

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 Addison	County Oakland
Fiscal Year End March 31, 2007	Opinion Date August 21, 2007	Date Audit Report Submitted to State September 25, 2007	

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.)
- 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.
 - 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.
 - The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - The local unit has adopted a budget for all required funds.
 - A public hearing on the budget was held in accordance with State statute.
 - 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.
 - The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - The local unit only holds deposits/investments that comply with statutory requirements.
 - 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).
 - 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.
 - The local unit is free of repeated comments from previous years.
 - The audit opinion is UNQUALIFIED.
 - The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - The board or council approves all invoices prior to payment as required by charter or statute.
 - 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 type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Post, Smythe, Lutz and Ziel of Plymouth LLP		Telephone Number 248-644-9125	
Street Address 3707 W. Maple Road, Suite 101		City Bloomfield Hills	State MI
Zip 48301			
Authorizing CPA Signature 	Printed Name Rana M. Emmons, CPA	License Number 1101022716	

**TOWNSHIP OF ADDISON
Oakland County, Michigan**

AUDITED FINANCIAL REPORT

**For the Fiscal Year Ended
March 31, 2007**

TOWNSHIP OF ADDISON
For the Year Ended March 31, 2007

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For the Year Ended March 31, 2007

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FINANCIAL SECTION

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Independent Auditor's Report

August 21, 2007

To the Board of Trustees
Township of Addison
Oakland County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining information of the Township of Addison, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Addison'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

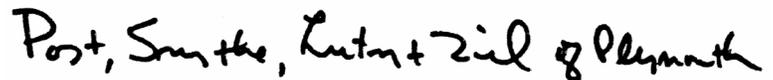
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Addison as of March 31, 2007, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees
Township of Addison
August 21, 2007

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain 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 Addison's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,

A handwritten signature in black ink that reads "Post, Smythe, Lutz + Ziel of Plymouth". The signature is written in a cursive, slightly slanted style.

Post, Smythe, Lutz and Ziel of Plymouth LLP
Certified Public Accountants

Management's Discussion and Analysis

As management of the Township of Addison, we offer readers of the Township of Addison's financial statements this narrative overview and analysis of the financial activities of the Township of Addison for the fiscal year ended March 31, 2007.

Financial Highlights

- The assets of the Township of Addison exceeded its liabilities at the close of the most recent fiscal year by \$7,920,998 (*net assets*). Of this amount, \$3,646,932 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Township of Addison's governmental funds reported combined ending fund balances of \$3,743,428, an increase of \$590,329 in comparison with the prior year. Approximately 98 percent of this amount, \$3,657,839 is *available for spending* at the government's discretion (*unreserved fund balance*).

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township of Addison include general government, public safety, planning and zoning, public works, and recreation and culture. The government-wide financial statements can be found on pages 8-9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township of Addison, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township of Addison can be divided into either governmental funds or fiduciary fund categories.

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

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

The Township of Addison maintains 7 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Police Protection Special Revenue Fund, Fire Operating Special Revenue Fund, Fire Capital Special Revenue Fund, and the Glen Meadow Special Assessment Debt Service Fund, all of which are considered to be major funds.

A budgetary comparison statement has been provided for the General, Police Protection, Fire Operating, and Fire Capital Funds to demonstrate compliance with the annual appropriated budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Township of Addison's own programs.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township of Addison, assets exceeded liabilities by \$7,920,998 at the close of the most recent fiscal year.

A significant portion of The Township of Addison's net assets (53 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township of Addison uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township of Addison's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Township of Addison's Net Assets

	2007	2006
Current and other assets	\$3,880,788	\$ 3,309,191
Capital Assets	5,078,653	4,917,614
Total Assets	<u>8,959,441</u>	<u>8,226,805</u>
Long-term liabilities	901,083	724,571
Other liabilities	137,360	156,092
Total Liabilities	<u>1,038,443</u>	<u>880,663</u>
Net Assets:		
Invested in capital assets, net of related debt	4,188,477	4,193,043
Restricted	85,589	84,352
Unrestricted	3,646,932	3,068,747
Total Net Assets	<u>\$7,920,998</u>	<u>\$ 7,346,142</u>

An additional portion of the Township of Addison's net assets (1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$3,646,932) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township of Addison is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities. The Township's net assets increased by \$574,856 during the current fiscal year.

The increase in net assets, is presented in the table below:

	<u>2007</u>	<u>2006</u>
Program Revenues:		
Charges for Services	\$ 300,646	\$ 402,984
Operating Grants & Contributions	8,696	10,637
General Revenues:		
Property Taxes	2,307,851	2,045,356
State Shared Revenues	428,879	438,078
Unrestricted Investment Earnings	112,076	138,149
Other	5,967	7,168
Total Revenues	<u>3,164,115</u>	<u>3,042,372</u>
Program Expenses:		
General Government	751,671	806,824
Public Safety	1,721,102	1,822,653
Planning and Zoning	45,427	48,699
Public Works	24,023	30,962
Recreation and Cultural	7,384	13,958
Interest on Long-Term Debt	39,652	27,080
Total Expenses	<u>2,589,259</u>	<u>2,750,176</u>
Change in Net Assets	<u>\$ 574,856</u>	<u>\$ 292,196</u>

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

As of the end of the current fiscal year, the Township of Addison's *governmental funds* reported combined ending fund balances of \$3,743,428, an increase of \$590,329 in comparison with the prior year. The *unreserved fund balance*, which is the amount available for spending at the government's discretion, represents 98% of the total fund balance. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to uphold agreements (\$85,589).

The general fund is the chief operating fund of The Township of Addison. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,325,872, while total fund balance is \$1,409,542. The fund balance of the Township of Addison's general fund increased by \$130,778 during the current fiscal year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were minor adjustments within departments with a net effect of no increase or decrease from the total original budget.

Capital Asset and Debt Administration

Capital assets. The Township of Addison's investment in capital assets for its governmental activities as of March 31, 2007, amounts to \$5,078,653 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, and parks. The total increase in the Township of Addison's investment in capital assets for the current fiscal year was 3 percent.

Long-term debt. At the end of the current fiscal year, the Township of Addison had total debt outstanding of \$901,083 including \$614,176 of installment loans payable, and \$276,000 of special assessment bonds. All of The Township of Addison's debt represents general obligation debt backed by the full faith and credit of The Township of Addison, subject to constitutional limit.

Additional information on the Township of Addison's long-term debt can be found in note IV. D. on pages 26-27 of this report.

Economic Factors and Next Year's Budgets and Rates

Increases in the Township's taxable value have provided additional revenue while the total millage rate has been reduced due to Headlee roll backs, providing a minimal increase in tax revenues to the Township. Also, the Township has not filled some of the positions that are currently open, but rather has had existing staff absorb those duties to keep costs down.

Requests for Information

This financial report is designed to provide a general overview of the Township of Addison's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Township Supervisor, 1440 Rochester Road, Leonard, MI 48367.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF ADDISON
Statement of Net Assets
March 31, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 1,295,000
Restricted Assets - Cash	83,670
Receivables (net of allowance for uncollectibles):	
Taxes	2,425,048
Due from Other Governmental Units	77,070
Capital Assets (Net of Accumulated Depreciation)	5,078,653
Total Assets	<u>8,959,441</u>
 <u>LIABILITIES</u>	
Accounts Payable	101,039
Accrued Liabilities	36,321
Noncurrent Liabilities:	
Due within one year	100,887
Due in more than one year	800,196
Total Liabilities	<u>1,038,443</u>
 <u>NET ASSETS</u>	
Invested in Capital Assets, net of related debt	4,188,477
Restricted for:	
Cemetery	1,919
Gravel Site	83,670
Unrestricted	3,646,932
Total Net Assets	<u>\$ 7,920,998</u>

TOWNSHIP OF ADDISON
Statement of Activities
For the Year Ended March 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 751,671	\$ 92,903	\$ 8,696	\$ (650,072)
Public Safety	1,721,102	172,038	-	(1,549,064)
Planning and Zoning	45,427	35,705	-	(9,722)
Public Works	24,023	-	-	(24,023)
Recreation and Cultural	7,384	-	-	(7,384)
Interest on Long-Term Debt	39,652	-	-	(39,652)
Total Governmental Activities	<u>\$ 2,589,259</u>	<u>\$ 300,646</u>	<u>\$ 8,696</u>	<u>(2,279,917)</u>
General Revenues:				
Property Taxes				2,307,851
State Shared Revenue				428,879
Franchise Fees				5,967
Unrestricted Investment Earnings				112,076
Total General Revenues				<u>2,854,773</u>
				Change in Net Assets 574,856
				Net Assets - Beginning <u>7,346,142</u>
				Net Assets - Ending <u>\$ 7,920,998</u>

TOWNSHIP OF ADDISON
Balance Sheet
Governmental Funds
March 31, 2007

	<u>General</u>	<u>Police Protection</u>	<u>Fire Operating</u>	<u>Fire Capital</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 849,605	\$ 32,633	\$ 167,413	\$ 243,430
Restricted Assets	83,670	-	-	-
Receivables (net of allowance for uncollectibles):				
Taxes	473,023	1,059,584	672,746	219,695
Special Assessment	-	-	-	-
Due from Other Funds	48,399	73,894	-	1,739
Due from Other Units	77,070	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,531,767</u>	<u>\$ 1,166,111</u>	<u>\$ 840,159</u>	<u>\$ 464,864</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 24,298	\$ 74,419	\$ 2,322	\$ -
Accrued and Other Liabilities	22,294	-	14,027	-
Due to Other Funds	75,633	-	48,399	-
Deferred Revenue	-	-	-	-
Total Liabilities	<u>122,225</u>	<u>74,419</u>	<u>64,748</u>	<u>-</u>
Fund Balances:				
Reserved	83,670	-	-	-
Unreserved for:				
General Fund	1,325,872	-	-	-
Special Revenue Funds	-	1,091,692	775,411	464,864
Total Fund Balances	<u>1,409,542</u>	<u>1,091,692</u>	<u>775,411</u>	<u>464,864</u>
Total Liabilities and Fund Balances	<u>\$ 1,531,767</u>	<u>\$ 1,166,111</u>	<u>\$ 840,159</u>	<u>\$ 464,864</u>

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.

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

Net Assets of Governmental Activities:

Glen Meadow Special Assessment Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,919	\$ 1,295,000
-	-	83,670
-	-	2,425,048
365,400	-	365,400
-	-	124,032
-	-	77,070
<u>\$ 365,400</u>	<u>\$ 1,919</u>	<u>\$ 4,370,220</u>
\$ -	\$ -	\$ 101,039
-	-	36,321
-	-	124,032
365,400	-	365,400
<u>365,400</u>	<u>-</u>	<u>626,792</u>
-	1,919	85,589
-	-	1,325,872
-	-	2,331,967
<u>-</u>	<u>1,919</u>	<u>3,743,428</u>
<u>\$ 365,400</u>	<u>\$ 1,919</u>	
		5,078,653
		<u>(901,083)</u>
	\$	<u>7,920,998</u>

TOWNSHIP OF ADDISON
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2007

	<u>General</u>	<u>Police Protection</u>	<u>Fire Operating</u>	<u>Fire Capital</u>
<u>Revenues</u>				
Property Taxes	\$ 355,827	\$ 1,059,583	\$ 672,746	\$ 219,695
Licenses and Permits	72,711	-	-	-
Intergovernmental:				
Federal, State and Local	437,281	-	-	-
Charges for Services	106,524	-	-	-
Franchise Fees	5,967	-	-	-
Interest	57,878	19,889	24,120	9,319
Other	21,298	14,678	85,729	-
Total Revenues	<u>1,057,486</u>	<u>1,094,150</u>	<u>782,595</u>	<u>229,014</u>
<u>Expenditures</u>				
Current:				
General Government	785,297	-	-	-
Public Safety	64,577	882,840	641,368	5,489
Planning and Zoning	45,427	-	-	-
Public Works	24,023	-	-	-
Recreation and Cultural	7,384	-	-	-
Debt Service:				
Principal	-	-	-	76,188
Interest and Other Charges	-	-	-	24,472
Capital Outlay	-	-	-	16,721
Total Expenditures	<u>926,708</u>	<u>882,840</u>	<u>641,368</u>	<u>122,870</u>
Excess (Deficiency) of Revenues Over Expenditures	130,778	211,310	141,227	106,144
Other Financing Sources:				
Bond Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	130,778	211,310	141,227	106,144
Fund Balances - Beginning	<u>1,278,764</u>	<u>880,382</u>	<u>634,184</u>	<u>358,720</u>
Fund Balances - Ending	<u>\$ 1,409,542</u>	<u>\$ 1,091,692</u>	<u>\$ 775,411</u>	<u>\$ 464,864</u>

Glen Meadow Special Assessment Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,307,851
-	-	72,711
-	-	437,281
-	-	106,524
-	-	5,967
-	870	112,076
-	-	121,705
<u>-</u>	<u>870</u>	<u>3,164,115</u>
-	-	785,297
-	-	1,594,274
-	-	45,427
-	-	24,023
-	-	7,384
-	-	76,188
-	-	24,472
-	260,820	277,541
<u>-</u>	<u>260,820</u>	<u>2,834,606</u>
-	(259,950)	329,509
<u>-</u>	<u>260,820</u>	<u>260,820</u>
-	870	590,329
<u>-</u>	<u>1,049</u>	<u>3,153,099</u>
<u>\$ -</u>	<u>\$ 1,919</u>	<u>\$ 3,743,428</u>

TOWNSHIP OF ADDISON
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2007

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

Net change in fund balances - total governmental funds	\$	590,329
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		161,039
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		<u>(176,512)</u>
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Change in net assets in governmental activities	\$	<u>574,856</u>
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TOWNSHIP OF ADDISON
Statement of Fiduciary Net Assets
March 31, 2007

<u>ASSETS</u>	Tax Collection Fund	Agency Fund
Cash	\$ 2,455,180	\$ 297,175
 <u>LIABILITIES</u>		
Due to Other	\$ 2,455,180	\$ 297,175

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township is governed by an elected seven member Board of Trustees. Services are provided to approximately 6,107 residents in the areas of police and fire protection, parks, and planning and zoning.

As required by generally accepted accounting principles, these financial statements present the Township of Addison. The Township has no component units which are required to be included in these financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with 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 revenues*.

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

C. 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Governmental Funds

The Township reports the following major governmental funds:

The General Fund is the government'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 Police Protection Fund is a special revenue fund used to account for property tax levy and contract payments to the Oakland County Sheriff's Department.

The Fire Operating Special Revenue Fund is used to account for voted property tax levies to operate the Township's fire department.

The Fire Capital Special Revenue Fund is used to account for voted property tax levies to purchase equipment, vehicles, and buildings for the fire department.

The Glen Meadow Special Assessment Debt Service Fund is used to collect the special assessment revenues for the repayment of principal and interest.

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

In addition, the Township reports on the following fund types:

The Construction fund is used to record bond proceeds and the related construction project expenditures.

Permanent funds are used to report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. This includes the cemetery expendable trust fund for the municipal cemetery.

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary funds include the following fund types:

Agency Funds are used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* 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 revenues* rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks. Investments for the Township are recorded at fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of allowance for uncollectible accounts, which are recorded at \$-0- at March 31, 2007.

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	15-50
Buildings	40
Equipment	5-15

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Assets or Equity – Continued

4. Compensated Absences

In accordance with Township's internal policy, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified. All sick and vacation pay is accrued when incurred in the government-wide financial statements. This liability is composed of employees who retire and any unused vacation paid upon termination of employment. The total liability at March 31, 2007 is \$21,367.

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets.

6. 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 a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2007

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet And the Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$901,083 difference are as follows:

Installment Note Payable	\$ 614,176
Compensated Absences	10,907
Special Assessment Bond	<u>276,000</u>
	<u>\$ 901,083</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$161,039 difference are as follows:

Capital Outlay	\$ 290,391
Depreciation Expense	<u>(129,352)</u>
	<u>\$ 161,039</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds". The details of this \$176,512 difference are as follows:

Principal Repayments:	
Installment Note Payable	\$ 76,188
Payment of Tax Tribunal Liabilities	23,300
Special Assessment Bonds Issued	<u>(276,000)</u>
	<u>\$ (176,512)</u>

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2007

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being incurred.

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

1. Prior to March 31, the Township Supervisor submits to the Township Board 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, for the General and Special Revenue Funds. These are prepared on the activity level basis using the modified accrued method of accounting.
2. Public hearings are conducted at the Township office to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted on a departmental (activity) basis through passage of a resolution.
4. The Township Board must approve any revisions that alter the total expenditures of any department.
5. Budget appropriations lapse at year end.
6. The Township Board may authorize supplemental appropriations (budget amendments) during the year. In 2007, budget amendments were made and are reflected in the financial statements.

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of March 31, 2007.

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2007

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

B. Compliance with P.A. 621 of 1978 – Continued

2. Excess of Expenditures Over Appropriations in Budgetary Funds

The budgets for the General Fund and the Special Revenue Funds are adopted at the activity level. Expenditures in excess of budget appropriations are as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess Expenditures Over Appropriations</u>
General Fund:			
Board of Review	\$ 600	\$ 800	\$ 200
Street Lights	2,000	2,472	472

C. Public Act 245 of 1999 Compliance

In accordance with the State Construction Code Act, Public Act 245 of 1999, the Township must account for cumulative revenues over or under expenditures generated by the Township's building department from January 1, 2000 and forward.

The cumulative amounts as of March 31, 2007 are as follows:

Cumulative Balance at March 31, 2006	\$ 3,910
Fees Collected in Fiscal Year 2007	71,631
Expenditures in Fiscal Year 2007	<u>(64,577)</u>
Cumulative Balance at March 31, 2007	<u>\$ 10,964</u>

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

The following information as required by the Governmental Accounting Standards Board Statement Number 40, is presented regarding the Township's deposits and investments:

Custodial Credit Risk. In the event of a bank failure, the Township's deposits may not be recovered. Neither State law nor the Township's investment policy requires consideration of custodial credit risk. As of March 31, 2007, the Township's book

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

balance of its deposits was \$4,131,025. The bank balance was \$4,534,751 which was exposed to custodial credit risk is as follows:

	<u>Bank</u> <u>Balance</u>
Insured by F.D.I.C.	\$ 200,000
Uninsured and Uncollateralized	<u>4,334,751</u>
Total	<u>\$4,534,751</u>

A reconciliation of cash presented on the financial statements is as follows:

Cash and Cash Equivalents per:	
Statement of Net Assets	\$1,378,670
Statement of Fiduciary Net Assets	<u>2,752,355</u>
Total	<u>\$4,131,025</u>

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices.

Interest Rate Risk. The Township's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's deposits and investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted Average</u> <u>Maturity</u>
Deposits and Investments:		
Savings and Checking Accounts	\$ 1,081,451	Demand
Pooled Funds	\$ 730,319	Demand
Certificates of Deposit	\$ 2,722,981	144 Days

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices. As of year end, all deposits and investments consist of demand accounts, pooled investments, certificates of deposit, all of which are not rated.

Concentration of Credit Risk. The Township's investment policy places no limit on the amount the Township may invest in any one issuer. The Township does not have more than 5% of its total investments in a single issuer.

B. Capital Assets

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

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 3,125,000	\$ -	\$ -	\$ 3,125,000
Capital Assets, being depreciated:				
Building and Improvements	1,586,657	21,122	-	1,607,779
Vehicles and Equipment	1,124,693	8,449	-	1,133,142
Infrastructure	-	260,820	-	260,820
	<u>2,711,350</u>	<u>290,391</u>	<u>-</u>	<u>3,001,741</u>
Less: Accumulated Depreciation:				
Building and Improvements	(184,155)	(53,745)	-	(237,900)
Vehicles and Equipment	(734,581)	(75,607)	-	(810,188)
	<u>(918,736)</u>	<u>(129,352)</u>	<u>-</u>	<u>(1,048,088)</u>
Governmental Activities Capital Assets, net	<u>\$ 4,917,614</u>	<u>\$ 161,039</u>	<u>\$ -</u>	<u>\$ 5,078,653</u>

Depreciation expense was charged on the Statement of Activities as follows:

General Government	\$ 2,524
Public Safety	<u>126,828</u>
	<u>\$ 129,352</u>

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

C. Interfund Receivables and Payables

The composition of interfund balances as of March 31, 2007, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Operating	\$ 48,399
Fire Capital	General Fund	1,739
Police Protection	General Fund	<u>73,894</u>
		<u>\$124,032</u>

The interfund balances represent uncleared balances at year end, arising in the normal course of business.

D. Long-Term Debt

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

	<u>Balance</u> <u>April 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>March 31, 2007</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Installment Note Payable	\$ 690,364	\$ -	\$ 76,188	\$ 614,176	\$ 78,887
Special Assessment Bond	-	276,000	-	276,000	22,000
Property Tax Tribunal Cases	23,300	-	23,300	-	-
Compensated Absences	10,907	-	-	10,907	-
	<u>\$ 724,571</u>	<u>\$ 276,000</u>	<u>\$ 99,488</u>	<u>\$ 901,083</u>	<u>\$ 100,887</u>

Following is a detailed description of each of the above debts:

During 2004, the Township financed a portion of the new fire station with an installment note through Oxford Bank with an interest rate of 3.495%, a maturity date of May 1, 2013, and annual payments of \$100,660 including interest.

In April 2006, the Township issued Glen Meadows Special Assessment Bonds, Series 2006, in the amount of \$276,000, with an interest rate of 5.10%, maturing in 2016. The first debt payment is June 2007.

The following is a summary of general obligation debt outstanding (excluding compensated absences and contingencies) of the Township as of March 31, 2007:

	<u>Number of</u> <u>Issues</u>	<u>Interest</u> <u>Rate</u>	<u>Maturing</u> <u>Through</u>	<u>Principal</u> <u>Outstanding</u>
Governmental Activities:				
Installment Note	1	3.495%	2013	\$ 614,176
Special Assessment Bond	1	5.100%	2016	<u>276,000</u>
Total				<u>\$ 890,176</u>

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

The annual debt service requirements to maturity for general obligation debt outstanding as of March 31, 2007 are as follows:

<u>Year Ended</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 100,887	\$ 38,047
2009	107,631	31,983
2010	112,575	27,712
2011	116,545	23,315
2012	121,675	18,705
2013-2016	<u>330,863</u>	<u>28,595</u>
	<u>\$ 890,176</u>	<u>\$168,357</u>

E. Reserved Fund Balance

A detailed description of fund balance reservations and designations (for all governmental fund types) at March 31, 2007, is presented below:

<u>Fund Balance</u>	<u>General</u>	<u>Special</u>	<u>Permanent</u>
		<u>Revenue</u>	
Reserved for Cemetery	\$ -	\$ -	\$ 1,919
Reserved for Site Cleanup	83,670	-	-
Unreserved:			
Undesignated	<u>1,325,872</u>	<u>2,331,967</u>	<u>-</u>
Total Fund Balance	<u>\$1,409,542</u>	<u>\$2,331,967</u>	<u>\$ 1,919</u>

F. Property Taxes

Property tax assessments are assessed as of each December 31. The Township tax levy is billed on December 1 of the following year, and payable through February. Taxes are considered delinquent on March 1, at which time the applicable property is subject to lien and penalty and interest is assessed. Township property tax revenues are accounted for in the General Fund, Police Protection Fund, Fire Operating Fund, and Fire Capital Fund, and are recognized in the current year as revenue in accordance with guidelines of the State of Michigan.

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

F. Property Taxes – Continued

The following is a summary of the tax rates levied on the 2006 tax roll:

<u>Purpose</u>	<u>Authorization</u>	<u>Authorized Rate</u>	Per \$1,000 of State <u>Equalized Value</u>		<u>Tax Margin</u>
			<u>Authorized Rate Post "Roll Back"</u>	<u>Rate Levied</u>	
Operating	Statute	1.4100	1.0787	1.0787	-
Library	Voted	.7500	.5737	.5737	-
Police	Voted	2.5000	2.5000	2.5000	-
Police	Voted	1.0000	.7500	.7500	-
Fire Operating	Voted	.7500	.5737	.5737	-
Fire Operating	Voted	.7500	.7398	.7398	-
Fire Operating	Voted	.7500	.7500	.7500	-
Fire Capital	Voted	.5000	.4493	.4493	-
Fire Capital	Voted	.2500	.2246	.2246	-

V. OTHER INFORMATION

A. Risk Management

The Township of Addison purchases commercial insurance for its workers compensation coverage and is a member of the Michigan Municipal Risk Management Authority risk pool for its property and general liability insurance coverage. The Township pays annual premiums to the pool. The pool is self-sustaining through member premiums.

In the event that a single loss should exceed the amount of protection afforded by the pool loss reserve fund, or in the event that a series of losses should deplete or exhaust the loss reserve fund, the payment of valid losses shall be the obligation of the individual member or members of the respective pool against whom the claim was made.

No such event has occurred with the Township of Addison and the pools to which it belongs in any of the past three fiscal years.

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2007

V. OTHER INFORMATION – Continued

B. Joint Venture

The Township is a member of the North Oakland Transportation Authority (NOTA), which provides transportation services to the residents of Oxford, Orion, and Addison Townships. The participating communities provide annual funding for its operations. During the current year, the Township contributed \$16,320 for its operations. The North Oakland Transportation Authority is not considered a part of the reporting entity of Addison Township. Separate financial statements of the joint venture may be obtained at North Oakland Transportation Authority, 720 James Hunt Dr., PO Box 96, Oxford, Michigan 48371.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF ADDISON
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 334,500	\$ 334,500	\$ 355,827	\$ 21,327
Licenses and Permits	113,000	113,000	72,711	(40,289)
Intergovernmental - Federal/CDBG	15,000	15,000	8,402	(6,598)
Intergovernmental - State	439,832	439,832	428,879	(10,953)
Charges for Services	107,167	107,167	106,524	(643)
Franchise Fees	8,500	8,500	5,967	(2,533)
Interest	30,000	30,000	57,878	27,878
Other	61,600	61,600	21,298	(40,302)
Total Revenues	<u>1,109,599</u>	<u>1,109,599</u>	<u>1,057,486</u>	<u>(52,113)</u>
Expenditures:				
General Government:				
General Administration	239,250	239,250	230,626	8,624
Supervisor	85,702	85,702	81,787	3,915
Elections	25,500	25,500	22,981	2,519
Legal and Audit	194,900	194,900	141,275	53,625
Assessor	43,250	43,250	40,914	2,336
Clerk	108,462	108,462	108,415	47
Board of Review	600	600	800	(200)
Treasurer	97,864	97,864	97,842	22
Building and Grounds	23,500	38,500	35,121	3,379
Cemetery	29,500	29,500	25,536	3,964
Total General Government	<u>848,528</u>	<u>863,528</u>	<u>785,297</u>	<u>78,231</u>
Public Safety:				
Safety Inspections	<u>99,150</u>	<u>103,145</u>	<u>64,577</u>	<u>38,568</u>
Planning and Zoning:				
Planning	45,500	45,500	42,690	2,810
Zoning Board of Appeals	4,350	4,350	2,737	1,613
Total Planning and Zoning	<u>49,850</u>	<u>49,850</u>	<u>45,427</u>	<u>4,423</u>
Public Works:				
Engineering	26,000	26,000	19,644	6,356
Street Lights	2,000	2,000	2,472	(472)
Roads	45,000	45,000	1,907	43,093
Total Public Works	<u>73,000</u>	<u>73,000</u>	<u>24,023</u>	<u>48,977</u>
Parks	<u>20,800</u>	<u>20,800</u>	<u>7,384</u>	<u>13,416</u>
Other Functions	<u>53,271</u>	<u>33,976</u>	<u>-</u>	<u>33,976</u>
Total Expenditures	<u>1,144,599</u>	<u>1,144,299</u>	<u>926,708</u>	<u>217,591</u>
Excess (Deficiency) of Revenues Over Expenditures	(35,000)	(34,700)	130,778	165,478
Fund Balance - April 1	<u>1,278,764</u>	<u>1,278,764</u>	<u>1,278,764</u>	<u>-</u>
Fund Balance - March 31	<u>\$ 1,243,764</u>	<u>\$ 1,244,064</u>	<u>\$ 1,409,542</u>	<u>\$ 165,478</u>

TOWNSHIP OF ADDISON
Police Protection Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 855,000	\$ 855,000	\$ 1,059,583	\$ 204,583
Interest	8,000	8,000	19,889	11,889
Other	-	-	14,678	14,678
Total Revenues	<u>863,000</u>	<u>863,000</u>	<u>1,094,150</u>	<u>231,150</u>
Expenditures:				
Police Protection	<u>913,500</u>	<u>913,500</u>	<u>882,840</u>	<u>30,660</u>
Net Change in Fund Balance	(50,500)	(50,500)	211,310	261,810
Fund Balance - April 1	<u>880,382</u>	<u>880,382</u>	<u>880,382</u>	<u>-</u>
Fund Balance - March 31	<u><u>\$ 829,882</u></u>	<u><u>\$ 829,882</u></u>	<u><u>\$ 1,091,692</u></u>	<u><u>\$ 261,810</u></u>

TOWNSHIP OF ADDISON
Fire Operating Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 621,165	\$ 621,165	\$ 672,746	\$ 51,581
Interest	10,000	10,000	24,120	14,120
Other	70,250	70,250	85,729	15,479
Total Revenues	<u>701,415</u>	<u>701,415</u>	<u>782,595</u>	<u>81,180</u>
Expenditures:				
Fire Protection	<u>701,415</u>	<u>701,415</u>	<u>641,368</u>	<u>60,047</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	141,227	141,227
Fund Balance - April 1	<u>634,184</u>	<u>634,184</u>	<u>634,184</u>	<u>-</u>
Fund Balance - March 31	<u>\$ 634,184</u>	<u>\$ 634,184</u>	<u>\$ 775,411</u>	<u>\$ 141,227</u>

TOWNSHIP OF ADDISON
Fire Capital Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 208,700	\$ 208,700	\$ 219,695	\$ 10,995
Interest	2,500	2,500	9,319	6,819
Total Revenues	<u>211,200</u>	<u>211,200</u>	<u>229,014</u>	<u>17,814</u>
Expenditures:				
Public Safety	-	-	5,489	(5,489)
Capital Outlay	72,200	72,200	16,721	55,479
Debt Service:				
Principal	76,188	76,188	76,188	-
Interest and Fees	24,472	24,472	24,472	-
Total Expenditures	<u>172,860</u>	<u>172,860</u>	<u>122,870</u>	<u>49,990</u>
Excess (Deficiency) of Revenues Over Expenditures	38,340	38,340	106,144	67,804
Fund Balance - April 1	<u>358,720</u>	<u>358,720</u>	<u>358,720</u>	<u>-</u>
Fund Balance - March 31	<u>\$ 397,060</u>	<u>\$ 397,060</u>	<u>\$ 464,864</u>	<u>\$ 67,804</u>

OTHER SUPPLEMENTARY INFORMATION

TOWNSHIP OF ADDISON
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2007

	<u>Cemetery Permanent Fund</u>	<u>Glen Meadows Construction Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ <u>1,919</u>	\$ <u>-</u>	\$ <u>1,919</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities	\$ -	\$ -	\$ -
Fund Balance:			
Reserved for Cemetery	<u>1,919</u>	<u>-</u>	<u>1,919</u>
Total Liabilities and Fund Balance	\$ <u>1,919</u>	\$ <u>-</u>	\$ <u>1,919</u>

TOWNSHIP OF ADDISON
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended March 31, 2007

	<u>Cemetery Permanent Fund</u>	<u>Glen Meadows Construction Fund</u>	<u>Total</u>
Revenues:			
Interest	\$ 870	\$ -	\$ 870
Expenditures:			
Construction	<u>-</u>	<u>260,820</u>	<u>260,820</u>
Excess (Deficiency) of Revenues Over Expenditures	870	(260,820)	(259,950)
Other Financing Sources:			
Bond Proceeds	<u>-</u>	<u>260,820</u>	<u>260,820</u>
Net Change in Fund Balance	870	-	870
Fund Balance - April 1	<u>1,049</u>	<u>-</u>	<u>1,049</u>
Fund Balance - March 31	<u>\$ 1,919</u>	<u>\$ -</u>	<u>\$ 1,919</u>