,177
Total Capital Assets	403,335	1,053,842	1,457,177
TOTAL NON-CURRENT ASSETS	403,335	1,053,842	1,457,177
TOTAL ASSETS	1,111,058	1,134,725	2,245,783
LIABILITIES:			
Current Liabilities:			
Accounts payable	2,877	-	2,877
Accrued interest	6,785	4,267	11,052
Current portion of bonds payable	45,590	8,000	53,590
TOTAL CURRENT LIABILITIES	55,252	12,267	67,519
Non-current Liabilities:			
Bonds payable	47,639	401,500	449,139
TOTAL NON-CURRENT LIABILITIES	47,639	401,500	449,139
TOTAL LIABILITIES	102,891	413,767	516,658
NET ASSETS			
Invested in capital assets, net of related debt	310,106	644,342	954,448
Restricted for:			
Debt Service	-	27,026	27,026
Unrestricted	698,061	49,590	747,651
TOTAL NET ASSETS	\$ 1,008,167	\$ 720,958	\$ 1,729,125

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

TOWNSHIP OF POWELL, MICHIGAN
STATEMENT OF ACTIVITIES

For the Fiscal 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	
					Governmental Activities	Business-Type Activities
Primary Government:						
Governmental Activities:						
Legislative	\$ 4,805	-	-	-	\$ (4,805)	\$ (4,805)
General services and administration	126,049	22,661	-	-	(103,388)	(103,388)
Public safety	24,084	-	2,422	-	(21,662)	(21,662)
Public works	64,017	2,462	-	-	(61,555)	(61,555)
Health and Welfare	21,470	-	-	-	(21,470)	(21,470)
Community and economic development	20,609	2,534	-	-	(18,075)	(18,075)
Recreation and culture	44,840	-	-	-	(44,840)	(44,840)
Other	16,097	-	-	-	(16,097)	(16,097)
Capital outlay	-	-	-	-	-	-
Debt Service	12,636	-	-	-	(12,636)	(12,636)
Unallocated depreciation	30,653	-	-	-	(30,653)	(30,653)
Total Governmental Activities	365,260	27,657	2,422	-	(335,181)	(335,181)
Business Type Activities:						
Sewer System	39,526	22,559	-	-	-	(16,967)
Water System	44,494	37,567	-	-	-	(6,927)
Total Business Type Activities	84,020	60,126	-	-	-	(23,894)
TOTAL PRIMARY GOVERNMENT	\$ 449,280	\$ 87,783	\$ 2,422	\$ -	(335,181)	(359,075)
General Revenues:						
Taxes					308,519	308,519
Unrestricted State sources					49,879	49,879
Interest and investment earnings					16,998	18,514
Miscellaneous					40,355	40,355
Transfers					-	-
TOTAL GENERAL REVENUES AND TRANSFERS					415,751	417,267
CHANGE IN NET ASSETS					(22,378)	58,192
Net assets, beginning of year,					927,597	1,670,833
NET ASSETS, END OF YEAR					\$ 1,008,167	\$ 1,729,125

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

TOWNSHIP OF POWELL, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2007

	General Fund	Donated Funds	Sanitation Fund	EMS Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 477,537	\$ 38,415	\$ 75,824	\$ 44,130	\$ 635,906
Delinquent property taxes receivable	15,669	-	4,568	4,090	24,327
Due from State	12,404	-	-	-	12,404
Due from other funds	32,456	-	4,469	4,055	40,980
TOTAL ASSETS	\$ 538,066	\$ 38,415	\$ 84,861	\$ 52,275	\$ 713,617
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ 2,877	\$ -	\$ 2,877
Due to other funds	5,894	-	-	-	5,894
TOTAL LIABILITIES	5,894	-	2,877	-	8,771
FUND BALANCE:					
Unreserved:	532,172	38,415	81,984	52,275	704,846
TOTAL FUND BALANCE	532,172	38,415	81,984	52,275	704,846
TOTAL LIABILITIES AND FUND BALANCE	\$ 538,066	\$ 38,415	\$ 84,861	\$ 52,275	\$ 713,617

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

TOWNSHIP OF POWELL, MICHIGAN

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

March 31, 2007

Total Fund Balances for Governmental Funds \$ 704,846

*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	\$ 1,110,278	
Accumulated Deprecation of Assets	<u>(706,943)</u>	403,335

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 bonds payable	\$ (45,590)	
Accrued interest payable	(6,785)	
Bonds payable	<u>(47,639)</u>	(100,014)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,008,167

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

TOWNSHIP OF POWELL, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended March 31, 2007

	General Fund	Donated Funds	Sanitation Fund	EMS Fund	Total Governmental Funds
REVENUES:					
Taxes	\$ 204,380	\$ -	\$ 55,007	\$ 49,132	\$ 308,519
State sources	52,301	-	-	-	52,301
Charges for services	25,195	-	2,462	-	27,657
Interest and rents	16,246	389	156	207	16,998
Other	300	38,158	1,897	-	40,355
TOTAL REVENUES	298,422	38,547	59,522	49,339	445,830
EXPENDITURES:					
Current operations:					
Legislative	4,805	-	-	-	4,805
General services and administration	155,149	-	-	-	155,149
Public safety	24,084	-	-	-	24,084
Public works	8,829	-	56,531	-	65,360
Health and welfare	21,470	-	-	-	21,470
Community and economic development	20,609	-	-	-	20,609
Recreation and culture	12,728	32,112	-	-	44,840
Other	16,097	-	-	-	16,097
Capital outlay	-	-	-	-	-
Debt Service	-	-	-	49,992	49,992
TOTAL EXPENDITURES	263,771	32,112	56,531	49,992	402,406
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	34,651	6,435	2,991	(653)	43,424
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	10,000	10,000
Transfers (out)	(10,000)	-	-	-	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	(10,000)	-	-	10,000	-
CHANGE IN FUND BALANCE	24,651	6,435	2,991	9,347	43,424
Fund balance, beginning of year	507,521	31,980	78,993	42,928	661,422
FUND BALANCE, END OF YEAR	\$ 532,172	\$ 38,415	\$ 81,984	\$ 52,275	\$ 704,846

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

TOWNSHIP OF POWELL, MICHIGAN

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

For the Fiscal Year Ended March 31, 2007

Net Change in Fund Balances - Total Governmental Funds	\$	43,424
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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	\$ 29,100		
Depreciation expense	(30,653)		(1,553)

Repayment of loan principal is an expenditure in the governmental funds but repayment reduces long-term liabilities in the statement of net assets.

Landfill Bond - principal payment	\$ 1,484		
Landfill Bond - change in accrued interest	(141)		
EMS Building Bond - principal payment	44,000		
EMS Building Bond - change in accrued interest	(6,644)		38,699

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>80,570</u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF POWELL, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

March 31, 2007

	Business - Type Activities Enterprise Funds		
	Sewer System Fund	Water System Fund	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 53,029	\$ 43,297	\$ 96,326
Accounts receivable	2,651	3,387	6,038
TOTAL CURRENT ASSETS	<u>55,680</u>	<u>46,684</u>	<u>102,364</u>
Non-current Assets:			
Capital assets - net	843,806	210,036	1,053,842
TOTAL NON-CURRENT ASSETS	<u>843,806</u>	<u>210,036</u>	<u>1,053,842</u>
TOTAL ASSETS	<u>\$ 899,486</u>	<u>\$ 256,720</u>	<u>\$ 1,156,206</u>
LIABILITIES:			
Current Liabilities:			
Due to other funds	680	20,801	21,481
Accrued interest payable	1,044	3,223	4,267
Current portion of long-term debt	3,000	5,000	8,000
TOTAL CURRENT LIABILITIES	<u>4,724</u>	<u>29,024</u>	<u>33,748</u>
Non-current Liabilities:			
Bond payable	275,500	126,000	401,500
TOTAL NON-CURRENT LIABILITIES	<u>275,500</u>	<u>126,000</u>	<u>401,500</u>
TOTAL LIABILITIES	<u>280,224</u>	<u>155,024</u>	<u>435,248</u>
NET ASSETS:			
Invested in capital assets net of related debt	565,306	79,036	644,342
Restricted - debt service	5,515	21,511	27,026
Unrestricted	48,441	1,149	49,590
TOTAL NET ASSETS	<u>\$ 619,262</u>	<u>\$ 101,696</u>	<u>\$ 720,958</u>

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

TOWNSHIP OF POWELL, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended March 31, 2007

	Business - Type Activities Enterprise Funds		
	Sewer System Fund	Water System Fund	Total
OPERATING REVENUES:			
Charges for services (net)	\$ 22,559	\$ 37,567	\$ 60,126
TOTAL OPERATING REVENUES	22,559	37,567	60,126
OPERATING EXPENSES:			
Personnel services	1,051	6,875	7,926
Supplies	-	312	312
Other Services and Charges	1,897	14,069	15,966
Depreciation	22,933	13,521	36,454
TOTAL OPERATING EXPENSES	25,881	34,777	60,658
OPERATING INCOME (LOSS)	(3,322)	2,790	(532)
NON-OPERATING REVENUES (EXPENSES):			
Investment income	1,073	443	1,516
Interest expense	(13,645)	(9,717)	(23,362)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(12,572)	(9,274)	(21,846)
INCOME (LOSS) BEFORE TRANSFERS	(15,894)	(6,484)	(22,378)
Transfer in	-	-	-
Transfer (out)	-	-	-
CHANGE IN NET ASSETS	(15,894)	(6,484)	(22,378)
Net assets, beginning of year	635,156	108,180	743,336
NET ASSETS, END OF YEAR	\$ 619,262	\$ 101,696	\$ 720,958

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

TOWNSHIP OF POWELL, MICHIGAN
 PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended March 31, 2007

	Sewer System Fund	Water System Fund	Business-Type Activities Enterprise Funds Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from fees and charges for services	\$ 22,559	\$ 37,567	\$ 60,126
Cash payments to employees for services	(1,051)	(6,875)	(7,926)
Cash payments to suppliers for goods and services	(1,939)	(14,010)	(15,949)
	19,569	16,682	36,251
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash payments for capital assets	-	(1)	(1)
Due to (from) other funds	184	1,201	1,385
Transfer in from sewer construction fund of capital assets	-	-	-
Interest payments on bonds	(12,601)	(8,985)	(21,586)
Principal payments on bonds	(3,000)	(4,000)	(7,000)
	(15,417)	(11,785)	(27,202)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	1,073	443	1,516
	1,073	443	1,516
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,225	5,340	10,565
Cash and cash equivalents, beginning of year	47,804	37,957	85,761
	53,029	43,297	96,326
CASH AND CASH EQUIVALENTS, END OF YEAR			
	(3,322)	2,790	(532)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)			
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	22,933	13,521	36,454
Change in assets and liabilities:			
(increase) decrease in accounts receivable	(42)	371	329
	22,891	13,892	36,783
NET ADJUSTMENTS			
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 19,569	\$ 16,682	\$ 36,251

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

TOWNSHIP OF POWELL, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
March 31, 2007

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	\$ 55,745
TOTAL ASSETS	<u>\$ 55,745</u>
LIABILITIES:	
Due to other funds	\$ 13,605
Due to other governmental units	42,140
TOTAL LIABILITIES	<u>\$ 55,745</u>

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

TOWNSHIP OF POWELL, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Powell, Michigan conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township of Powell, Michigan.

(1) REPORTING ENTITY

The Township of Powell, Michigan is governed by an elected five member board. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

Joint Venture – Marquette County Solid Waste Management Authority

In June 1988, The Township of Powell, Michigan joined with 19 other municipalities to create the Marquette County Solid Waste Management Authority ("Authority"). Please read Footnote L for more information.

(2) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

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

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

(3) MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, state-shared revenue, grant revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under the accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township of Powell, Michigan property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township of Powell, Michigan as of the preceding December 31st.

Although the Township of Powell, Michigan 2006 ad valorem tax is levied and collectible on December 1, 2006, it is the Township of Powell, Michigan'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 Township of Powell, Michigan totaled \$53,201,440, on which ad valorem taxes levied consisted of .9944 mills for the operating purposes, 1.0000 mills for sanitation services, 2.2392 mills for additional operating purposes, and .8956 mills for EMS Building debt service. These amounts are recognized in the respective General, Sanitation, General and EMS Building fund financial statements as taxes receivable or as tax revenue.

The Township of Powell, Michigan reports the following major governmental funds:

- The **General Fund** is the Township of Powell, Michigan's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Donated Fund** is used to account for revenues and expenditures relating to all donated revenues for ambulance services, fire services, park and recreation services and fire on the bay festival.
- The **EMS Building Fund** is used to account for the revenues and expenditures for the debt service of the new fire/ambulance garage.
- The **Sanitation Fund** is used to account for revenues and expenditures for the operation of the landfill and waste disposal services.

The Township of Powell, Michigan reports the following major proprietary funds:

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

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer functions and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our propriety funds relates to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g. labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non-operating revenue.

Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expense.

(4) ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to the General Fund.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Restricted Assets – The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets.

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

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

constructed. Donated capital assets are recorded at their estimated market value on the date of donation. Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Building Improvements	25 years
Water and Sewage System	40 years
Infrastructure	10 to 50 years
Equipment	5 years

Compensated Absences (Vacation and Sick Leave) – The Township of Powell, Michigan not does provide any compensated absences for their employees.

Long-Term Obligations – In the government-wide financial statements and the 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 governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

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

Estimates – The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles require 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 B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Budgets and Budgetary Accounting – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level:

- a. The Supervisor submits to the 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.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued):

- 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 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 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?
 - c. 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 Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.

- 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 Board of Trustees.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued):

Excess of Expenditures Over Appropriations in Budgeted Funds – During the year, the Township of Powell, Michigan incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

	Budget	Actual	Unfavorable Variance
General Fund:			
Township Hall and Grounds	\$70,124	\$88,653	\$18,529
Special Revenue Funds:			
Recreation and Culture	-	32,112	32,112

NOTE C – DEPOSITS AND INVESTMENTS:

Cash Equivalents

As of March 31, 2007, the Township of Powell, Michigan's cash and cash equivalents and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business Type Activities	Fiduciary Funds	Total Primary Government
Cash and equivalents	\$635,906	\$96,326	\$55,745	\$787,977
Investments	-	-	-	-
	<u>\$635,906</u>	<u>\$96,326</u>	<u>\$55,745</u>	<u>\$787,977</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township of Powell, Michigan's deposits may not be returned to it. State law does not require and the Township of Powell, Michigan does not have a deposit policy for custodial credit risk. The carrying amounts of the Township of Powell, Michigan's deposits with financial institutions were \$787,977 and the bank balance was \$811,020. The bank balance is categorized as follows:

Amount insured by the FDIC	\$ 459,073
Amount uncollateralized and uninsured	351,947
	<u>\$ 811,020</u>

Investments

As of March 31, 2007, the Township of Powell, Michigan 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 of Powell, Michigan's investments. The Township of Powell, Michigan 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.

Credit Risk

Michigan statutes (Act 196, PA 1997) authorize the Township of Powell, Michigan 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.

NOTE C – DEPOSITS AND INVESTMENTS (Continued):

The Township of Powell, Michigan has no investment policy that would further limit its investment choices. Ratings are not required for the Township of Powell Michigan's investment in U.S. Government Agencies or equity-type funds. The Township of Powell, Michigan's investments are in accordance with statutory authority.

Concentration of Credit Risk

The Township of Powell, Michigan places no limit on the amount the Township of Powell, Michigan may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

NOTE D – RECEIVABLES:

Receivables as of year-end for the government's individual major and non-major funds, and the internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Sanitation Fund	EMS Fund	Sewer Fund	Water Fund	Total
Taxes Receivable	\$15,669	\$4,568	\$4,090	\$-	\$-	\$24,327
Due from other Governmental Units	12,404	-	-	-	-	12,404
Utility Billings	-	-	-	2,651	3,387	6,038
Totals	\$28,073	\$4,568	\$4,090	\$2,651	\$3,387	\$42,769

NOTE E – CAPITAL ASSETS:

Capital asset activity of the primary government for the current year was as follows:

	Balance at April 1, 2006	Additions	Disposals	Balance at March 31, 2007
GOVERNMENTAL ACTIVITIES:				
Land	\$-	\$-	\$-	\$-
Total Capital Assets, not being depreciated	-	-	-	-
Buildings and improvements	742,687	29,100	-	771,787
Furniture and equipment	338,491	-	-	338,491
Total Capital Assets, being depreciated	1,081,178	29,100	-	1,110,278
Less Accumulated Depreciation:				
Building and improvements	381,732	19,731	-	401,463
Furniture and equipment	294,558	10,922	-	305,480
Total Accumulated Depreciation	676,290	30,653	-	706,943
Net Capital Assets, being depreciated	404,888	(1,553)	-	403,335
Governmental Activities Capital Asset Total – Net of Depreciation	\$404,888	\$(1,553)	\$-	\$403,335
BUSINESS TYPE ACTIVITIES:				
Land	\$10,000	\$-	\$-	\$10,000
Total Capital Assets, not being depreciated	10,000	-	-	10,000
Building and improvements	1,390,248	-	-	1,390,248
Equipment	-	-	-	-
Total Capital Assets, being depreciated	1,390,248	-	-	1,390,248
Less Accumulated Depreciation:				
Buildings and improvements	309,952	36,454	-	346,406
Equipment	-	-	-	-
Total Accumulated Depreciation	309,952	36,454	-	346,406
Net Capital Assets, being depreciated	1,080,296	(36,454)	-	1,043,842
Business-Type Activities Capital Asset Total – Net of Depreciation	\$1,080,296	\$(36,454)	\$-	\$1,043,842

NOTE E – CAPITAL ASSETS (Continued):

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

Governmental Activities:		
Unallocated Depreciation		\$30,653
	Total Governmental Activities	<u>\$30,653</u>
Business-Type Activities:		
Sewer Fund		\$22,933
Water Fund		13,521
	Total Depreciation Expense – Business-Type Activities	<u>\$36,454</u>

NOTE F – DUE INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

Township of Powell, Michigan reports Interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of Interfund balances presented in the statements of net assets/balance sheet for governmental funds. Interfund transactions resulting in Interfund receivables and payables are as follows:

DUE TO OTHER FUNDS	DUE FROM OTHER FUNDS			
	General Fund	Sanitation Fund	EMS Fund	Total Due To Other Funds
General Fund	\$-	\$3,082	\$2,812	\$5,894
Sewer System Fund	680			680
Water System Fund	20,801			20,801
Trust & Agency Fund	16			\$16
Tax Collection Fund	10,959	1,387	1,243	\$13,589
Total Due From Other Funds	<u>\$32,456</u>	<u>\$4,469</u>	<u>\$4,055</u>	<u>\$40,980</u>

All balances resulted from the time lag between the dates that (1) Interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfer In From Other Funds	Transfer Out To Other Funds	
	General Fund	Total Transfers In
EMS Fund	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Total Transfers Out	<u>\$ 10,000</u>	<u>\$ 10,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE G – LONG-TERM DEBT:

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Township contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time of debt service payments are due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Individual bond and contractual obligation activity can be summarized as follows:

Landfill Bond				
March 31, 2007				
	May 1		November 1	Total
	Interest	Principle	Interest	
2007-2008	\$169	\$1,590	\$128	\$1,887
2008-2009	127	1,731	48	1,906
2009-2010	47	1,908	-	1,955
TOTALS	\$343	\$5,229	\$176	\$5,748

The Bond was originally issued for \$18,892 on February 1, 1988. Bond Payments are due Semi-annually, on May 1 (principal plus interest) and on November 1 (interest), with an interest rate of 4.0%.

EMS Building Bond			
March 31, 2007			
	June 1		Total
	Interest	Principle	
2007-2008	\$3,986	\$44,000	\$47,986
2008-2009	1,918	44,000	45,918
TOTALS	\$5,904	\$88,000	\$93,904

The Bond was originally issued for \$220,000 on June 15, 2004. Bond Payments are due annually, on June 1 (principal plus interest) with an interest rate of 4.36%.

Water Revenue – Bond				
March 31, 2007				
	June 1		December 1	Total
	Interest	Principle	Interest	
2007-2008	\$4,834	\$5,000	\$4,649	\$14,483
2008-2009	4,649	5,000	4,465	14,114
2009-2010	4,465	5,000	4,280	13,745
2010-2011	4,280	6,000	4,059	14,339
2011-2012	4,059	6,000	3,838	13,897
2012-2017	16,494	39,000	15,055	70,549
2017-2022	8,376	50,000	6,531	64,907
2022-2025	1,107	15,000	554	16,661
TOTALS	\$48,264	\$131,000	\$43,431	\$222,695

The Bond was originally issued for \$18,892 on February 1, 1988. Bond Payments are due Semi-annually, on May 1 (principal plus interest) and on November 1 (interest), with an interest rate of 3.69%.

NOTE G – LONG-TERM DEBT (Continued):

Sewer Revenue – Bond
March 31, 2007

	September 1		March 1	Total
	Interest	Principle	Interest	
2007-2008	\$6,266	\$3,000	\$6,199	\$15,465
2008-2009	6,199	3,000	6,131	15,330
2009-2010	6,131	3,000	6,064	15,195
2010-2011	6,064	3,500	5,985	15,549
2011-2012	5,985	3,500	5,906	15,391
2012-2017	28,676	20,000	28,226	76,902
2017-2022	26,235	24,500	25,684	76,419
2022-2027	23,209	30,500	22,523	76,232
2027-2032	19,440	38,500	18,574	76,514
2032-2037	14,738	47,500	13,669	75,907
2037-2042	8,831	60,000	7,481	76,312
2042-2044	1,879	41,500	945	44,324
TOTALS	\$153,653	\$278,500	\$147,387	\$579,540

The Bond was originally issued for \$284,000 in 2005. Bond Payments are due Semi-annually, on September 1 (principal plus interest) and on March 1 (interest), with an interest rate of 2.25%.

Annual maturities on long-term debt are as follows:

	Governmental			Business		
	Principle	Interest	Total	Principle	Interest	Total
2007-2008	\$45,590	\$4,283	\$49,873	\$8,000	\$21,948	\$29,948
2008-2009	45,731	2,093	47,824	8,000	21,444	29,444
2009-2020	1,908	47	1,955	8,000	20,940	28,940
2010-2012	-	-	-	9,500	20,388	29,888
2011-2013	-	-	-	9,500	19,788	29,288
2012-2016	-	-	-	59,000	88,451	147,451
2017-2022	-	-	-	74,500	66,826	141,326
2022-2027	-	-	-	45,500	47,393	92,893
2027-2032	-	-	-	38,500	38,014	76,514
2032-2037	-	-	-	47,500	28,407	75,907
2037-2042	-	-	-	60,000	16,312	76,312
2042-2044	-	-	-	41,500	2,824	44,324
Totals	\$93,229	\$6,423	\$99,652	\$409,500	\$392,735	\$802,235

	April 1, 2006	Additions	March 31, 2007	Due Within One Year
Governmental Activities:				
Landfill Bond	\$6,713	\$-	\$5,229	\$1,590
EMS Building Bond	132,000	-	88,000	44,000
Total Governmental Activities	138,713	-	93,229	45,590
Business-Type Activities:				
Water Revenue – Bond	135,000	-	131,000	5,000
Sewer Revenue – Bond	281,500	-	278,500	3,000
Total Business-Type Activities	416,500	-	409,500	8,000
TOTAL PRIMARY GOVERNMENT LONG-TERM DEBT	\$555,213	\$-	\$502,729	\$53,590

NOTE H – RESTRICTED NET ASSETS:

The Water Fund has restricted net assets totaling \$21,511 which represents the balance available to pay down debt.

The Sewer Fund has restricted net assets totaling \$5,515 which represents the balance available to pay down debt.

NOTE I – RISK MANAGEMENT:

The Local Government Unit is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Local Governmental Unit has purchased commercial insurance for claims and participates in the Michigan Townships Participating Plan. The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

NOTE J – JOINT VENTURE:

In June 1988, The Township of Powell, Michigan 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	\$13,505,304
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)	(115,279)

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 – RESTATEMENT OF NET ASSETS:

The amount reported as net assets for the year ended March 31, 2006 has been restated. The restatement was to increase the amount previously reported by \$44,000 which represents the amount of the EMS Building loan balance that was incorrectly recorded in the prior year.

REQUIRED SUPPLEMENTAL
FINANCIAL INFORMATION

TOWNSHIP OF POWELL, MICHIGAN

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended March 31, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 197,780	\$ 211,454	\$ 204,380	\$ (7,074)
State sources	52,000	52,000	52,301	301
Charges for services	19,000	19,000	25,195	6,195
Interest	10,900	10,900	16,246	5,346
Other revenues	2,000	-	300	300
TOTAL REVENUES	281,680	293,354	298,422	5,068
EXPENDITURES:				
Legislative	4,400	10,900	4,805	6,095
General services and administration	173,799	156,899	155,149	1,750
Public safety	26,700	36,250	24,084	12,166
Public works	7,500	9,500	8,829	671
Health and welfare	31,300	31,650	21,470	10,180
Community and economic development	14,618	22,026	20,609	1,417
Recreation and culture	26,330	16,330	12,728	3,602
Other	36,600	17,050	16,097	953
TOTAL EXPENDITURES	321,247	300,605	263,771	36,834
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(39,567)	(7,251)	34,651	41,902
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	(35,000)	(10,000)	25,000
TOTAL OTHER FINANCING SOURCES (USES)	-	(35,000)	(10,000)	25,000
CHANGE IN FUND BALANCE	(39,567)	(42,251)	24,651	66,902
Fund balance, beginning of year	507,521	507,521	507,521	-
FUND BALANCE, END OF YEAR	\$ 467,954	\$ 465,270	\$ 532,172	\$ 66,902

TOWNSHIP OF POWELL, MICHIGAN

DONATED FUNDS

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended March 31, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 389	\$ 389
Donations	-	-	38,158	38,158
TOTAL REVENUES	-	-	38,547	38,547
EXPENDITURES:				
Recreation and Culture	-	-	32,112	(32,112)
TOTAL EXPENDITURES	-	-	32,112	(32,112)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	6,435	6,435
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
CHANGE IN FUND BALANCE	-	-	6,435	6,435
Fund balance, beginning of year	31,980	31,980	31,980	-
FUND BALANCE, END OF YEAR	\$ 31,980	\$ 31,980	\$ 38,415	\$ 6,435

TOWNSHIP OF POWELL, MICHIGAN

SANITATION FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended March 31, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 50,000	\$ 50,800	\$ 55,007	\$ 4,207
Charges for services	-	-	2,462	2,462
Investment income	-	-	156	
Other revenues	800	-	1,897	1,897
TOTAL REVENUES	50,800	50,800	59,522	8,566
EXPENDITURES:				
Public works	49,550	59,570	56,531	3,039
TOTAL EXPENDITURES	49,550	59,570	56,531	3,039
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,250	(8,770)	2,991	11,605
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
CHANGE IN FUND BALANCE	1,250	(8,770)	2,991	11,605
Fund balance, beginning of year	78,993	78,993	78,993	-
FUND BALANCE, END OF YEAR	\$ 80,243	\$ 70,223	\$ 81,984	\$ 11,605

TOWNSHIP OF POWELL, MICHIGAN

EMS BUILDING FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended March 31, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 47,195	\$ 47,195	\$ 49,132	\$ 1,937
Interest income	200	200	207	7
Other revenues	-	-	-	-
TOTAL REVENUES	47,395	47,395	49,339	1,944
EXPENDITURES:				
Debt Service	51,750	51,750	49,992	1,758
TOTAL EXPENDITURES	51,750	51,750	49,992	1,758
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,355)	(4,355)	(653)	3,702
OTHER FINANCING SOURCES (USES):				
Transfers in	-	9,990	10,000	10
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	9,990	10,000	10
CHANGE IN FUND BALANCE	(4,355)	5,635	9,347	3,712
Fund balance, beginning of year	42,928	42,928	42,928	-
FUND BALANCE, END OF YEAR	\$ 38,573	\$ 48,563	\$ 52,275	\$ 3,712

Other Supplemental Information

TOWNSHIP OF POWELL, MICHIGAN

MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

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

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes:			
Current levy	\$ 162,000	\$ 162,641	\$ 641
Delinquent taxes	16,454	14,772	(1,682)
Commercial forest reserve	15,000	8,178	(6,822)
Swamp tax	2,000	2,068	68
Tax collection fees	16,000	16,721	721
Total Taxes	<u>211,454</u>	<u>204,380</u>	<u>(7,074)</u>
State Sources:			
Sales Tax	48,000	49,879	1,879
Metro Act Money	4,000	2,422	(1,578)
Total State Sources	<u>52,000</u>	<u>52,301</u>	<u>301</u>
Charges for Services:			
Cemetery services	1,000	3,340	2,340
Ambulance services	16,000	18,781	2,781
Zoning services	2,000	2,534	534
Miscellaneous services	-	540	540
Total Charges for Services	<u>19,000</u>	<u>25,195</u>	<u>6,195</u>
Interest and Rents			
Interest	10,900	16,046	5,146
Rents	-	200	200
Total Interest and Rents	<u>10,900</u>	<u>16,246</u>	<u>5,346</u>
Other Revenues:			
Other Revenue	-	300	300
Total Other Revenues	<u>-</u>	<u>300</u>	<u>300</u>
TOTAL REVENUES	<u>293,354</u>	<u>298,422</u>	<u>5,068</u>
EXPENDITURES:			
LEGISLATIVE:			
Township Board:			
Personnel services	2,400	2,450	(50)
Other services and charges	8,500	2,355	6,145
TOTAL LEGISLATIVE	<u>10,900</u>	<u>4,805</u>	<u>6,095</u>

TOWNSHIP OF POWELL, MICHIGAN

MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

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

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
GENERAL SERVICES AND ADMINISTRATION:			
Supervisor:			
Personnel services	\$ 9,600	\$ 8,338	\$ 1,262
Supplies	400	69	331
Other services and charges	3,700	2,727	973
	400	-	400
Total Supervisor	<u>14,100</u>	<u>11,134</u>	<u>2,966</u>
Clerk:			
Personnel services	10,250	9,408	842
Supplies	700	450	250
Other services and charges	3,550	2,848	702
Capital outlay	750	412	338
Total Clerk	<u>15,250</u>	<u>13,118</u>	<u>2,132</u>
Board of Review:			
Personnel Services	600	380	220
Total Supervisor	<u>600</u>	<u>380</u>	<u>220</u>
Treasurer:			
Personnel services	9,450	8,546	904
Supplies	200	36	164
Other services and charges	2,600	2,199	401
Capital outlay	750	400	350
Total Treasurer	<u>13,000</u>	<u>11,181</u>	<u>1,819</u>
Assessor:			
Personnel services	15,300	15,300	-
Supplies	7,500	6,979	521
Other services and charges	2,600	2,126	474
Capital outlay	1,000	410	590
Total Assessor	<u>26,400</u>	<u>24,815</u>	<u>1,585</u>
Elections:			
Personnel services	3,200	2,157	1,043
Supplies	1,500	220	1,280
Other services and charges	1,000	1,899	(899)
Total Elections	<u>5,700</u>	<u>4,276</u>	<u>1,424</u>
Township Hall and Grounds:			
Personnel services	27,624	24,477	3,147
Supplies	1,500	1,516	(16)
Other services and charges	37,000	58,952	(21,952)
Capital outlay	4,000	3,708	292
Total Township Hall and Grounds	<u>70,124</u>	<u>88,653</u>	<u>(18,529)</u>

TOWNSHIP OF POWELL, MICHIGAN

MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

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

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Cemetery:			
Personnel services	2,000	1,218	782
Supplies	300	31	269
Other services and charges	9,425	343	9,082
Debt service	-	-	-
Total Cemetery	<u>11,725</u>	<u>1,592</u>	<u>10,133</u>
TOTAL GENERAL SERVICES AND ADMINISTRATION	<u>156,899</u>	<u>155,149</u>	<u>1,750</u>
PUBLIC SAFETY:			
Fire Department			
Personnel services	\$ 3,000	\$ 3,165	\$ (165)
Supplies	500	206	294
Other services and charges	28,750	18,166	10,584
Capital outlay	4,000	2,547	1,453
Total Police Department	<u>36,250</u>	<u>24,084</u>	<u>12,166</u>
TOTAL PUBLIC SAFETY	<u>36,250</u>	<u>24,084</u>	<u>12,166</u>
PUBLIC WORKS:			
Roads:			
Capital Outlay	4,000	3,735	265
Total Roads	<u>4,000</u>	<u>3,735</u>	<u>265</u>
Street Lights:			
Other services and charges	5,500	5,094	406
Total Street Lights	<u>5,500</u>	<u>5,094</u>	<u>406</u>
TOTAL PUBLIC WORKS	<u>9,500</u>	<u>8,829</u>	<u>671</u>
HEALTH AND WELFARE:			
Ambulance:			
Personnel services	6,000	5,334	666
Supplies	1,500	1,012	488
Other services and charges	23,150	14,484	8,666
Capital outlay	1,000	640	360
Total Ambulance	<u>31,650</u>	<u>21,470</u>	<u>9,820</u>
TOTAL HEALTH AND WELFARE	<u>31,650</u>	<u>21,470</u>	<u>9,820</u>

TOWNSHIP OF POWELL, MICHIGAN

MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

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

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
COMMUNITY AND ECONOMIC DEVELOPMENT			
Zoning:			
Personnel services	\$ 5,722	\$ 6,040	\$ (318)
Supplies	100	25	75
Other services and charges	15,704	14,444	1,260
Capital outlay	500	100	
Total Zoning	<u>22,026</u>	<u>20,609</u>	<u>1,017</u>
TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT	<u>22,026</u>	<u>20,609</u>	<u>1,017</u>
RECREATION AND CULTURE:			
Parks:			
Personnel services	\$ 2,780	\$ 2,132	\$ 648
Supplies	300	169	131
Other services and charges	3,750	2,997	753
Capital outlay	9,500	7,430	2,070
Total Parks	<u>16,330</u>	<u>12,728</u>	<u>3,602</u>
TOTAL RECREATION AND CULTURE	<u>16,330</u>	<u>12,728</u>	<u>3,602</u>
OTHER EXPENDITURES			
Personnel services	6,600	5,741	859
Other services and charges	10,450	10,356	
TOTAL OTHER EXPENDITURES	<u>17,050</u>	<u>16,097</u>	<u>859</u>
TOTAL EXPENDITURES	<u>300,605</u>	<u>263,771</u>	<u>35,980</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,251)</u>	<u>34,651</u>	<u>41,048</u>
OTHER FINANCING SOURCES (USES):			
Transfers In:	-	-	-
Transfers (Out):	<u>(35,000)</u>	<u>(10,000)</u>	<u>25,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(35,000)</u>	<u>(10,000)</u>	<u>25,000</u>
CHANGE IN FUND BALANCE	<u>(42,251)</u>	<u>24,651</u>	<u>66,048</u>
Fund balance, beginning of year	<u>507,521</u>	<u>507,521</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 465,270</u>	<u>\$ 532,172</u>	<u>\$ 66,048</u>

TOWNSHIP OF POWELL, MICHIGAN

MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
DONATED FUNDS

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

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and Rents:			
Investment income	\$ -	\$ 389	\$ 389
Total Interest and Rents	<u>-</u>	<u>389</u>	<u>389</u>
Other Revenue:			
Donations	-	38,158	38,158
Total Other Revenue	<u>-</u>	<u>38,158</u>	<u>38,158</u>
TOTAL REVENUES	<u>-</u>	<u>38,547</u>	<u>38,547</u>
EXPENDITURES:			
Recreation and Culture:			
Community Promotions	-	32,112	(32,112)
Total Recreation and Culture	<u>-</u>	<u>32,112</u>	<u>(32,112)</u>
TOTAL EXPENDITURES	<u>-</u>	<u>32,112</u>	<u>(32,112)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>6,435</u>	<u>6,435</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>6,435</u>	<u>6,435</u>
Fund balance, beginning of year	31,980	31,980	-
FUND BALANCE, END OF YEAR	<u>\$ 31,980</u>	<u>\$ 38,415</u>	<u>\$ 6,435</u>

TOWNSHIP OF POWELL, MICHIGAN

MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
SANITATION FUND

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

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes:			
Property taxes	\$ 50,800	\$ 55,007	\$ 4,207
Total Taxes	<u>50,800</u>	<u>55,007</u>	<u>4,207</u>
Charges for Services:			
Landfill tipping	-	2,462	2,462
Total Charges for Services	<u>-</u>	<u>2,462</u>	<u>2,462</u>
Interest Income:			
Investment income	-	156	156
Total Other Revenue	<u>-</u>	<u>156</u>	<u>156</u>
Other Revenue:			
Other revenue	-	1,897	1,897
Total Other Revenue	<u>-</u>	<u>1,897</u>	<u>1,897</u>
TOTAL REVENUES	<u>50,800</u>	<u>59,522</u>	<u>8,722</u>
EXPENDITURES:			
Public Works:			
Sanitation Collection:			
Personnel services	70	70	-
Supplies	-	-	-
Other services and charges	59,500	54,564	4,936
Capital outlay	-	-	-
Debt service	-	1,897	(1,897)
Total Public Works	<u>59,570</u>	<u>56,531</u>	<u>3,039</u>
TOTAL EXPENDITURES	<u>59,570</u>	<u>56,531</u>	<u>3,039</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,770)</u>	<u>2,991</u>	<u>11,761</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>(8,770)</u>	<u>2,991</u>	<u>11,761</u>
Fund balance, beginning of year	78,993	78,993	-
FUND BALANCE, END OF YEAR	<u>\$ 70,223</u>	<u>\$ 81,984</u>	<u>\$ 11,761</u>

TOWNSHIP OF POWELL, MICHIGAN

MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
EMS BUILDING FUND

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

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes:			
Property taxes	\$ 47,195	\$ 49,132	\$ 1,937
Total Taxes	<u>47,195</u>	<u>49,132</u>	<u>1,937</u>
Interest and Rents:			
Investment income	200	207	7
Total Interest and Rents	<u>200</u>	<u>207</u>	<u>7</u>
Other Revenue:			
Other revenue	-	-	-
Total Other Revenue	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>47,395</u>	<u>49,339</u>	<u>1,944</u>
EXPENDITURES:			
General Government:			
Township Properties:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	-	-	-
Debt Service	51,750	49,992	1,758
TOTAL EXPENDITURES	<u>51,750</u>	<u>49,992</u>	<u>1,758</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,355)</u>	<u>(653)</u>	<u>3,702</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	9,990	10,000	10
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>9,990</u>	<u>10,000</u>	<u>10</u>
CHANGES IN FUND BALANCE	5,635	9,347	3,712
Fund balance, beginning of year	42,928	42,928	-
FUND BALANCE, END OF YEAR	<u>\$ 48,563</u>	<u>\$ 52,275</u>	<u>\$ 3,712</u>

TOWNSHIP OF POWELL, MICHIGAN

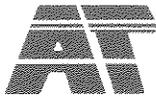
FIDUCIARY FUNDS

COMBINING STATEMENT OF NET ASSETS

March 31, 2007

	Trust & Agency Fund	Tax Collection Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,253	\$ 54,492	\$ 55,745
TOTAL ASSETS	\$ 1,253	\$ 54,492	\$ 55,745
LIABILITIES			
Due to other funds	\$ 16	\$ 13,589	\$ 13,605
Due to other governmental units	1,237	40,903	42,140
TOTAL LIABILITIES	\$ 1,253	\$ 54,492	\$ 55,745

Compliance Supplements



PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

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

Honorable Supervisor and Members of the
Township Board of Trustees
Township of Powell, Michigan
P.O. Box 39
Big Bay, Michigan 49808

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Township of Powell, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township of Powell, Michigan's basic financial statements and have issued our report thereon dated September 7, 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 Powell, 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 Powell, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Powell, Michigan's internal control over financial reporting.

Our consideration of 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 assign functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Township of Powell, 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 Powell, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the Township of Powell, 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 Powell, Michigan's internal control.

Honorable Supervisor and Members of the
Township Board of Trustees
Township of Powell, 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 Powell, 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 items 07-3.

This report is intended solely for the information and use of the management, the audit committee, Township of Powell, Michigan 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 7, 2007



PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

WISCONSIN
GREEN BAY
MILWAUKEE

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

Honorable Supervisor and Members of the
Township Board
Township of Powell, Michigan
P.O. Box 39
Big Bay, MI 49808

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 Powell, 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 Powell, 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 Powell, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Powell, 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.

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 record in the general ledger until after the audit, the financial statements are not compliant with generally accepted accounting principles.

Honorable Supervisor and Members of the
Township Board
Township of Powell, Michigan

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:
 - Diane Burns, 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 (REPEATED) – CASH RECONCILIATIONS

Condition/Criteria: Although the Township of Powell, Michigan cash is being reconciled to a subsidiary spreadsheet for monitoring, it is not being reconciled to the general ledger on a monthly basis and not being approved by a separate party. The basis of strength in any system of sound internal control is a strong reconciliation function.

Effect: Because the cash accounts are not being reconciled in the general ledger system, there is activity missing from the general ledger during the year and creates a lack of internal controls.

Cause of Condition: Failure to properly reconcile the general ledger to the bank accounts and treasurer's manual bank reconciliations.

Recommendation: We suggest, and good internal control dictates, the general ledger accounts are reconciled on a monthly basis with the appropriate accounting entries being made to the system even if a supplemental activity is being performed. This will insure accurate financial reporting on an interim basis for decision making by the Board of Trustees and management.

Management Response – Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Diane Burns, Clerk
- Corrective Action Planned:
 - The Township is planning on incorporating improved cash reconciliation procedures in the coming fiscal year.
- Anticipated Completion Date:
 - March 31, 2008

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 Powell, 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 Powell, Michigan incurred functional expenditures which were in excess of the amounts appropriated as shown within the basic financial statements.

Honorable Supervisor and Members of the
Township Board
Township of Powell, Michigan

Effect: The Township of Powell, 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 Powell, 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:

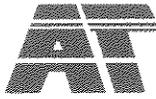
- Contact Person(s) Responsible for Correction:
 - Diane Burns, Clerk
- Corrective Action Planned:
 - The budget will be more closely monitored and budget amendments will be made accordingly.
- Anticipated Completion Date:
 - March 31, 2008

This communication is intended solely for the information and use of the management, audit committee, Township of Powell, 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 Powell, 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 7, 2007



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

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

September 7, 2007

Honorable Supervisor and Members of the
Township Board
Township of Powell, Michigan
P.O. Box 39
Big Bay, Michigan 49808

We have audited the financial statements of the Township of Powell; Michigan for the year ended March 31, 2007, and have issued our report thereon dated September 7, 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

As stated in our engagement letter, 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 the Township of Powell, 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 misstatements, we performed test of the Township of Powell, 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 selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of the accounting policies and their application. The significant accounting policies used by the Township of Powell, Michigan are described in Footnotes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the Township of Powell, 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.

Honorable Supervisor and Members of the
Township Board
Township of Powell, Michigan

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.

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 Powell; 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 Township of Powell, Michigan, either individually or in the aggregate, indicate matters that could have a significant effect on the Township of Powell, 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 auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultation 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 Powell, 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 the performance of our audit.

Conclusion

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

Anderson, Tackman & Company, PLLC
Certified Public Accountants