

Reset Form

Email

Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended.

Unit Name	Charter Township of Commerce	County	OAKLAND	Type	TOWNSHIP	MuniCode	63-1-050
Opinion Date	6/5/2008	Audit Submitted	6/23/2008	Fiscal Year	12/31/2007		

If a local unit of government (authorities & 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, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 8,481,771.00
General Fund Expenditure:	\$ 6,322,453.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 2,205,077.00
Governmental Activities Long-Term Debt (see instructions):	\$ 14,330,605.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)	Vickie	Last Name	Crouch	Ten Digit License Number	1101013436					
CPA Street Address	1000 Coolidge Road		City	East Lansing	State	MI	Zip Code	48823	Telephone	+1 (517) 332-1900
CPA Firm Name	Layton and Richardson, P.C.	Unit's Street Address	2840 Fisher Avenue		City	Commerce Township		Zip Code	48390	

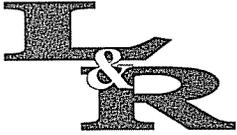
CHARTER TOWNSHIP OF COMMERCE
OAKLAND COUNTY, MICHIGAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
AND
INDEPENDENT AUDITORS' REPORT

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2-8
GENERAL PURPOSE FINANCIAL STATEMENTS	
Description	9
Statement of Net Assets	11
Statement of Activities	12-13
Balance Sheet – Governmental Funds	14-15
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and	
Changes in Fund Balance – Governmental Funds	18-19
Reconciliation of the Statement of Revenues,	
Expenditures and Changes in Fund Balance	
of Governmental Funds to the Statement	
of Activities – Governmental Funds	20
Fiduciary Funds – Combining Balance Sheet	21
Statement of Changes in Fiduciary Net Assets	22
Balance Sheet – Nonmajor Governmental Funds	23
Statement of Revenues, Expenditures, and Changes	
in Fund Balance – Nonmajor Governmental Funds	24
Statement of Net Assets – Component Unit –	
Downtown Development Authority	25
Statement of Activities – Component Unit –	
Downtown Development Authority	26
Notes to Financial Statements	27-44
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund	
Statement of Revenues, Expenditures, and Changes	
in Fund Balance – Budget and Actual	46-47
Statement of Revenues, Expenditures and Changes	
in Fund Balance – Budget and Actual – Sewer Cap Charges Fund	48
Statement of Revenues, Expenditures and Changes	
in Fund Balance – Budget and Actual – Water Cap Charges Fund	49
Statement of Revenues, Expenditures and Changes	
in Fund Balance – Budget and Actual – Fire Fund	50
Statement of Revenues, Expenditures and Changes	
in Fund Balance – Budget and Actual – Library Fund	51
Statement of Revenues, Expenditures and Changes	
in Fund Balance – Budget and Actual – Improvement and Building Fund	52
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS	
GENERAL FUND	
Description	53
Schedule of General Fund Revenues and Other Financing Sources -	
By Category for the Last Ten Fiscal Periods	54-55
Schedule of General Fund Expenditures and Other Financing Uses -	
By Activity for the Last Ten Fiscal Periods	56-57

C O N T E N T S - Concluded

	PAGE
SPECIAL REVENUE FUNDS	
Description	59
Combining Balance Sheet – NonMajor Special Revenue Funds	60-61
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – NonMajor Special Revenue Funds	62-63
Statement of Revenues, Expenditures and Changes in Fund Balance of Individual Funds – Budget and Actual – Nonmajor Special Revenue Funds	64-69
DEBT SERVICE FUNDS	
Description	71
Combining Balance Sheet – Nonmajor Debt Service Funds	72-77
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Debt Service Funds	78-83
CAPITAL PROJECTS FUNDS	
Description	85
Combining Balance Sheet – Nonmajor Capital Projects Funds	86-87
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds	88-89
COMPONENT UNIT	
Description	91
Combined Balance Sheet – Downtown Development Authority – All Fund Types and Account Groups	92
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Downtown Development Authority	93
SCHEDULE OF INDEBTEDNESS	95-101
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	103-104
LETTERS OF COMMENTS AND RECOMMENDATIONS	105-106



Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Township Board
Charter Township of Commerce
Oakland County, Michigan

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Commerce as of and for the year ended December 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 management of the Charter Township of Commerce. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Commerce as of December 31, 2007, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 46 through 52 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquires 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 an opinion on the financial statements that collectively comprise the Charter Township of Commerce's basic financial statements. The introductory section, the combining and individual non-major fund financial statements, and the schedule of indebtedness are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major 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. The introductory has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 9, 2008, on our consideration of the Charter Township of Commerce's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
June 9, 2008

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

David Layton, CPA
DaveLayton@LNRCPA.com

GENERAL PURPOSE FINANCIAL STATEMENTS

General purpose financial statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

CHARTER TOWNSHIP OF COMMERCE

STATEMENT OF NET ASSETS

DECEMBER 31, 2007

ASSETS

	GOVERNMENTAL ACTIVITIES	COMPONENT UNITS
ASSETS		
Cash	\$ 17,704,602	\$ 10,182,142
Investments	31,372,052	
Receivables		
Interest	411,588	86,371
Taxes	8,875,249	
Accounts	106,742	
Special assessments	6,330,900	
Bond discount	46,685	75,833
Prepaid expenses	90,420	
Due from		
Other governmental units	377,904	
Fixed assets (net of accumulated depreciation)	<u>92,169,372</u>	<u>65,437,544</u>
TOTAL ASSETS	<u>\$ 157,485,514</u>	<u>\$ 75,781,890</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Current liabilities		
Payables		
Accounts	\$ 1,012,742	\$ 212,299
Payroll and payroll taxes	126,867	
Due to other funds	2,971,375	415,000
Accrued interest	119,428	
Bonds and notes payable	2,045,000	9,425,000
Noncurrent liabilities		
Compensated absences	50,605	
Bonds and notes payable	<u>12,235,000</u>	<u>47,575,000</u>
TOTAL LIABILITIES	<u>18,561,017</u>	<u>57,627,299</u>
NET ASSETS		
Invested in capital assets, net of related debt	77,889,372	8,437,544
Unrestricted	<u>61,035,125</u>	<u>9,717,047</u>
TOTAL NET ASSETS	<u>138,924,497</u>	<u>18,154,591</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 157,485,514</u>	<u>\$ 75,781,890</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

		PROGRAM REVENUES	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
FUNCTIONS/PROGRAMS			
Primary Government			
Governmental Activities			
General government	\$ 2,550,770	\$ 807,824	\$ 2,122,678
Public safety	7,119,503	634,534	
Public works	5,717,835	5,421,868	
Community development and enrichment	22	13,250	38,972
Highways and streets	187,777		22,975
Culture and recreation	1,276,393	74,934	
Other	939,402		50,000
Interest on long-term debt	291,042		
Total Governmental Activities	\$ 18,082,744	\$ 6,952,410	\$ 2,234,625
Component Unit			
Downtown Development Authority	\$ 6,104,009	\$	\$
General Revenues			
Property taxes levied for general purposes			
Miscellaneous			
Unrestricted investment earnings			
Transfers			
Total General Revenues and Transfers			
Change in Net Assets			
Net Assets, January 1			
Net Assets, December 31			

See accompanying notes to financial statements.

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	
\$	\$ 379,732	\$	\$ 379,732	\$
	(6,484,969)		(6,484,969)	
	(295,967)		(295,967)	
	52,200		52,200	
	(164,802)		(164,802)	
	(1,201,459)		(1,201,459)	
	(889,402)		(889,402)	
	(291,042)		(291,042)	
\$	(8,895,709)		(8,895,709)	
\$				(6,104,009)
	8,875,249		8,875,249	2,455,442
	995,975		995,975	39,600
	3,251,434		3,251,434	671,965
	270,078		270,078	(270,078)
	13,392,736		13,392,736	2,896,929
	4,497,027		4,497,027	(3,207,080)
	134,427,470		134,427,470	21,361,671
\$	138,924,497	\$	138,924,497	\$ 18,154,591

CHARTER TOWNSHIP OF COMMERCE

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2007

	GENERAL	SEWER CAP CHARGES	WATER CAP CHARGES	FIRE
ASSETS				
Cash	\$ 2,474,263	\$ 4,879,708	\$ 1,088,835	\$
Investments	1,040,186	10,992,468	6,065,653	784,038
Receivables				
Interest	26,307	100,214	60,815	16,381
Taxes	4,864,677			1,300,551
Accounts	103,613			
Special assessments				
Due from				
Other funds	405,913	62,409	22,626	
Other governmental units	350,658			
Prepaid expenses	90,420			
	<u>9,356,037</u>	<u>16,034,799</u>	<u>7,237,929</u>	<u>2,100,970</u>
TOTAL ASSETS	\$ 9,356,037	\$ 16,034,799	\$ 7,237,929	\$ 2,100,970
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Payables				
Accounts	\$ 342,886	\$ 178,714	\$ 895	\$ 53,263
Payroll and payroll taxes	45,556			47,855
Due to other funds	1,397,841			853,823
Deferred revenue	5,364,677			1,300,551
	<u>7,150,960</u>	<u>178,714</u>	<u>895</u>	<u>2,255,492</u>
TOTAL LIABILITIES	7,150,960	178,714	895	2,255,492
 FUND BALANCE				
Reserved for construction projects		13,628,000	700,000	
Reserved for debt service				
Unreserved, reported in				
General fund	2,205,077			
Special revenue funds		2,228,085	6,537,034	(154,522)
	<u>2,205,077</u>	<u>15,856,085</u>	<u>7,237,034</u>	<u>(154,522)</u>
TOTAL FUND BALANCE	2,205,077	15,856,085	7,237,034	(154,522)
TOTAL LIABILITIES AND FUND BALANCE	\$ 9,356,037	\$ 16,034,799	\$ 7,237,929	\$ 2,100,970

See accompanying notes to financial statements.

LIBRARY	IMPROVEMENT AND BUILDING	2000 CENTRAL WEST SEWER EXTENSION	2005 CENTRAL WEST ADDITIONAL CHARGES, GREENLAWN SEWER, CENTRAL WEST CAP CHARGES, SPECIAL PROJECTS #22	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 1,235,575	\$ 1,021,466	\$ 1,324,172	\$ 959,066	\$ 4,721,517	\$ 17,704,602
3,127,665	3,102,922	2,210,005	1,400,000	2,649,115	31,372,052
22,893	39,930	113,884	3,588	27,576	411,588
1,938,388	2,437	594,168	1,761,147	771,633	8,875,249
				692	106,742
				3,975,585	6,330,900
				55,122	546,070
				27,246	377,904
					90,420
<u>\$ 6,324,521</u>	<u>\$ 4,166,755</u>	<u>\$ 4,242,229</u>	<u>\$ 4,123,801</u>	<u>\$ 12,228,486</u>	<u>\$ 65,815,527</u>
\$ 22,580	\$ 192,995	\$	\$	\$ 221,409	\$ 1,012,742
14,745				18,711	126,867
740,000				525,781	3,517,445
1,938,388		594,168	1,761,147	4,747,218	15,706,149
<u>2,715,713</u>	<u>192,995</u>	<u>594,168</u>	<u>1,761,147</u>	<u>5,513,119</u>	<u>20,363,203</u>
2,401,289	3,780,757	3,648,061	2,362,654	28,855	20,538,901
				3,614,642	9,625,357
1,207,519	193,003			3,071,870	2,205,077
<u>3,608,808</u>	<u>3,973,760</u>	<u>3,648,061</u>	<u>2,362,654</u>	<u>6,715,367</u>	<u>13,082,989</u>
					45,452,324
<u>\$ 6,324,521</u>	<u>\$ 4,166,755</u>	<u>\$ 4,242,229</u>	<u>\$ 4,123,801</u>	<u>\$ 12,228,486</u>	<u>\$ 65,815,527</u>

CHARTER TOWNSHIP OF COMMERCE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2007

Total fund balances - governmental funds		\$ 45,452,324
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 as assets in governmental funds. The cost of the assets is \$117,651,942 and the accumulated depreciation is \$25,482,570.		92,169,372
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.		46,685
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of:		
Bonds payable	\$ (14,280,000)	
Accrued compensated absences	(50,605)	
Accrued interest	<u>(119,428)</u>	
		(14,450,033)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		<u>15,706,149</u>
Total net assets - governmental activities		<u><u>\$ 138,924,497</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	GENERAL	SEWER CAP CHARGES	WATER CAP CHARGES	FIRE
REVENUES				
Taxes	\$ 4,762,599	\$	\$	\$ 1,232,075
Licenses and permits	427,292			
Intergovernmental	2,122,678			
Charges for services and special assessments	344,362	2,085,568	89,884	
Fines and forfeits	94,126			
Interest and rentals	537,837	859,452	352,458	41,025
Other revenues	192,877	360,390	10,700	44,008
TOTAL REVENUES	<u>8,481,771</u>	<u>3,305,410</u>	<u>453,042</u>	<u>1,317,108</u>
EXPENDITURES				
General government	2,422,375			
Public safety	3,569,222			2,492,305
Public works	15,739	3,819,888	85,110	
Culture and recreation	315,117			
Debt service				
Principal retirement				
Interest and fiscal charges				
Refunds				
Capital outlay				
TOTAL EXPENDITURES	<u>6,322,453</u>	<u>3,819,888</u>	<u>85,110</u>	<u>2,492,305</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,159,318</u>	<u>(514,478)</u>	<u>367,932</u>	<u>(1,175,197)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds				
Operating transfers in	3,771	4,028	587,150	980,000
Operating transfers out	(1,646,900)			
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,643,129)</u>	<u>4,028</u>	<u>587,150</u>	<u>980,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	516,189	(510,450)	955,082	(195,197)
FUND BALANCE, JANUARY 1	<u>1,688,888</u>	<u>16,366,535</u>	<u>6,281,952</u>	<u>40,675</u>
FUND BALANCE, DECEMBER 31	<u>\$ 2,205,077</u>	<u>\$ 15,856,085</u>	<u>\$ 7,237,034</u>	<u>\$ (154,522)</u>

See accompanying notes to financial statements.

		2000 CENTRAL WEST SEWER EXTENSION	2005 CENTRAL WEST ADDITIONAL CHARGES, GREENLAWN SEWER, CENTRAL WEST CAP CHARGES, SPECIAL PROJECTS #22	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
LIBRARY	IMPROVEMENT AND BUILDING				
\$ 1,836,298	\$	\$	\$	\$ 730,971	\$ 8,561,943
	50,000			22,975	427,292
74,934	2,754,733	2,605,117	2,083,488	1,732,545	2,195,653
192,841	208,792	340,646	209,084	670,902	11,770,631
6,770	33,980			184,993	94,126
<u>2,110,843</u>	<u>3,047,505</u>	<u>2,945,763</u>	<u>2,292,572</u>	<u>3,342,386</u>	<u>833,718</u>
				25,649	2,448,024
				885,017	6,946,544
					3,920,737
994,205				22	1,309,344
		250,000	615,000	1,770,000	2,635,000
		155,000	163,438	305,366	623,804
				869,792	869,792
	2,219,930			1,467,027	3,686,957
<u>994,205</u>	<u>2,219,930</u>	<u>405,000</u>	<u>778,438</u>	<u>5,322,873</u>	<u>22,440,202</u>
<u>1,116,638</u>	<u>827,575</u>	<u>2,540,763</u>	<u>1,514,134</u>	<u>(1,980,487)</u>	<u>4,856,198</u>
				395,000	395,000
	476,900			487,224	2,539,073
<u>(2,533)</u>				<u>(619,562)</u>	<u>(2,268,995)</u>
<u>(2,533)</u>	<u>476,900</u>			<u>262,662</u>	<u>665,078</u>
1,114,105	1,304,475	2,540,763	1,514,134	(1,717,825)	5,521,276
<u>2,494,703</u>	<u>2,669,285</u>	<u>1,107,298</u>	<u>848,520</u>	<u>8,433,192</u>	<u>39,931,048</u>
<u>\$ 3,608,808</u>	<u>\$ 3,973,760</u>	<u>\$ 3,648,061</u>	<u>\$ 2,362,654</u>	<u>\$ 6,715,367</u>	<u>\$ 45,452,324</u>

CHARTER TOWNSHIP OF COMMERCE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Net changes in fund balances - total governmental funds	\$	5,521,276
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital assets		4,525,068
Less: current year depreciation		(2,759,566)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(4,986,706)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.</p>		
Accrued interest		14,324
Accrued sick and vacation		(50,605)
Bond proceeds		(395,000)
Principal payments		2,635,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Amortization of current year bond discount		(6,764)
		(6,764)
Change in net assets of governmental activities	\$	4,497,027

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

FIDUCIARY FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2007

	AGENCY FUNDS		PENSION TRUST FUND DEFINED CONTRIBUTION PENSION PLAN	TOTALS
	TRUST AND AGENCY	CURRENT TAX COLLECTION		
ASSETS				
Cash and cash equivalents	\$ 1,537,209	\$ 3,387,623	\$	\$ 4,924,832
Investments	269,038		4,953,502	5,222,540
Due from other funds		3,509,000		3,509,000
TOTAL ASSETS	\$ 1,806,247	\$ 6,896,623	\$ 4,953,502	\$ 13,656,372
LIABILITIES				
Deposits payable				
Refundable bonds	\$ 838,286	\$	\$	\$ 838,286
Escrow deposits	576,399			576,399
Due to other funds	119,792	2,833		122,625
Due to other governmental units		6,893,790		6,893,790
Other liabilities	271,770			271,770
TOTAL LIABILITIES	1,806,247	6,896,623		8,702,870
NET ASSETS				
Held in trust for pension benefits			4,953,502	4,953,502
TOTAL LIABILITIES AND NET ASSETS	\$ 1,806,247	\$ 6,896,623	\$ 4,953,502	\$ 13,656,372

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007

ADDITIONS	
Contributions	
Employer	\$ 375,737
Investment income	
Interest	<u>135,409</u>
TOTAL ADDITIONS	<u>511,146</u>
DEDUCTIONS	
Benefits	
Refunds of contributions	<u>254,870</u>
NET INCREASE	256,276
NET ASSETS, JANUARY 1	<u>4,697,226</u>
NET ASSETS, DECEMBER 31	<u><u>\$ 4,953,502</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2007

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash	\$ 1,069,630	\$ 3,632,386	\$ 19,501	\$ 4,721,517
Investments	2,649,115			2,649,115
Receivables				
Interest	17,781	9,795		27,576
Taxes	771,633			771,633
Accounts	692			692
Special assessments		3,975,585		3,975,585
Due from				
Other funds	55,122			55,122
Other governmental units	27,246			27,246
TOTAL ASSETS	<u>\$ 4,591,219</u>	<u>\$ 7,617,766</u>	<u>\$ 19,501</u>	<u>\$ 12,228,486</u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Payables				
Accounts	\$ 221,409	\$	\$	\$ 221,409
Payroll and payroll taxes	18,711			18,711
Due to other funds	438,596	27,539	59,646	525,781
Deferred revenue	771,633	3,975,585		4,747,218
TOTAL LIABILITIES	<u>1,450,349</u>	<u>4,003,124</u>	<u>59,646</u>	<u>5,513,119</u>
 FUND BALANCE				
Reserved for construction	69,000		(40,145)	28,855
Reserved for debt service		3,614,642		3,614,642
Unreserved	3,071,870			3,071,870
TOTAL FUND BALANCE	<u>3,140,870</u>	<u>3,614,642</u>	<u>(40,145)</u>	<u>6,715,367</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,591,219</u>	<u>\$ 7,617,766</u>	<u>\$ 19,501</u>	<u>\$ 12,228,486</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2007

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 730,971	\$	\$	\$ 730,971
Intergovernmental	22,975			22,975
Interest income	226,392	420,512	23,998	670,902
Charges for services	629,454			629,454
Special assessments		1,079,605	23,486	1,103,091
Other revenues	<u>184,993</u>			<u>184,993</u>
TOTAL REVENUES	<u>1,794,785</u>	<u>1,500,117</u>	<u>47,484</u>	<u>3,342,386</u>
EXPENDITURES				
General government	25,649			25,649
Public safety	885,017			885,017
Culture and recreation	22			22
Debt service				
Principal retirement		1,770,000		1,770,000
Interest and fiscal charges		305,366		305,366
Refunds		869,792		869,792
Capital outlay	<u>923,870</u>		<u>543,157</u>	<u>1,467,027</u>
TOTAL EXPENDITURES	<u>1,834,558</u>	<u>2,945,158</u>	<u>543,157</u>	<u>5,322,873</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(39,773)</u>	<u>(1,445,041)</u>	<u>(495,673)</u>	<u>(1,980,487)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds			395,000	395,000
Operating transfers in	190,000	270,162	27,062	487,224
Operating transfers out		<u>(82,838)</u>	<u>(536,724)</u>	<u>(619,562)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>190,000</u>	<u>187,324</u>	<u>(114,662)</u>	<u>262,662</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	150,227	(1,257,717)	(610,335)	(1,717,825)
FUND BALANCE, JANUARY 1	<u>2,990,643</u>	<u>4,872,359</u>	<u>570,190</u>	<u>8,433,192</u>
FUND BALANCE, DECEMBER 31	<u>\$ 3,140,870</u>	<u>\$ 3,614,642</u>	<u>\$ (40,145)</u>	<u>\$ 6,715,367</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF NET ASSETS
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
DECEMBER 31, 2007

ASSETS	
Cash and cash equivalents	\$ 10,182,142
Interest receivable	86,371
Bond discount	75,833
Fixed assets (net of accumulated depreciation)	<u>65,437,544</u>
TOTAL ASSETS	<u><u>\$ 75,781,890</u></u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Current liabilities	
Accounts payable	\$ 212,299
Due to other funds	415,000
Bonds payable	9,425,000
Noncurrent liabilities	
Long-term debt obligations	<u>47,575,000</u>
TOTAL LIABILITIES	<u>57,627,299</u>
 FUND BALANCE	
Invested in capital assets, net of related debt	17,862,544
Unreserved - undesignated	<u>292,047</u>
TOTAL FUND BALANCE	<u>18,154,591</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 75,781,890</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF ACTIVITIES
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2007

	PROGRAM REVENUES			TOTAL
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	DOWNTOWN DEVELOPMENT AUTHORITY
Component Unit				
Downtown Development Authority	\$ <u>6,104,009</u>	\$ _____	\$ _____	\$ _____
Total Component Unit	\$ <u><u>6,104,009</u></u>	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u><u>(6,104,009)</u></u>
General Revenues				
Property taxes				2,455,442
Miscellaneous				39,600
Unrestricted investment earnings				671,965
Transfers				<u>(270,078)</u>
Total General Revenues and Transfers				<u>2,896,929</u>
Change in Net Assets				<u>(3,207,080)</u>
Net Assets, January 1				<u>21,361,671</u>
Net Assets, December 31				\$ <u><u>18,154,591</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF COMMERCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

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

The Charter Township of Commerce was incorporated as a Michigan Charter Township under the provisions of P.A. 359 of 1947, as amended. The Township was originally organized in 1834 and covers an area of approximately 28 square miles. The Township operates under an elected Board of Trustees and provides services to approximately 35,000 residents, including police and fire protection, building ordinance enforcement, road improvements, community services and enrichment, elections, tax assessments, planning, sewer and water, refuse disposal, street lighting, dust control, and aquatic weed control.

The accounting policies of the Charter Township of Commerce conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

All funds and account groups under direct control of the Township are included in this report. These funds and account groups are those which meet the criteria established by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and Statement on Michigan Governmental Accounting and Auditing No.5.

The criteria established by GASB for determining which of the Township's various organizations and activities are to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

Discretely Presented Component Units

The following entities are listed as discretely presented component units of the Township in the component unit column to emphasize their legally separate status from the primary government. The Township is financially accountable, and exclusion from the general-purpose financial statements would be misleading or incomplete.

Downtown Development Authority

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Charter Township of Commerce and its component unit. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are 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 services. The primary government of the Charter Township of Commerce is reported separately from certain legally separate component units for which the Charter Township of Commerce, the primary government, is financially accountable.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2007

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

B. Government-Wide and Fund Financial Statements - Concluded

The statement of activities demonstrates the degree to which the direct expenses of a 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 fiduciary funds are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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 Charter Township of Commerce.

The Charter Township of Commerce reports the following major governmental funds:

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

The Fire Fund accounts for the millage levied for the fire department and the associated expenses incurred.

The Library Fund accounts for the millage levied for the library and the associated expenses incurred.

The Sewer Capital Fund accounts for major improvements and sewer projects.

The Water Capital Fund accounts for major improvements and water projects.

The Improvement and Building Fund accounts for major improvements within the Township.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2007

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded

The 2000 Central West Sewer extension fund is used for payment of debt through special assessment proceeds.

The 2005 Central West Additional Charges, Greenlawn Sewer, Central West Capital Charges and Special Project #22 is used for payment of debt through special assessment collections.

Additionally, the Charter Township of Commerce reports the following fund types:

The Pension Trust Fund accounts for the activities of the Township employees' retirement system, which accumulates resources for pension benefit payments to qualified Township employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Charter Township of Commerce has elected not to follow subsequent private-sector guidance.

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 and privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenue.

When both restricted and unrestricted resources are available for use, it is the Charter Township of Commerce's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgets

The Township prepares annual budgets for its General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds on the modified accrual basis, which is consistent with U.S. generally accepted accounting principles. Under the modified accrual basis, outstanding encumbrances are recognized as expenditures when goods or services are received/performed. Encumbrances outstanding at December 31, 2007 that are subsequently performed/received will be recognized as expenditures in the fiscal period in which performed/received.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity of three months or less. Investments are stated at fair value.

F. Inventories

The cost of inventory items in all of the Township's governmental funds are recorded as an expenditure at the time of purchase. As of December 31, 2007, the Township had no significant inventories on hand.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2007

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

G. Capital Assets

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

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in the government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on the government-wide and proprietary statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

ASSET CLASS	DEPRECIABLE LIFE
Land	n/a
Land improvements	10-20 years
Buildings	10-40 years
Equipment	5-20 years
Vehicles	3-10 years
Utility systems	10-40 years
Streets	20-25 years
Bridges	20-25 years
Sidewalks	20-25 years

H. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2007

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Concluded

I. Encumbrances

The Township does not record encumbrances outstanding at the end of the fiscal period as either expenditures or as a reservation of fund balance. Significant long-term contract commitments or board approved reservations of fund balance are recorded as reserves for subsequent years' expenditures, a fund balance appropriation similar to but distinct from a reserve for encumbrances.

J. Fund Balance Terminology

Reservations of fund balance are established to identify (1) third party claims against resources of the entity that have not materialized as liabilities at the balance sheet date, (2) the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure (for example, inventories, prepaid expenses, and non-current assets), or (3) legal restrictions as to expenditures and appropriations. Such reserves are not intended as valuation allowances, but merely demonstrate that such assets are not available for unspecified future expenditures.

K. Insurance and Similar Services

Insurance and similar services which extend over more than one accounting period are accounted for as expenditures in the period paid.

L. Estimates

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

NOTE 2: **COMPLIANCE WITH AMENDED BUDGET AND MICHIGAN PUBLIC ACT (P.A.) 621 OF 1978 AND OTHER BUDGET INFORMATION**

Michigan Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated in budget resolutions of the governing body.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for those budgetary funds are adopted at the activity level, as shown in the combining and individual fund financial statements.

CHARTER TOWNSHIP OF COMMERCE
 NOTES TO FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2007

NOTE 2: COMPLIANCE WITH AMENDED BUDGET AND MICHIGAN PUBLIC ACT (P.A.) 621 OF 1978 AND OTHER BUDGET INFORMATION - Concluded

During 2007, the Township did incur expenditures in budgetary funds which were in excess of the amount appropriated.

	BUDGET	ACTUAL	VARIANCE (UNFAVORABLE)
General Fund			
Public works	\$ 15,000	\$ 15,739	\$(739)
Township Treasurer	354,063	355,780	(1,717)
Fire			
Public safety	2,453,078	2,492,305	(39,227)
Building Inspection			
Public health and safety	833,974	846,045	(12,071)
Road Improvement			
Capital outlay	21,200	187,777	(166,577)

The Township's appropriation resolution is generally passed during the December preceding the year in which the planned expenditures relate. Subsequent amendments are made to avoid unfavorable variances from the original budget. Related resolutions state the purpose and amount of the budget changes. The Township Supervisor has the responsibility to enforce the budget. Unused appropriations do not carry forward to the next fiscal year.

NOTE 3: AMOUNT PAYABLE TO OTHER GOVERNMENTS AT DECEMBER 31, 2007

The Trust and Agency Fund – Current Tax Collection Fund is used to account for the property taxes that the Township collects for various governmental units, such as the county and local schools. As of December 31, 2007, the Township had \$6,893,790 in property tax collections and related receipts in this fund which are payable to various units.

NOTE 4: PROPERTY TAXES

The Township's annual property tax on real and personal property within the Township is levied on December 1, and is based on assessed valuation of property as of the preceding December 31. Assessed valuation, which is required by law to be 50 percent of current market value, is established by the Township, and is subject to possible equalization by the County and State. In addition to collecting their own taxes, the Township also acts as collection agent for all overlapping government entities in the Township, which includes school districts, a community college, and the County.

The Township recognizes property taxes as revenue in the year subsequent to the levy, except the DDA summer tax levy that is recognized as revenue when collected and remitted to the Township DDA from the tax account. Property taxes levied on December 1, 2006, (based on December 31, 1999 assess valuations), have been recorded as revenues in the current financial statements. Property taxes levied on December 1, 2007 have been recorded as taxes receivable with corresponding amounts recorded as deferred revenues in the Township's taxing funds.

Beginning approximately March 1, all unpaid taxes become delinquent and are collected by the Oakland County Treasurer. Any real property taxes returned delinquent to the Oakland County Treasurer are paid to the Township through the County's Delinquent Tax Revolving Fund.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2007

NOTE 4: PROPERTY TAXES – Concluded

Delinquent personal property taxes receivable are not recorded in the financial statements, since outstanding personal property taxes due the Township are relatively minor in amount, and prior experience has shown that a relatively small portion of the delinquent personal property taxes are collected after the close of the fiscal period in which they become delinquent.

The December 2006 levy was as follows:

Taxable property valuation: \$ 1,861,081,050

Millage rates:

General operating	1.4100
Extra voted fire	.6639
Extra voted library	.9895
Extra voted law enforcement	1.0733
Extra voted open space	.3939

NOTE 5: CAPITAL ASSETS

A summary of changes in governmental capital assets including internal service fund assets are as follows:

	JANUARY 1, 2007	ADDITIONS	DELETIONS	DECEMBER 31, 2007
Capital assets not being depreciated				
Land	\$ <u>4,893,695</u>	\$ <u>2,115,569</u>	\$ _____	\$ <u>7,009,264</u>
Capital assets being depreciated				
Buildings	5,708,893			5,708,893
Improvements	812,444	3,659		816,103
Machinery and equipment	4,584,090	382,455		4,966,545
Infrastructure	<u>97,127,752</u>	<u>2,023,385</u>	_____	<u>99,151,137</u>
Total capital assets being depreciated	<u>108,233,179</u>	<u>2,409,499</u>	_____	<u>110,642,678</u>
Less: accumulated depreciation				
Buildings	1,417,113	140,860		1,557,973
Improvements	290,574	37,716		328,290
Machinery and equipment	2,377,276	488,766		2,866,042
Infrastructure	<u>18,638,041</u>	<u>2,092,224</u>	_____	<u>20,730,265</u>
Total accumulated depreciation	<u>22,723,004</u>	<u>2,759,566</u>	_____	<u>25,482,570</u>
Total capital assets being depreciated - net	<u>85,510,175</u>	(<u>350,067</u>)	_____	<u>85,160,108</u>
NET CAPITAL ASSETS	\$ <u>90,403,870</u>	\$ <u>1,765,502</u>	\$ _____	\$ <u>92,169,372</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2007

NOTE 5: CAPITAL ASSETS – Concluded

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
General government	\$ 81,986
Public safety	187,509
Culture and recreation	308,791
Public works	<u>2,181,280</u>
TOTAL DEPRECIATION EXPENSE GOVERNMENTAL ACTIVITIES	\$ <u>2,759,566</u>

A summary of the asset activity for the governmental activity component unit is as follows:

COMPONENT UNIT	JANUARY 1, 2007	ADDITIONS	DELETIONS	DECEMBER 31, 2007
Infrastructure	\$ 8,838,281	\$ 1,382,862	\$	\$ 10,221,143
Land	49,277,542	962,741		50,240,283
Buildings	10,898,095			10,898,095
Equipment	<u>127,800</u>	<u> </u>	<u> </u>	<u>127,800</u>
Total capital assets	<u>69,141,718</u>	<u>2,345,603</u>	<u> </u>	<u>71,487,321</u>
Less: accumulated depreciation				
Buildings	2,724,525	272,452		2,996,977
Equipment	127,800			127,800
Infrastructure	<u>2,762,500</u>	<u>162,500</u>	<u> </u>	<u>2,925,000</u>
Total accumulated depreciation	<u>5,614,825</u>	<u>434,952</u>	<u> </u>	<u>6,049,777</u>
NET CAPITAL ASSETS	\$ <u>63,526,893</u>	\$ <u>1,910,651</u>	\$ <u> </u>	\$ <u>65,437,544</u>

NOTE 6: CASH AND INVESTMENTS

The Township's deposits and investments at December 31, 2007 are included on the balance sheet under the following classifications:

	CASH AND CASH EQUIVALENTS	INVESTMENTS	CARRYING AMOUNT TOTAL
Deposits – Bank	\$ 22,628,478	\$	\$ 22,628,478
Investments held by:			
Bank		31,641,090	31,641,090
Defined contribution plan	<u> </u>	<u>4,953,502</u>	<u>4,953,502</u>
Deposits and investments	22,628,478	36,594,592	59,223,070
Petty cash and cash on hand	<u>956</u>	<u> </u>	<u>956</u>
Total cash and investments	<u>\$ 22,629,434</u>	<u>\$ 36,594,592</u>	<u>\$ 59,224,026</u>

RECONCILIATION TO STATEMENTS

Governmental Funds	\$ 17,704,602	\$ 31,372,052	\$ 49,076,654
Fiduciary Funds	<u>4,924,832</u>	<u>5,222,540</u>	<u>10,147,372</u>
	<u>\$ 22,629,434</u>	<u>\$ 36,594,592</u>	<u>\$ 59,224,026</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2007

NOTE 6: **CASH AND INVESTMENTS** - Continued

DEPOSITS

At December 31, 2007, the book value of the Township's demand deposits, consisting primarily of certificates of deposits and other cash equivalents, was \$22,628,478 with a corresponding bank balance of \$22,535,956. Qualifying deposits are insured by the FDIC up to \$100,000. Of the bank balance, approximately \$1,015,618 is insured (credit risk category #1) and the remaining \$21,520,338 is uninsured and uncollateralized (credit risk category #3).

INVESTMENTS

The Township is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances, and mutual funds and investment pools that are composed of authorized investment vehicles. To the extent cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in that pool.

The Township's investments are categorized below to give an indication of the level of risk assumed by the entity at December 31, 2007. Risk Category 1 includes those investments that meet any one of the following criteria.

- A. Insured
- B. Registered
- C. Held by the Township or its agent

Risk Categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by:

- A. The counterparty, or
- B. The counterparty's trust department (or agent) but not in the Township's name.

	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	1	2	3		
Investment type:					
Certificates of deposit	\$ <u>4,165</u>	\$ <u>31,636,925</u>	\$ _____	\$ <u>31,641,090</u>	\$ <u>31,641,090</u>
Investments not subject to categorization:					
Defined contribution plan	_____	<u>4,953,502</u>	_____	<u>4,953,502</u>	<u>4,953,502</u>
TOTAL					
INVESTMENTS	\$ <u><u>4,165</u></u>	\$ <u><u>36,590,427</u></u>	\$ <u>_____</u>	\$ <u><u>36,594,592</u></u>	\$ <u><u>36,594,592</u></u>

Investments are stated at fair value, which is based on provided market values.

Deposits and investments are in compliance with statutory authority.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2007

NOTE 6: **CASH AND INVESTMENTS - Concluded**

INVESTMENTS – Concluded

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of December 31, 2007, \$58,110,765 of the government's bank balance of \$59,130,548 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>58,110,765</u>
--------------------------------	----------------------

COMPONENT UNIT – DDA – CASH AND INVESTMENTS

The Authority's deposits and investments at December 31, 2007 are included on the balance sheet under the following classifications:

	CASH AND CASH EQUIVALENTS
Deposits – Bank	
Investments held by:	
Bank	\$ <u>10,182,142</u>

DEPOSITS

At December 31, 2007, the book value of the Downtown Development Authority's demand deposits, consisting primarily of certificates of deposits and other cash equivalents, was \$10,182,142 with a corresponding bank balance of \$10,214,287. Qualifying deposits are insured by the FDIC up to \$100,000. Of the bank balance, approximately \$522,054 is insured (risk category #1) and the remaining \$9,692,233 is uninsured and uncollateralized (risk category #3).

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2007, \$9,692,233 of the government's bank balance of \$10,214,287 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>9,692,233</u>
--------------------------------	---------------------

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2007

NOTE 7: **EMPLOYEE BENEFITS**

A. **RETIREMENT PLAN**

Plan Description

Substantially all of the employees of the Township are covered by a pension plan. The current plan is a defined contribution plan requiring contributions by the Township of 12% to 13% of each employee's base salary. The plan is administered by the Township through Manulife Financial. The employer's current year covered payroll approximates \$2,909,871 (total current year payroll for all employees approximates \$3,621,671). Eligibility for coverage is the first work day on which the employee has reached age 18, but not more than 75 years of age, with 100% vesting after 20 months of employment. The Township's contribution for 2007 was \$375,737.

Summary of Significant Accounting Policies

Basis of Accounting. The financial statements of the defined contribution plan are prepared using the accrual basis of accounting. Contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments

Investments of the plan are reported at fair value based on provided market values. Investment income is recognized as earned. The net appreciation in the fair value of investments is recognized as additions to assets. Gains and losses on the sale of securities are recognized on the transaction date.

B. **DEFERRED COMPENSATION PLAN**

The Township offers its employees a deferred compensation plan created in accordance with IRS section 457. The plan, available to all Township employees, permits them to defer a portion of their current salary until future years. A trust has been established for the plan assets and the related assets and liability are not included in the Township's general purpose financial statements.

NOTE 8: **LONG-TERM OBLIGATIONS**

The State of Michigan Charter Township Act of 1947, as amended, limits the amount of general obligation debt that may be carried by the Charter Township of Commerce to an amount not to exceed ten percent of the latest assessed value of all real and personal property within the Township. In determining net debt, special assessment bonds, revenue bonds, and certain bonds issued for the abatement of pollution are not included in the calculation, even if such debt was issued as general obligation debt of the Township. In addition, any monies held by the Township for future payment of currently outstanding debt reduces the amount of debt subject to this provision.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2007

NOTE 8: **LONG-TERM OBLIGATIONS** - Continued

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended December 31, 2007.

	PRIMARY GOVERNMENT DEBT	COMPONENT UNIT DEBT
As of January 1, 2007	\$ 16,520,000	\$ 57,000,000
Additions (Reductions)	(2,189,395)	_____
As of December 31, 2007	<u>\$ 14,330,605</u>	<u>\$ 57,000,000</u>

Long-term debt at December 31, 2007 is comprised of the individual issues:

	BALANCE JANUARY 1, 2007	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2007	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities - Primary Government				
1992 Special Assessment General Obligation Limited Tax Bond, Series B	\$ 750,000	\$(150,000)	\$ 600,000	\$ 150,000
2005 Special Assessment General Obligation Limited Tax Bond, Series B	620,000	(65,000)	555,000	65,000
2005 Special Assessment General Obligation Limited Tax Bond, Series A	4,740,000	(615,000)	4,125,000	570,000
1998 Carey/Commerce Water Main Tree Haven/Wenonah Hills Paving, Special Projects #9, Commerce Plaza Sewer, Wise Road Water, Special Assessment Limited Tax General Obligation Bonds, Series A	25,000	(25,000)		

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2007

NOTE 8: **LONG-TERM OBLIGATIONS** – Continued

	BALANCE JANUARY 1, 2007	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2007	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities -				
Primary Government - Continued				
1998 North Shores/MPB Water, North Shores/MPB Sewer, Peninsular Park Sewer, Peninsular Park Water, Union Lake Highland Sewer, Four Oaks/Liesel Court Paving, Maynard Drain, Lower Mt. Royal Paving, Special Projects # 10, Special Projects #11, Special Assessment Limited Tax General Obligation Bonds, Series B	\$ 85,000	\$(45,000)	\$ 40,000	\$ 40,000
1999 Switzerland Sub Sewer, Edgewood North Water, West Village Sewer, Arbor Village Sewer, Fox Lake Canal Special Project # 12, Special Assessment Limited Tax General Obligation Bonds, Series A	35,000	(30,000)	5,000	5,000
Special Assesment Limited Tax General Obligation Bonds, Series 2000-A	130,000	(130,000)		
Special Assesment Limited Tax General Obligation Bonds, Series 2000-B	500,000	(175,000)	325,000	45,000
1999 Golf Lane Special Project #13 Special Assessment Limited Tax General Obligation Bonds, Series B	85,000	(70,000)	15,000	15,000
2001 A Special Assessment #4202	355,000	(165,000)	190,000	15,000
Special Assesment Bonds Series 2002-A	3,500,000	(250,000)	3,250,000	250,000

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2007

NOTE 8: **LONG-TERM OBLIGATIONS** – Continued

	BALANCE JANUARY 1, 2007	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2007	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities -				
Primary Government - Concluded				
Special Assesment Bonds Series 2002-BSA	\$ 375,000	\$(145,000)	\$ 230,000	\$ 75,000
Special Assesment Bonds Series 2003-A	3,000,000	(500,000)	2,500,000	500,000
Special Assesment Bonds Series 2004-A	435,000	(60,000)	375,000	60,000
Special Assesment Bonds Series 2007		395,000	395,000	40,000
IPC Financing	1,885,000	(210,000)	1,675,000	215,000
Accumulated compensated absences	_____	_____50,605	_____50,605	_____
Total Primary Government	<u>\$ 16,520,000</u>	<u>\$(2,189,395)</u>	<u>\$ 14,330,605</u>	<u>\$ 2,045,000</u>
Component Unit				
El Dorado Land Contract Limited Tax General Obligation Bonds	\$ 9,000,000	\$ _____	\$ 9,000,000	\$ 9,000,000
2003 Downtown Development Authority Limited Tax General Obligation Bonds	13,000,000		13,000,000	425,000
2004 Downtown Development Authority Limited Tax General Obligation Bonds	<u>35,000,000</u>	_____	<u>35,000,000</u>	_____
Total Component Unit	<u>\$ 57,000,000</u>	<u>\$ _____</u>	<u>\$ 57,000,000</u>	<u>\$ 9,425,000</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2007

NOTE 8: LONG-TERM OBLIGATIONS – Concluded

The annual requirements to pay future principal and interest are as follows:

		GOVERNMENTAL ACTIVITIES	COMPONENT UNIT	TOTAL
YEAR ENDING JUNE 30,				
2008	Principal	\$ 2,045,000	\$ 9,425,000	\$ 11,470,000
	Interest	570,764	260,000	830,764
	Total	2,615,764	9,685,000	12,300,764
2009	Principal	2,165,000	1,075,000	3,240,000
	Interest	476,245	251,500	727,745
	Total	2,641,245	1,326,500	3,967,745
2010	Principal	2,100,000	1,225,000	3,325,000
	Interest	396,754	240,500	637,254
	Total	2,496,754	1,465,500	3,962,254
2011	Principal	1,880,000	1,375,000	3,255,000
	Interest	321,072	226,500	547,572
	Total	2,201,072	1,601,500	3,802,572
2012 - 2016	Principal	5,220,000	9,775,000	14,995,000
	Interest	739,032	817,000	1,556,032
	Total	5,959,032	10,592,000	16,551,032
2017 - 2021	Principal	870,000	10,145,000	11,015,000
	Interest	124,500	119,000	243,500
	Total	994,500	10,264,000	11,258,500
2022 - 2026	Principal		7,710,000	7,710,000
	Interest		varies	varies
	Total		7,710,000	7,710,000
2027 - 2031	Principal		9,520,000	9,520,000
	Interest		varies	varies
	Total		9,520,000	9,520,000
2032 - 2036	Principal		6,750,000	6,750,000
	Interest		varies	varies
	Total		6,750,000	6,750,000
TOTAL				
	Principal	14,280,000	57,000,000	71,280,000
	Interest	2,628,367	1,914,500	4,542,867
	Total	16,908,367	58,914,500	75,822,867

There are a number of limitations and restrictions contained in the various bond indentures. The Township is in compliance with all significant limitations and restrictions.

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2007

NOTE 9: INTERFUND BALANCE

The amounts of interfund receivables and payables are as follows:

	DUE FROM	DUE TO
General	\$ 405,913	\$ 1,397,841
Sewer Cap Charges	62,409	
Water Cap Charges	22,626	
Improvement Revolving	48,336	
Community Development	6,786	29,527
Open Space		287,000
Building Inspection		122,069
Fire		853,823
Library		740,000
Debt Service		27,539
Capital Projects		59,646
Tax	3,509,000	122,625
Downtown Development Authority	<u> </u>	<u>415,000</u>
	<u>\$ 4,055,070</u>	<u>\$ 4,055,070</u>

RECONCILIATION TO STATEMENTS

	DUE FROM		DUE TO
Fiduciary	<u>\$ 3,386,375</u>	Government Funds	<u>\$ 3,386,375</u>

These interfund receivables and payables were made for cash flow purposes.

NOTE 10: RESERVED FUND BALANCE – IMPROVEMENT REVOLVING FUND

The Township of Commerce has committed funds to construction projects in the Special Revenue Funds as of December 31, 2007 as follows:

Sewer Cap Charges Fund		
Newton Road/South Commerce Sewer Force Main		\$ 1,800,000
Benstein Road Low Pressure Sewer		48,000
Pump Station Metering Design		40,000
Pump Station 2.4 Upgrade		60,000
Waste Water Treatment Plant		10,000,000
Upgrades to Wetland in Robert H. Long Park		400,000
Martin Road Force Main Extension		<u>1,280,000</u>
Subtotal		<u>13,628,000</u>
Water Cap Charges Fund		
Benstein/Ladd Road Water Main Tap Fees		500,000
Water Main Loop at Commerce & Carroll Lake Road		<u>200,000</u>
Subtotal		<u>700,000</u>
Capital Project		
Reserved for Construction		<u>(40,145)</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2007

NOTE 10: **RESERVED FUND BALANCE – IMPROVEMENT REVOLVING FUND - Concluded**

Improvement and Building Fund	
Single Year SAD's	\$ 158,018
Township Hall	<u>3,622,739</u>
Subtotal	<u>3,780,757</u>
Debt Service	
Reserved for Debt Service	<u>9,625,357</u>
Road Improvement Fund	
S. Commerce Road Culvert Improvement	<u>69,000</u>
Library Fund	
Library Construction	<u>2,401,289</u>
TOTAL RESERVED	<u>\$ 30,164,258</u>

The total of \$25,848,095 is reported as reserved fund balance.

NOTE 11: **CONTINGENT LIABILITY**

The Township is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Township Attorney, the resolution of these matters will not have a material effect of the financial condition of the Township.

NOTE 12: **RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees as well as medical benefits; and natural disasters. The Township manages its liability, property risk, and medical benefits through the purchase of commercial insurance.

The Township manages its workers' compensation insurance by participating in Michigan Municipal Workers' Compensation Fund, a public entity risk pool providing workers' compensation coverage to its participating members. The Township pays an annual premium to the Fund for its insurance coverage. The Fund is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based coverage for each incident to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 13: **ACCUMULATED FUND DEFICITS**

The Township had the following fund deficits at December 31, 2007:

CAPITAL PROJECTS	
Wildwood Commons	\$ <u>59,646</u>
SPECIAL REVENUE	
Fire	\$ <u>154,522</u>
Building inspection	\$ <u>20,987</u>
DEBT SERVICE	
1988 Edgewood Golf View	\$ <u>22,430</u>
1992 Lake Pine Cap Charges	\$ <u>3,273</u>

CHARTER TOWNSHIP OF COMMERCE
NOTES TO FINANCIAL STATEMENTS - Concluded
DECEMBER 31, 2007

NOTE 14: OPERATING TRANSFERS

	TRANSFERS IN	TRANSFERS OUT
General	\$ 3,771	\$ 1,646,900
Fire	980,000	
Building department	190,000	
Sewer cap charges	4,028	
Water cap charges	587,150	
Library		2,533
Improvement and building	476,900	
Debt service	270,162	82,838
Capital projects	27,062	536,724
Component unit	<u> </u>	<u>270,078</u>
	<u>\$ 2,539,073</u>	<u>\$ 2,539,073</u>

These transfers were made for cash flow purposes.

NOTE 15: ACCRUED PAID TIME OFF

Accrued paid time off is recorded as a governmental fund liability at December 31, 2007 to the extent that it is to be liquidated with expendable available financial resources within the current operating cycle. Accrued paid time off earned as of December 31, 2007, but not liquidated within the current operating cycle, is recorded in the General Long-Term Debt Account Group.

For 2007, any sick and vacation time accrued will be added together and put into the Paid Time Off "Pool". Paid time off is earned by employees at a rate of 7.5 hours for every 26 days worked. An employee may accumulate their paid time off hours up to 75 hours. Any time not used but accrued will be paid upon termination of employment as long as a two week notice has been given.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF COMMERCE

GENERAL FUND

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

FOR THE YEAR ENED DECEMBER 31, 2007

REVENUES	<u>BUDGETED AMOUNTS</u>		ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Taxes				
Current	\$ 4,735,588	\$ 4,735,588	\$ 4,615,224	\$ (120,364)
Penalties and interest on delinquent taxes	20,000	20,000	36,192	16,192
Payment in lieu of taxes	500	500		(500)
Summer tax collection fee	101,000	101,000	105,395	4,395
Trailer fees	6,608	6,608	5,788	(820)
	<u>4,863,696</u>	<u>4,863,696</u>	<u>4,762,599</u>	<u>(101,097)</u>
Licenses and permits				
Building permits and fees	6,000	6,000	7,030	1,030
Other licenses	16,000	16,000	31,714	15,714
Cable television fees	250,000	250,000	388,548	138,548
	<u>272,000</u>	<u>272,000</u>	<u>427,292</u>	<u>155,292</u>
Intergovernmental revenues				
State revenue sharing	2,141,475	2,141,475	2,069,395	(72,080)
Federal and state grants	43,000	43,000	53,283	10,283
	<u>2,184,475</u>	<u>2,184,475</u>	<u>2,122,678</u>	<u>(61,797)</u>
Charges for services				
Zoning fees	20,000	20,000	11,300	(8,700)
Administration fees	110,000	110,000	103,208	(6,792)
Refuse fees			208	208
DDA fees	67,000	67,000	67,000	
Walled Lake Schools fee	165,083	165,083	165,083	
Street lighting fees			(2,437)	(2,437)
	<u>362,083</u>	<u>362,083</u>	<u>344,362</u>	<u>(17,721)</u>
Fines and forfeitures	<u>57,000</u>	<u>57,000</u>	<u>94,126</u>	<u>37,126</u>
Rents	<u>122,000</u>	<u>122,000</u>	<u>107,631</u>	<u>(14,369)</u>
Reimbursements	<u>122,000</u>	<u>122,000</u>	<u>74,423</u>	<u>(47,577)</u>
Interest income	<u>250,000</u>	<u>250,000</u>	<u>430,206</u>	<u>180,206</u>
Miscellaneous	<u>84,800</u>	<u>116,800</u>	<u>118,454</u>	<u>1,654</u>
TOTAL REVENUES	<u>8,318,054</u>	<u>8,350,054</u>	<u>8,481,771</u>	<u>131,717</u>

CHARTER TOWNSHIP OF COMMERCE

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - Concluded

FOR THE YEAR ENED DECEMBER 31, 2007

	<u>BUDGETED AMOUNTS</u>		ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
GENERAL GOVERNMENT				
Expenditures				
Township board	\$ 29,500	\$ 29,500	\$ 25,223	\$ 4,277
Township supervisor	219,304	219,304	213,218	6,086
Elections	60,000	29,100	23,827	5,273
Finance/human resources	164,548	179,548	176,110	3,438
Assessing	672,062	604,100	533,689	70,411
Legal fees	300,000	250,000	230,302	19,698
Township clerk	396,057	399,057	381,034	18,023
Tax roll and data processing	20,500	9,900	9,691	209
Board of review	8,500	6,500	6,500	
General services	188,500	317,945	204,352	113,593
Township hall	99,000	92,100	83,785	8,315
Township treasurer	351,063	354,063	355,780	(1,717)
Other costs	135,444	217,356	178,864	38,492
	<u>2,644,478</u>	<u>2,708,473</u>	<u>2,422,375</u>	<u>286,098</u>
Public Safety				
Police protection	3,397,436	3,397,436	3,318,489	78,947
Ordinance enforcement	65,523	70,823	70,316	507
Planning and zoning	257,056	196,500	180,417	16,083
	<u>3,720,015</u>	<u>3,664,759</u>	<u>3,569,222</u>	<u>95,537</u>
Public Works				
Street lighting		15,000	15,739	(739)
Culture and Recreation				
Parks and recreation	331,918	316,418	315,117	1,301
TOTAL EXPENDITURES	<u>6,696,411</u>	<u>6,704,650</u>	<u>6,322,453</u>	<u>382,197</u>
EXCESS OF REVENUES				
OVER EXPENDITURES	1,621,643	1,645,404	2,159,318	513,914
OTHER FINANCING SOURCES (USES)				
Operating transfers in			3,771	3,771
Operating transfers out	(1,463,560)	(1,646,900)	(1,646,900)	
EXCESS (DEFICIENCY) OF				
REVENUES AND OTHER				
FINANCING SOURCES				
OVER EXPENDITURES				
AND OTHER USES				
	158,083	(1,496)	516,189	517,685
FUND BALANCE, JANUARY 1	<u>1,688,888</u>	<u>1,688,888</u>	<u>1,688,888</u>	
FUND BALANCE, DECEMBER 31	<u>\$ 1,846,971</u>	<u>\$ 1,687,392</u>	<u>\$ 2,205,077</u>	<u>\$ 517,685</u>

CHARTER TOWNSHIP OF COMMERCE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

SEWER CAP CHARGES FUND

FOR THE YEAR ENDED DECEMBER 31, 2007

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Charges for services	\$ 2,340,100	\$ 2,409,225	\$ 2,085,568	\$ (323,657)
Interest on investments	403,200	684,050	859,452	175,402
Other		350,400	360,390	9,990
	2,743,300	3,443,675	3,305,410	(138,265)
TOTAL REVENUES				
EXPENDITURES				
Public works	13,879,297	5,719,997	3,819,888	1,900,109
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,135,997)	(2,276,322)	(514,478)	1,761,844
OTHER FINANCING SOURCES				
Operating transfers in			4,028	4,028
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(11,135,997)	(2,276,322)	(510,450)	1,765,872
FUND BALANCE, JANUARY 1	16,366,535	16,366,535	16,366,535	
FUND BALANCE, DECEMBER 31	\$ 5,230,538	\$ 14,090,213	\$ 15,856,085	\$ 1,765,872

CHARTER TOWNSHIP OF COMMERCE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

WATER CAP CHARGES FUND

FOR THE YEAR ENDED DECEMBER 31, 2007

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Charges for services	\$ 814,230	\$ 718,010	\$ 89,884	\$ (628,126)
Interest on investments	185,670	300,550	352,458	51,908
Other		10,700	10,700	
TOTAL REVENUES	<u>999,900</u>	<u>1,029,260</u>	<u>453,042</u>	<u>(576,218)</u>
EXPENDITURES				
Public works	<u>854,297</u>	<u>115,297</u>	<u>85,110</u>	<u>30,187</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>145,603</u>	<u>913,963</u>	<u>367,932</u>	<u>(546,031)</u>
OTHER FINANCING SOURCES				
Operating transfers in		<u>30,247</u>	<u>587,150</u>	<u>556,903</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	145,603	944,210	955,082	10,872
FUND BALANCE, JANUARY 1	<u>6,281,952</u>	<u>6,281,952</u>	<u>6,281,952</u>	
FUND BALANCE, DECEMBER 31	<u>\$ 6,427,555</u>	<u>\$ 7,226,162</u>	<u>\$ 7,237,034</u>	<u>\$ 10,872</u>

CHARTER TOWNSHIP OF COMMERCE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FIRE FUND

FOR THE YEAR ENDED DECEMBER 31, 2007

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 1,266,087	\$ 1,266,087	\$ 1,232,075	\$ (34,012)
Interest on investments	15,000	15,000	41,025	26,025
Other	<u>39,500</u>	<u>39,500</u>	<u>44,008</u>	<u>4,508</u>
TOTAL REVENUES	<u>1,320,587</u>	<u>1,320,587</u>	<u>1,317,108</u>	<u>(3,479)</u>
EXPENDITURES				
Public safety	<u>2,573,228</u>	<u>2,453,078</u>	<u>2,492,305</u>	<u>(39,227)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(1,252,641)</u>	<u>(1,132,491)</u>	<u>(1,175,197)</u>	<u>(42,706)</u>
OTHER FINANCING SOURCES				
Operating transfers in	<u>1,189,620</u>	<u>980,000</u>	<u>980,000</u>	
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(63,021)	(152,491)	(195,197)	(42,706)
FUND BALANCE, JANUARY 1	<u>40,675</u>	<u>40,675</u>	<u>40,675</u>	
FUND BALANCE, DECEMBER 31	<u><u>\$ (22,346)</u></u>	<u><u>\$ (111,816)</u></u>	<u><u>\$ (154,522)</u></u>	<u><u>\$ (42,706)</u></u>

CHARTER TOWNSHIP OF COMMERCE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
Taxes	\$ 1,886,816	\$ 1,886,816	\$ 1,836,298	\$ (50,518)
Charges for services	14,200	75,600	74,934	(666)
Interest on investments	73,000	202,000	192,841	(9,159)
Other	700	4,700	6,770	2,070
TOTAL REVENUES	1,974,716	2,169,116	2,110,843	(58,273)
EXPENDITURES				
Culture and recreation	1,142,940	1,142,940	994,205	148,735
EXCESS OF REVENUES OVER EXPENDITURES	831,776	1,026,176	1,116,638	90,462
OTHER FINANCING USES				
Operating transfers out	_____	_____	(2,533)	(2,533)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	831,776	1,026,176	1,114,105	87,929
FUND BALANCE, JANUARY 1	2,494,703	2,494,703	2,494,703	_____
FUND BALANCE, DECEMBER 31	\$ 3,326,479	\$ 3,520,879	\$ 3,608,808	\$ 87,929

CHARTER TOWNSHIP OF COMMERCE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

IMPROVEMENT AND BUILDING

FOR THE YEAR ENDED DECEMBER 31, 2007

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ 1,933,129	\$ 50,000	\$ 50,000	\$
Charges for services		2,057,300	2,754,733	697,433
Interest on investments	78,500	212,050	208,792	(3,258)
Other	23,000	32,500	33,980	1,480
	<u>2,034,629</u>	<u>2,351,850</u>	<u>3,047,505</u>	<u>695,655</u>
TOTAL REVENUES				
EXPENDITURES				
Capital outlay	2,135,945	2,230,148	2,219,930	10,218
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(101,316)	121,702	827,575	705,873
OTHER FINANCING SOURCES				
Operating transfers in	173,445	476,900	476,900	
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	72,129	598,602	1,304,475	705,873
FUND BALANCE, JANUARY 1	2,494,703	2,494,703	2,669,285	174,582
FUND BALANCE, DECEMBER 31	\$ <u>2,566,832</u>	\$ <u>3,093,305</u>	\$ <u>3,973,760</u>	\$ <u>880,455</u>

GENERAL FUND

The General Fund exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are general administration of the Township, police and fire protection, and public works. Any other activity for which a special fund has not been created is accounted for in the General Fund.

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -
BY CATEGORY
LAST TEN FISCAL PERIODS
(UNAUDITED)

	1998	1999	2000	2001
REVENUES				
Current property taxes	\$ 2,660,042	\$ 2,842,968	\$ 2,897,732	\$ 2,797,994
Excess of roll	93,949	108,965		
Delinquent taxes, penalties and interest	12,785	38,859	67,567	234,773
Payment in lieu of taxes	203	203	223	807
State revenue sharing	1,886,903	2,016,583	2,156,216	2,674,554
Permits, licenses and fees	1,197,267	1,110,338	783,041	1,791,773
Interest on investments	333,643	344,444	554,629	331,589
Federal, state and local grants				
Other	100,600	104,733	42,000	
Miscellaneous fees	63,606	46,273	61,404	126,716
Other	107,727	138,328	79,475	92,357
	<u>6,456,725</u>	<u>6,751,694</u>	<u>6,642,287</u>	<u>8,050,563</u>
REVENUES BEFORE OTHER FINANCING SOURCES				
OTHER FINANCING SOURCES				
Operating transfers in	<u> </u>	<u>63,217</u>	<u> </u>	<u>94,018</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 6,456,725</u>	<u>\$ 6,814,911</u>	<u>\$ 6,642,287</u>	<u>\$ 8,144,581</u>

	2002	2003	2004	2005	2006	2007
\$	2,950,120	\$ 3,496,851	\$ 3,465,068	\$ 3,852,822	\$ 3,742,329	\$ 4,615,224
	235,170	21,708	15,906	37,801	62,712	36,192
	1,507	1,917	203	523	203	
	2,457,712	2,273,373	2,111,788	2,138,282	2,106,393	2,069,395
	2,542,340	2,519,324	2,326,422	2,808,518	845,112	882,837
	57,769	126,761	128,240	305,828	448,209	430,206
	500	108,449	(39,550)	5,738	72,917	53,283
	71,340	132,335	292,525	319,765	308,547	276,180
	<u>67,986</u>	<u>17,213</u>	<u>125,275</u>	<u>159,693</u>	<u>17,267</u>	<u>118,454</u>
	<u>8,384,444</u>	<u>8,697,931</u>	<u>8,425,877</u>	<u>9,628,970</u>	<u>7,603,689</u>	<u>8,481,771</u>
			<u>1,609,096</u>	<u>616,218</u>		<u>3,771</u>
\$	<u><u>8,384,444</u></u>	<u><u>8,697,931</u></u>	<u><u>10,034,973</u></u>	<u><u>10,245,188</u></u>	<u><u>7,603,689</u></u>	<u><u>8,485,542</u></u>

CHARTER TOWNSHIP OF COMMERCE

SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -

BY ACTIVITY

LAST TEN FISCAL PERIODS

(UNAUDITED)

	1998	1999	2000	2001
EXPENDITURES				
Township board	\$ 20,367	\$ 27,467	\$ 23,369	\$ 27,462
Township supervisor	147,343	162,743	167,162	99,857
Assessing	371,127	327,720	397,637	462,056
Legal	339,019	380,071	444,528	441,234
Township clerk	248,619	275,754	347,165	408,467
Auditing and accounting	15,400	15,400	11,155	11,700
Finance/human resources				
Board of review	5,598	6,782	4,800	7,410
Tax roll and data processing	30,574	31,117	24,470	28,097
Township treasurer	207,667	236,668	252,386	296,510
Township hall	155,800	180,672	147,033	131,819
General services	171,603	104,488	220,596	156,368
Police protection	1,884,444	1,929,820	1,925,305	2,039,488
Ordinance enforcement				
Elections	30,471		50,065	5,445
Fire protection	872,692	953,106	1,003,322	1,236,348
Building and inspections	523,304	627,143		(5,909)
Street lighting	21,916	20,953	25,595	21,967
Refuse				1,246,457
Weed and dust control				72,745
Library service	470,430	511,106	582,661	570,183
Planning and zoning	155,318	172,881	176,473	220,806
Parks and recreation	131,124	128,710	182,630	179,075
Water and sewer			183,850	(507)
Other costs	<u>105,073</u>	<u>231,074</u>	<u>222,892</u>	<u>354,373</u>
EXPENDITURES BEFORE OTHER FINANCING USES	5,907,889	6,323,675	6,393,094	8,011,451
OTHER FINANCING USES				
Improvement revolving fund				413,799
Building and improvement fund				2,594
Building inspection				
Cemetery fund	450,000			
Fire fund				
Road improvement fund	50,000			
Retirement health benefit				
Operating transfers out	<u>300,000</u>	<u>63,217</u>		
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 6,707,889</u>	<u>\$ 6,386,892</u>	<u>\$ 6,393,094</u>	<u>\$ 8,427,844</u>

	2002	2003	2004	2005	2006	2007
\$	28,652	\$ 28,826	\$ 28,880	\$ 27,386	\$ 28,210	\$ 25,223
	104,495	108,679	108,213	161,294	191,915	213,218
	497,166	521,797	540,346	564,828	571,537	533,689
	350,103	398,131	374,569	312,461	356,619	230,302
	397,676	418,469	462,391	486,630	381,092	381,034
	11,877	16,000	20,580	19,130		
					156,593	176,110
	7,590	4,700	5,700	6,500	5,900	6,500
	30,631	32,277	28,736	4,706	6,658	9,691
	282,607	310,386	312,144	336,881	348,700	355,780
	77,879	107,964	123,033	82,512	93,430	83,785
	192,327	204,644	237,904	214,216	221,281	204,352
	2,137,396	2,214,402	2,421,130	3,133,866	3,011,096	3,318,489
	58,268	91,173	114,115	112,622	105,814	70,316
	45,388	3,898	75,324	29,754	71,460	23,827
	1,372,961	(31,703)				
	(67)	(692)				
	27,171	35,083	39,992	37,150	7,435	15,739
	1,322,184	1,413,547	1,363,212	1,556,289		
	89,440	81,857	155,600	92,324		
	611,236	662,750	437,216	(44,236)		
	225,070	246,539	245,485	222,967	244,480	180,417
	221,451	235,580	259,714	261,744	304,344	315,117
	<u>483,304</u>	<u>347,099</u>	<u>161,561</u>	<u>86,601</u>	<u>163,486</u>	<u>178,864</u>
	8,574,805	7,451,406	7,515,845	7,705,625	6,270,050	6,322,453
	50,435		301,589			476,900
				2,207,842		
				117,023	254,435	190,000
			200,000			
			2,004,012	1,239,528	969,000	980,000
			400,000			
	11,000	11,000		30,000		
	<u>11,000</u>	<u>4,618</u>	<u>7</u>	<u>30,000</u>		
\$	<u><u>8,636,240</u></u>	<u><u>7,467,024</u></u>	<u><u>10,421,453</u></u>	<u><u>11,300,018</u></u>	<u><u>7,493,485</u></u>	<u><u>7,969,353</u></u>

SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory or charter provisions to pay for certain activities with some special form of continuing revenues.

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2007

	OPEN SPACE	BUILDING INSPECTION	ROAD IMPROVEMENT	COMMUNITY DEVELOPMENT
ASSETS				
Cash and cash equivalents	\$ 495,398	\$ 127,282	\$ 416,272	\$
Investments	1,096,221		912,331	
Receivables				
Accounts		692		
Interest	9,051		8,730	
Taxes	771,633			
Due from other funds				6,786
Due from other governmental units				27,246
TOTAL ASSETS	<u>\$ 2,372,303</u>	<u>\$ 127,974</u>	<u>\$ 1,337,333</u>	<u>\$ 34,032</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 42,056	\$ 8,181	\$ 166,667	\$ 4,505
Accrued payroll and other liabilities		18,711		
Due to other funds	287,000	122,069		29,527
Deferred revenue	771,633			
TOTAL LIABILITIES	<u>1,100,689</u>	<u>148,961</u>	<u>166,667</u>	<u>34,032</u>
FUND BALANCE				
Reserved for construction projects			69,000	
Unreserved, undesignated	1,271,614	(20,987)	1,101,666	
TOTAL FUND BALANCE	<u>1,271,614</u>	<u>(20,987)</u>	<u>1,170,666</u>	
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,372,303</u>	<u>\$ 127,974</u>	<u>\$ 1,337,333</u>	<u>\$ 34,032</u>

MUSEUM	CEMETERY	IMPROVEMENT REVOLVING	RETIREMENT HEALTH BENEFIT	TOTALS
\$ 4,610	\$ 15,535	\$	\$ 10,533	\$ 1,069,630
148,870	367,111		124,582	2,649,115
		48,336		692
				17,781
				771,633
				55,122
				27,246
<u>153,480</u>	<u>382,646</u>	<u>48,336</u>	<u>135,115</u>	<u>4,591,219</u>
\$	\$	\$	\$	\$ 221,409
				18,711
				438,596
				771,633
				<u>1,450,349</u>
<u>153,480</u>	<u>382,646</u>	<u>48,336</u>	<u>135,115</u>	69,000
<u>153,480</u>	<u>382,646</u>	<u>48,336</u>	<u>135,115</u>	<u>3,071,870</u>
<u>153,480</u>	<u>382,646</u>	<u>48,336</u>	<u>135,115</u>	<u>3,140,870</u>
<u>153,480</u>	<u>382,646</u>	<u>48,336</u>	<u>135,115</u>	<u>4,591,219</u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2007

	OPEN SPACE	BUILDING INSPECTION	ROAD IMPROVEMENT	COMMUNITY DEVELOPMENT
REVENUES				
Property taxes	\$ 730,971	\$	\$	\$
Intergovernmental revenues				
Federal and state grants			22,975	38,972
Interest income	89,202		64,101	
Charges for services		616,204		
Miscellaneous revenue			<u>135,026</u>	
TOTAL REVENUES	<u>820,173</u>	<u>616,204</u>	<u>222,102</u>	<u>38,972</u>
EXPENDITURES				
General government				
Professional fees				
Community services				38,972
Public health and safety		846,045		
Roads			187,777	
Building, equipment and other	<u>736,093</u>			
TOTAL EXPENDITURES	<u>736,093</u>	<u>846,045</u>	<u>187,777</u>	<u>38,972</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	84,080	(229,841)	34,325	
OTHER FINANCING SOURCES				
Operating transfers in		<u>190,000</u>		
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	84,080	(39,841)	34,325	
FUND BALANCE, JANUARY 1	<u>1,187,534</u>	<u>18,854</u>	<u>1,136,341</u>	
FUND BALANCE, DECEMBER 31	<u><u>\$ 1,271,614</u></u>	<u><u>\$ (20,987)</u></u>	<u><u>\$ 1,170,666</u></u>	<u><u>\$</u></u>

MUSEUM	CEMETERY	IMPROVEMENT REVOLVING	RETIREMENT HEALTH BENEFIT	TOTALS
\$	\$	\$	\$	\$ 730,971
7,988	18,855		7,274	61,947
283	13,250			187,420
<u>8,271</u>	<u>32,105</u>	<u> </u>	<u>49,684</u>	<u>184,993</u>
			<u>56,958</u>	<u>1,794,785</u>
	17,738		7,911	7,911
22				17,738
				38,994
				846,045
				187,777
				<u>736,093</u>
<u>22</u>	<u>17,738</u>	<u> </u>	<u>7,911</u>	<u>1,834,558</u>
8,249	14,367		49,047	(39,773)
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>190,000</u>
8,249	14,367		49,047	150,227
<u>145,231</u>	<u>368,279</u>	<u>48,336</u>	<u>86,068</u>	<u>2,990,643</u>
\$ <u><u>153,480</u></u>	\$ <u><u>382,646</u></u>	\$ <u><u>48,336</u></u>	\$ <u><u>135,115</u></u>	\$ <u><u>3,140,870</u></u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF
INDIVIDUAL FUNDS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	OPEN SPACE		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES			
Property taxes	\$ 1,018,153	\$ 730,971	\$ (287,182)
Intergovernmental revenues			
Federal and state grants			
Interest income	90,000	89,202	(798)
Charges for services			
Miscellaneous revenue			
TOTAL REVENUES	1,108,153	820,173	(287,980)
EXPENDITURES			
General government			
General services			
Professional fees			
Community services			
Public health and safety			
Public works			
Capital outlay			
Road improvement			
Other	755,000	736,093	18,907
TOTAL EXPENDITURES	755,000	736,093	18,907
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	353,153	84,080	(269,073)
OTHER FINANCING SOURCES			
Operating transfers in			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	353,153	84,080	(269,073)
FUND BALANCE, JANUARY 1	1,187,534	1,187,534	
FUND BALANCE, DECEMBER 31	\$ 1,540,687	\$ 1,271,614	\$ (269,073)

<u>BUILDING INSPECTION</u>			<u>ROAD IMPROVEMENT</u>		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$	\$	\$	\$	\$	\$
			23,000	22,975	(25)
			57,100	64,101	7,001
649,500	616,204	(33,296)	135,100	135,026	(74)
<u>649,500</u>	<u>616,204</u>	<u>(33,296)</u>	<u>215,200</u>	<u>222,102</u>	<u>6,902</u>
833,974	846,045	(12,071)			
			21,200	187,777	(166,577)
<u>833,974</u>	<u>846,045</u>	<u>(12,071)</u>	<u>21,200</u>	<u>187,777</u>	<u>(166,577)</u>
(184,474)	(229,841)	(45,367)	194,000	34,325	(159,675)
<u>190,000</u>	<u>190,000</u>				
5,526	(39,841)	(45,367)	194,000	34,325	(159,675)
<u>18,854</u>	<u>18,854</u>		<u>1,136,341</u>	<u>1,136,341</u>	
<u>\$ 24,380</u>	<u>\$ (20,987)</u>	<u>\$ (45,367)</u>	<u>\$ 1,330,341</u>	<u>\$ 1,170,666</u>	<u>\$ (159,675)</u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF
INDIVIDUAL FUNDS - BUDGET AND ACTUAL - Continued
FOR THE YEAR ENDED DECEMBER 31, 2007

	COMMUNITY DEVELOPMENT		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES			
Property taxes	\$	\$	\$
Intergovernmental revenues			
Federal and state grants	70,819	38,972	(31,847)
Interest income			
Charges for services			
Miscellaneous revenue			
TOTAL REVENUES	70,819	38,972	(31,847)
EXPENDITURES			
General government			
General services			
Professional fees			
Community services	70,819	38,972	31,847
Public health and safety			
Public works			
Capital outlay			
Road improvement			
Other			
TOTAL EXPENDITURES	70,819	38,972	31,847
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
OTHER FINANCING SOURCES			
Operating transfers in			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES			
FUND BALANCE, JANUARY 1			
FUND BALANCE, DECEMBER 31	\$	\$	\$

MUSEUM			CEMETERY		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$	\$	\$	\$	\$	\$
8,000	7,988	(12)	24,000	18,855	(5,145)
100	283	183	10,000	13,250	3,250
<u>8,100</u>	<u>8,271</u>	<u>171</u>	<u>34,000</u>	<u>32,105</u>	<u>(1,895)</u>
50	22	28	20,337	17,738	2,599
<u>50</u>	<u>22</u>	<u>28</u>	<u>20,337</u>	<u>17,738</u>	<u>2,599</u>
8,050	8,249	199	13,663	14,367	704
<u>8,050</u>	<u>8,249</u>	<u>199</u>	<u>13,663</u>	<u>14,367</u>	<u>704</u>
145,231	145,231		368,279	368,279	
<u>\$ 153,281</u>	<u>\$ 153,480</u>	<u>\$ 199</u>	<u>\$ 381,942</u>	<u>\$ 382,646</u>	<u>\$ 704</u>

CHARTER TOWNSHIP OF COMMERCE

NONMAJOR SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF

INDIVIDUAL FUNDS - BUDGET AND ACTUAL - Continued

FOR THE YEAR ENDED DECEMBER 31, 2007

	IMPROVEMENT REVOLVING		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES			
Property taxes	\$	\$	\$
Intergovernmental revenues			
Federal and state grants			
Interest income			
Charges for services			
Miscellaneous revenue			
TOTAL REVENUES			
EXPENDITURES			
General government			
General services			
Professional fees			
Community services			
Public health and safety			
Public works			
Capital outlay			
Road improvement			
Other			
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
OTHER FINANCING SOURCES			
Operating transfers in			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES			
FUND BALANCE, JANUARY 1	48,336	48,336	
FUND BALANCE, DECEMBER 31	\$ 48,336	\$ 48,336	\$

RETIREMENT HEALTH BENEFIT

BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$	\$	\$
6,500	7,274	774
<u>50,000</u>	<u>49,684</u>	<u>(316)</u>
<u>56,500</u>	<u>56,958</u>	<u>458</u>
9,000	7,911	1,089
<u>9,000</u>	<u>7,911</u>	<u>1,089</u>
47,500	49,047	1,547
<u>47,500</u>	<u>49,047</u>	<u>1,547</u>
<u>86,068</u>	<u>86,068</u>	<u>1,547</u>
\$ <u><u>133,568</u></u>	\$ <u><u>135,115</u></u>	\$ <u><u>1,547</u></u>

DEBT SERVICE FUNDS

Debt Service Funds are established to finance and account for the payment of interest and principal on all general obligation debt and revenue bonds issued for and serviced by a governmental enterprise.

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2007

	1988 EDGEWOOD & GOLF VIEW WATER SYSTEM SPECIAL ASSESSMENT G.O. BONDS	1992 LAKE PINE CAPITAL CHARGES SPECIAL ASSESSMENT G.O. BONDS	1992 UNION/ COMMERCE SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 LAKE PINE SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
ASSETS				
Cash and cash equivalents	\$ 196	\$ 180	\$ 268,027	\$ 789
Special assessments receivable	191	961	572,536	1,026
Interest receivable				
TOTAL ASSETS	<u>\$ 387</u>	<u>\$ 1,141</u>	<u>\$ 840,563</u>	<u>\$ 1,815</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ 22,626	\$ 3,453	\$	\$
Deferred revenue	191	961	572,536	1,026
TOTAL LIABILITIES	<u>22,817</u>	<u>4,414</u>	<u>572,536</u>	<u>1,026</u>
FUND BALANCE				
Reserved for debt service	<u>(22,430)</u>	<u>(3,273)</u>	<u>268,027</u>	<u>789</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 387</u>	<u>\$ 1,141</u>	<u>\$ 840,563</u>	<u>\$ 1,815</u>

1992 CLIFFORD H. SMART SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 SPECIAL PROJECT #8 MOUNT ROYAL WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 COMMERCE/ CARROLL WATER & SEWER MPB PUMP STATION & LATERAL, HOEFT, WATER & SOUTH BENSTEIN SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1998 CAREY/ COMMERCE WATER MAIN TREE HAVEN/ WENONAH HILLS PAVING SPECIAL PROJECTS #9 COMMERCE PLAZA SEWER WISE ROAD WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES A	1998 NORTH SHORES/ MPB WATER, NORTH SHORES/ MPB SEWER, PENINSULAR PARK SEWER, PENINSULAR PARK WATER, UNION LAKE HIGHLAND SEWER FOUR OAKS/LIESEL COURT PAVING, MAYNARD DRAIN, LOWER MOUNT ROYAL PAVING SPECIAL PROJECTS #10, SPECIAL PROJECTS #11, SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES B
\$	\$	\$	\$ 34,731 1,523	\$ 692,261 37,606
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$	\$	\$	\$ 36,254	\$ 729,867
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
\$	\$	\$	\$ 1,523	\$ 37,606
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$	\$	\$	\$ 36,254	\$ 729,867
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - Continued
FOR THE YEAR ENDED DECEMBER 31, 2007

	1999	2000	2000
	SWITZERLAND SUB SEWER, EDGEWOOD NORTH WATER W VILLAGE OF COMMERCE SEWER, ARBOR VILLAGE SEWER FOX LAKE CANAL DREDGING, SPECIAL PROJECT #12 SPECIAL PROJECT #13 GOLF LANE SEWER/ WATER PAVING	SPECIAL PROJECT #14, NORTH CAMELINA SEWER, NEWTON ROAD SEWER, LOWER MOUNT ROYAL SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES A	SPECIAL PROJECT #15, UNION LAKE SUB SEWER, LADD ROAD SEWER, LYNISS WATER, LOWER MOUNT ROYAL DREDGING SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES B
ASSETS			
Cash and cash equivalents	\$ 141,414	\$ 175,590	\$ 160,075
Special assessments receivable	27,984	38,620	240,139
Interest receivable		6,346	
TOTAL ASSETS	<u>\$ 169,398</u>	<u>\$ 220,556</u>	<u>\$ 400,214</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to other funds	\$ 27,984	\$ 1,000	\$ 240,139
Deferred revenue		38,620	
TOTAL LIABILITIES	<u>27,984</u>	<u>39,620</u>	<u>240,139</u>
FUND BALANCE			
Reserved for debt service	<u>141,414</u>	<u>180,936</u>	<u>160,075</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 169,398</u>	<u>\$ 220,556</u>	<u>\$ 400,214</u>

2000 SPECIAL PROJECT #16 HOMESTEAD SEWER SOUTH WEST UNION LAKE ROAD NORTH COMMERCE LAKE DREDGING	2003 LOWER MOUNT ROYAL WEST DREDGING, MIMOSA SEWER, SPECIAL PROJECTS #20 SPECIAL PROJECTS #21	DODGE PARK	2001 SPECIAL PROJECT #17 SPECIAL PROJECT #18 MCCOY SEWER UNION LAKE SUB WATER	2002 SPECIAL PROJECT #19 HILLS OF BOGIE LAKE SEWER SHADY POINTE SEWER WINEWOOD WATER LADD ROAD WATER
\$ 190,705 149,411	\$ 141,007 210,203	\$ 28,040	\$ 131,259 252,935	\$ 1,417,050 1,327,442 3,449
<u>\$ 340,116</u>	<u>\$ 351,210</u>	<u>\$ 28,040</u>	<u>\$ 384,194</u>	<u>\$ 2,747,941</u>
\$ 149,411 <u>149,411</u>	\$ 460 210,203 <u>210,663</u>	\$ <u></u>	\$ 252,935 <u>252,935</u>	\$ 1,327,442 <u>1,327,442</u>
<u>190,705</u>	<u>140,547</u>	<u>28,040</u>	<u>131,259</u>	<u>1,420,499</u>
<u>\$ 340,116</u>	<u>\$ 351,210</u>	<u>\$ 28,040</u>	<u>\$ 384,194</u>	<u>\$ 2,747,941</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2007

	2005 MT. ROYAL BRIDGES, SPECIAL PROJECT #23	2006 SPECIAL PROJECT #24 SPECIAL PROJECT #25 BURNET SEWER	2007 WILDWOOD COMMONS OFFSITE SEWER SPECIAL PROJECT #26	TOTAL
ASSETS				
Cash and cash equivalents	\$ 203,456	\$ 47,606	\$ 410,030	\$ 3,632,386
Special assessments receivable	351,434	353,544	410,030	3,975,585
Interest receivable				9,795
TOTAL ASSETS	<u>\$ 554,890</u>	<u>\$ 401,150</u>	<u>\$ 410,030</u>	<u>\$ 7,617,766</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ 351,434	\$ 353,544	\$ 410,030	\$ 27,539
Deferred revenue	351,434	353,544	410,030	3,975,585
TOTAL LIABILITIES	<u>351,434</u>	<u>353,544</u>	<u>410,030</u>	<u>4,003,124</u>
FUND BALANCE				
Reserved for debt service	<u>203,456</u>	<u>47,606</u>		<u>3,614,642</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 554,890</u>	<u>\$ 401,150</u>	<u>\$ 410,030</u>	<u>\$ 7,617,766</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2007

	1988 EDGEWOOD & GOLF VIEW WATER SYSTEM SPECIAL ASSESSMENT G.O. BONDS	1992 LAKE PINE CAPITAL CHARGES SPECIAL ASSESSMENT G.O. BONDS	1992 UNION/ COMMERCE SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1992 LAKE PINE SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS
REVENUES				
Interest income	\$ 140	\$ 129	\$ 56,892	\$ 116
Special assessments	<u>737</u>	<u>257</u>	<u>143,134</u>	<u>242</u>
TOTAL REVENUES	<u>877</u>	<u>386</u>	<u>200,026</u>	<u>358</u>
EXPENDITURES				
Debt principal			150,000	
Debt interest and fees			44,975	
Refunds of assessments				
TOTAL EXPENDITURES			<u>194,975</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	877	386	5,051	358
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out	<u>(23,325)</u>	<u>(4,023)</u>		
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(22,448)	(3,637)	5,051	358
FUND BALANCE, JANUARY 1	<u>18</u>	<u>364</u>	<u>262,976</u>	<u>431</u>
FUND BALANCE, DECEMBER 31	<u><u>\$ (22,430)</u></u>	<u><u>\$ (3,273)</u></u>	<u><u>\$ 268,027</u></u>	<u><u>\$ 789</u></u>

1992 CLIFFORD H. SMART SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 SPECIAL PROJECT #8 MOUNT ROYAL WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1997 COMMERCE/ CARROLL WATER & SEWER MPB PUMP STATION & LATERAL, HOEFT, WATER & SOUTH BENSTEIN SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS	1998 CAREY/ COMMERCE WATER MAIN TREE HAVEN/ WENONAH HILLS PAVING SPECIAL PROJECTS #9 COMMERCE PLAZA SEWER WISE ROAD WATER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES A	1998 NORTH SHORES/ MPB WATER, NORTH SHORES/ MPB SEWER, PENINSULAR PARK SEWER, PENINSULAR PARK WATER, UNION LAKE HIGHLAND SEWER FOUR OAKS/LIESEL COURT PAVING, MAYNARD DRAIN, LOWER MOUNT ROYAL PAVING SPECIAL PROJECTS #10, SPECIAL PROJECTS #11, SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS, SERIES B
\$	\$ 5,816	\$ 13,536	\$ 12,077	\$ 38,077
	1,668	2,963	19,737	89,341
	7,484	16,499	31,814	127,418
			25,000	45,000
			697	3,488
	152,158	419,607	298,027	
	152,158	419,607	323,724	48,488
	(144,674)	(403,108)	(291,910)	78,930
(5)	(30,247)		(1,238)	
(5)	(174,921)	(403,108)	(293,148)	78,930
5	174,921	403,108	327,879	613,331
\$	\$	\$	\$	\$
			34,731	692,261

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
AND CHANGES IN FUND BALANCE - Continued
FOR THE YEAR ENDED DECEMBER 31, 2007

	1999 SWITZERLAND SUB SEWER, EDGEWOOD NORTH WATER W VILLAGE OF COMMERCE SEWER, ARBOR VILLAGE SEWER FAX LANE CANAL DREDGING, SPECIAL PROJECT #12 SPECIAL PROJECT #13 GOLF LANE SEWER/ WATER PAVING	2000 SPECIAL PROJECT #14, NORTH CAMELINA SEWER, NEWTON ROAD SEWER, LOWER MOUNT ROYAL SEWER SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES A	2000 SPECIAL PROJECT #15, UNION LAKE SUB SEWER, LADD ROAD SEWER, LYNISS WATER, LOWER MOUNT ROYAL DREDGING SPECIAL ASSESSMENT LIMITED TAX G.O. BONDS SERIES B
REVENUES			
Interest income	\$ 13,767	\$ 21,922	\$ 33,118
Special assessments	<u>41,925</u>	<u>23,710</u>	<u>102,729</u>
TOTAL REVENUES	<u>55,692</u>	<u>45,632</u>	<u>135,847</u>
EXPENDITURES			
Debt principal	100,000	130,000	175,000
Debt interest and fees	5,185	3,648	19,649
Refunds of assessments			
TOTAL EXPENDITURES	<u>105,185</u>	<u>133,648</u>	<u>194,649</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(49,493)	(88,016)	(58,802)
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers out			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(49,493)	(88,016)	(58,802)
FUND BALANCE, JANUARY 1	<u>190,907</u>	<u>268,952</u>	<u>218,877</u>
FUND BALANCE, DECEMBER 31	<u>\$ 141,414</u>	<u>\$ 180,936</u>	<u>\$ 160,075</u>

2001 SPECIAL PROJECT #16 HOMESTEAD SEWER SOUTH WEST UNION LAKE ROAD NORTH COMMERCE LAKE DREDGING	2003 LOWER MOUNT ROYAL WEST DREDGING, MIMOSA SEWER, SPECIAL PROJECT #20, SPECIAL PROJECT #21	DODGE PARK	2001 SPECIAL PROJECT #17 SPECIAL PROJECT #18 MCCOY SEWER UNION LAKE SUB WATER	2002 SPECIAL PROJECT #19 HILLS OF BOGIE LAKE SEWER SHADY POINTE SEWER WINEWOOD WATER LADD ROAD WATER
\$ 25,828	\$ 17,146	\$ 1,430	\$ 16,282	\$ 122,809
<u>61,978</u>	<u>61,806</u>	<u> </u>	<u>43,230</u>	<u>343,291</u>
<u>87,806</u>	<u>78,952</u>	<u>1,430</u>	<u>59,512</u>	<u>466,100</u>
165,000	60,000	210,000	145,000	500,000
13,593	14,618	60,078	12,513	95,000
<u>178,593</u>	<u>74,618</u>	<u>270,078</u>	<u>157,513</u>	<u>595,000</u>
(90,787)	4,334	(268,648)	(98,001)	(128,900)
<u> </u>	<u> </u>	<u>270,078</u>	<u> </u>	<u> </u>
(90,787)	4,334	1,430	(98,001)	(128,900)
<u>281,492</u>	<u>136,213</u>	<u>26,610</u>	<u>229,260</u>	<u>1,549,399</u>
<u>\$ 190,705</u>	<u>\$ 140,547</u>	<u>\$ 28,040</u>	<u>\$ 131,259</u>	<u>\$ 1,420,499</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - Concluded
FOR THE YEAR ENDED DECEMBER 31, 2007

	2005 MT. ROYAL BRIDGES, SPECIAL PROJECT #23	2006 SPECIAL PROJECT #24 SPECIAL PROJECT #25 BURNET SEWER	2007 WILDWOOD COMMONS OFFSITE SEWER SPECIAL PROJECT #26	TOTAL
REVENUES				
Interest income	\$ 29,234	\$ 12,193	\$	\$ 420,512
Special assessments	<u>76,706</u>	<u>66,151</u>	<u></u>	<u>1,079,605</u>
TOTAL REVENUES	<u>105,940</u>	<u>78,344</u>	<u></u>	<u>1,500,117</u>
EXPENDITURES				
Debt principal	65,000			1,770,000
Debt interest and fees	25,100	6,822		305,366
Refunds of assessments				<u>869,792</u>
TOTAL EXPENDITURES	<u>90,100</u>	<u>6,822</u>	<u></u>	<u>2,945,158</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	15,840	71,522		(1,445,041)
OTHER FINANCING SOURCES (USES)				
Operating transfers in		84		270,162
Operating transfers out		<u>(24,000)</u>		<u>(82,838)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	15,840	47,606		(1,257,717)
FUND BALANCE, JANUARY 1	<u>187,616</u>	<u></u>	<u></u>	<u>4,872,359</u>
FUND BALANCE, DECEMBER 31	<u>\$ 203,456</u>	<u>\$ 47,606</u>	<u>\$</u>	<u>\$ 3,614,642</u>

CAPITAL PROJECTS FUNDS

Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. (Enterprise Fund resources are not included in this category). These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.

Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose and further enables them to report to creditors and other grantors of Capital Projects Fund revenue that their requirements regarding the use of the revenue were fully satisfied.

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2007

	BURNET SEWER	SPECIAL PROJECT #24	SPECIAL PROJECT #25
ASSETS			
Cash and cash equivalents	\$ <u>7,987</u>	\$ <u>7,573</u>	\$ <u>1</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to other funds	\$ _____	\$ _____	\$ _____
FUND BALANCE			
Unreserved, undesignated	<u>7,987</u>	<u>7,573</u>	<u>1</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 7,987</u>	<u>\$ 7,573</u>	<u>\$ 1</u>

SPECIAL PROJECT #26	WILDWOOD COMMONS	CENTRAL WEST WATER CAP CHARGES	TOTAL
\$ <u>3,940</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>19,501</u>
\$ <u> </u>	\$ <u>59,646</u>	\$ <u> </u>	\$ <u>59,646</u>
<u>3,940</u>	<u>(59,646)</u>	<u> </u>	<u>(40,145)</u>
\$ <u>3,940</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>19,501</u>

CHARTER TOWNSHIP OF COMMERCE
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2007

	BURNET SEWER	SPECIAL PROJECT #24	SPECIAL PROJECT #25
REVENUES			
Interest income	\$ 623	\$ 3,932	\$ 428
Special assessments	<u>769</u>	<u>18,777</u>	<u> </u>
TOTAL REVENUES	<u>1,392</u>	<u>22,709</u>	<u>428</u>
EXPENDITURES			
Capital outlay	<u>4,919</u>	<u>331,686</u>	<u>141,909</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,527)</u>	<u>(308,977)</u>	<u>(141,481)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	33,677	246,447	114,876
Operating transfers in			26,630
Operating transfers out	<u>(7)</u>	<u>(2,683)</u>	<u>(24)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>33,670</u>	<u>243,764</u>	<u>141,482</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	30,143	(65,213)	1
FUND BALANCE, JANUARY 1	<u>(22,156)</u>	<u>72,786</u>	<u> </u>
FUND BALANCE, DECEMBER 31	<u>\$ 7,987</u>	<u>\$ 7,573</u>	<u>\$ 1</u>

SPECIAL PROJECT #26	WILDWOOD COMMONS	CENTRAL WEST WATER CAP CHARGES	TOTAL
\$ 3,940	\$	\$ 19,015	\$ 23,998
<u>3,940</u>	<u></u>	<u>19,015</u>	<u>23,486</u>
<u>3,940</u>	<u></u>	<u>19,015</u>	<u>47,484</u>
<u></u>	<u>59,646</u>	<u>4,997</u>	<u>543,157</u>
<u>3,940</u>	<u>(59,646)</u>	<u>14,018</u>	<u>(495,673)</u>
<u></u>	<u></u>	<u>432</u>	<u>395,000</u>
<u></u>	<u></u>	<u>(534,010)</u>	<u>27,062</u>
<u></u>	<u></u>	<u>(533,578)</u>	<u>(536,724)</u>
<u></u>	<u></u>	<u></u>	<u>(114,662)</u>
<u>3,940</u>	<u>(59,646)</u>	<u>(519,560)</u>	<u>(610,335)</u>
<u>3,940</u>	<u>(59,646)</u>	<u>519,560</u>	<u>570,190</u>
<u>\$ 3,940</u>	<u>\$ (59,646)</u>	<u>\$</u>	<u>\$ (40,145)</u>

COMPONENT UNIT

A discretely presented component unit is an entity that is legally separate from the Township, but for which the Township is financially accountable or its relationship with the Township is such that exclusion would cause the Township's financial statements to be misleading or incomplete.

The component unit of the Charter Township of Commerce is:

Downtown Development Authority

CHARTER TOWNSHIP OF COMMERCE
COMPONENT UNIT
DOWNTOWN DEVELOPMENT AUTHORITY
ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
DECEMBER 31, 2007

	CAPITAL PROJECTS	LONG-TERM DEBT ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
ASSETS			
Cash and cash equivalents	\$ 10,182,142	\$	\$ 10,182,142
Interest receivable	86,371		86,371
Amount to be provided for debt service		<u>57,000,000</u>	<u>57,000,000</u>
TOTAL ASSETS	<u><u>\$ 10,268,513</u></u>	<u><u>\$ 57,000,000</u></u>	<u><u>\$ 67,268,513</u></u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 212,299	\$	\$ 212,299
Due to other funds	415,000		415,000
Long-term debt obligations		<u>57,000,000</u>	<u>57,000,000</u>
TOTAL LIABILITIES	<u>627,299</u>	<u>57,000,000</u>	<u>57,627,299</u>
 FUND BALANCE			
Unreserved - undesignated	<u>9,641,214</u>		<u>9,641,214</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 10,268,513</u></u>	<u><u>\$ 57,000,000</u></u>	<u><u>\$ 67,268,513</u></u>

CHARTER TOWNSHIP OF COMMERCE
COMPONENT UNIT
DOWNTOWN DEVELOPMENT AUTHORITY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2007

REVENUES	
Current property taxes	\$ 2,455,442
Other income	39,600
Interest income	<u>671,965</u>
TOTAL REVENUES	<u><u>3,167,007</u></u>
EXPENDITURES	
Professional fees	861,226
Construction	3,615,664
Debt service	
Interest	<u>3,528,603</u>
TOTAL EXPENDITURES	<u><u>8,005,493</u></u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u><u>(4,838,486)</u></u>
OTHER FINANCING USES	
Operating transfers out	<u>(270,078)</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u><u>(5,108,564)</u></u>
FUND BALANCE, JANUARY 1	<u><u>14,749,778</u></u>
FUND BALANCE, DECEMBER 31	<u><u>\$ 9,641,214</u></u>

CHARTER TOWNSHIP OF COMMERCE

SCHEDULE OF INDEBTEDNESS

DECEMBER 31, 2007

Special Assessment Bonds General Obligation Limited Tax Bonds, Series 1992-B

Issued: July 1, 1992
 Dated: July 1, 1992
 Original principal amount: \$2,910,000
 Interest rates: 5.692%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2007
2008-2011	\$ 150,000	\$ <u>600,000</u>

El Dorado Land Contract

Issued: October 24, 2003
 Dated: October 24, 2003
 Original principal amount: \$9,000,000
 Interest rates: Variable

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2007
2008	\$ 9,000,000	\$ <u>9,000,000</u>

2005 Special Assessment (LTGO) Bonds, Series 2005-A

Issued: May 3, 2005
 Dated: May 1, 2005
 Original principal amount: \$5,305,000
 Interest rates: 3.51% to 3.52%

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2007
2008-2009	\$ 570,000	\$ 1,140,000
2010	505,000	505,000
2011	500,000	500,000
2012-2015	495,000	<u>1,980,000</u>
		\$ <u>4,125,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS - Continued
DECEMBER 31, 2007

1998 Special Assessment (LTGO) Bonds, Series 1998-B

Issued: November 24, 1998
Dated: November 1, 1998
Original principal amount: \$3,060,000
Interest rates: 3.7% to 3.75%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2007
2008	\$ 40,000	\$ <u>40,000</u>

2005 Special Assessment (LTGO) Bonds, Series 2005-B

Issued: November 1, 2005
Dated: November 1, 2005
Original principal amount: \$665,000
Interest rates: 4.019% to 4.020%

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2007
2008-2011	\$ 65,000	\$ 260,000
2012	70,000	70,000
2013-2015	75,000	<u>225,000</u>
		\$ <u>555,000</u>

1999 Special Assessment (LTGO) Bonds, Series A

Issued: July 1, 2002
Dated: June 1, 2002
Original principal amount: \$1,075,000
Interest rates: 4.16% to 4.17%

DUE DATES DECEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2007
2008	\$ 5,000	\$ <u>5,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS - Continued
DECEMBER 31, 2007

1999 Special Assessment (LTGO) Bonds, Series B

Issued: December 28, 1999
Dated: December 1, 1999
Original principal amount: \$915,000
Interest rates: 5.03% to 5.04%

DUE DATES MAY 1,	PRINCIPAL AMOUNTS DUE	<u>TOTAL DEBT OUTSTANDING</u> DECEMBER 31, 2007
2008	\$ 15,000	\$ <u>15,000</u>

2000 Special Assessment (LTGO) Bonds, Series B

Issued: October 26, 2000
Dated: October 1, 2000
Original principal amount: \$1,540,000
Interest rates: 4.59% to 4.60%

DUE DATES MAY 1,	PRINCIPAL AMOUNTS DUE	<u>TOTAL DEBT OUTSTANDING</u> DECEMBER 31, 2007
2008	\$ 45,000	\$ 45,000
2009-2010	140,000	<u>280,000</u>
		\$ <u>325,000</u>

2001 Special Assessment (LTGO) Bonds, Series A

Issued: May 24, 2002
Dated: May 1, 2002
Original Principal amount: \$855,000
Interest rates: 4.03% to 4.04%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	<u>TOTAL DEBT OUTSTANDING</u> DECEMBER 31, 2007
2008-2009	\$ 90,000	\$ 105,000
2010	85,000	<u>85,000</u>
		\$ <u>190,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS - Continued
DECEMBER 31, 2007

Special Assessment Bonds, Series 2002-A

Issued: June 4, 2007
Dated: June 1, 2007
Original principal amount: \$4,700,000
Interest rates: 4.35% to 5.00%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2007
2008-2020	\$ 250,000	\$ <u>3,250,000</u>

Special Assessment Bonds, Series 2002-B

Issued: October 24, 2002
Dated: October 1, 2002
Original principal amount: \$675,000
Interest rates: 2.00% to 3.5%

DUE DATES NOVEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2007
2008-2011	\$ 75,000	\$ <u>230,000</u>

2003 Special Assessment (LTGO) Bonds, Series A

Issued: April 23, 2003
Dated: April 1, 2003
Original Principal amount: \$4,790,000
Interest rates: 3.11% to 3.13%

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT OUTSTANDING DECEMBER 31, 2007
2008-2012	\$ 500,000	\$ <u>2,500,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS – Continued
DECEMBER 31, 2007

2003 Downtown Development Authority Bonds

Issued: November 15, 2003
Dated: October 30, 2003
Original principal amount: \$13,000,000
Interest rates: 2.00%

DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2007
2008	\$ 425,000	\$ 425,000
2009	550,000	550,000
2010	700,000	700,000
2011	850,000	850,000
2012	1,000,000	1,000,000
2013	1,150,000	1,150,000
2014	1,300,000	1,300,000
2015	1,475,000	1,475,000
2016	1,650,000	1,650,000
2017	1,850,000	1,850,000
2018	2,050,000	<u>2,050,000</u>
		<u>\$ 13,000,000</u>

2004 IPC Financing - Dodge Park

Issued: March 23, 2004
Dated: March 23, 2004
Original principal amount: \$2,275,000
Interest rates: 3.55% to 3.56%

DUE DATES APRIL 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2007
2008	\$ 215,000	\$ 215,000
2009	225,000	225,000
2010	230,000	230,000
2011	240,000	240,000
2012	245,000	245,000
2013	255,000	255,000
2014	265,000	<u>265,000</u>
		<u>\$ 1,675,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS – Continued
DECEMBER 31, 2007

Special Assessment Bonds, Series 2004-A

Issued: July 29, 2004
Dated: July 1, 2004
Original principal amount: \$555,000
Interest rates: 3.38% to 3.40%

DUE DATES DECEMBER 1,	PRINCIPAL AMOUNTS DUE	<u>TOTAL DEBT OUTSTANDING</u> DECEMBER 31, 2007
2008	\$ 60,000	\$ 60,000
2009-2011	55,000	165,000
2012-2014	50,000	<u>150,000</u>
		<u>\$ 375,000</u>

2007 Downtown Development Authority Bonds

Issued: December 16, 2007
Dated: December 1, 2007
Original principal amount: \$35,000,000
Interest rates: Variable

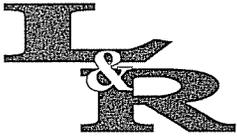
DUE DATES OCTOBER 1,	PRINCIPAL AMOUNTS DUE	<u>TOTAL DEBT OUTSTANDING</u> DECEMBER 31, 2007
2009 - 2015	\$ 525,000	\$ 3,675,000
2016	1,100,000	1,100,000
2017	1,145,000	1,145,000
2018	1,195,000	1,195,000
2019	1,245,000	1,245,000
2020	1,300,000	1,300,000
2021	1,360,000	1,360,000
2022	1,415,000	1,415,000
2023	1,475,000	1,475,000
2024	1,540,000	1,540,000
2025	1,605,000	1,605,000
2026	1,675,000	1,675,000
2027	1,745,000	1,745,000
2028	1,820,000	1,820,000
2029	1,900,000	1,900,000
2030	1,985,000	1,985,000
2031	2,070,000	2,070,000
2032	2,155,000	2,155,000
2033	2,250,000	2,250,000
2034	2,345,000	<u>2,345,000</u>
		<u>\$ 35,000,000</u>

CHARTER TOWNSHIP OF COMMERCE
SCHEDULE OF INDEBTEDNESS – Concluded
DECEMBER 31, 2007

2007 Special Assessment Bonds, Series 2007

Issued: April 4, 2007
Dated: April 1, 2007
Original principal amount: \$395,000
Interest rates: 3.88% to 3.89%

DUE DATES SEPTEMBER 1,	PRINCIPAL AMOUNTS DUE	TOTAL DEBT <u>OUTSTANDING</u> DECEMBER 31, 2007
2008-2009	\$ 40,000	\$ 80,000
2010-2016	45,000	<u>315,000</u>
		<u>\$ 395,000</u>



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

To the Township Board
Township of Commerce
Commerce, Michigan

We have audited the financial statements of the Township of Commerce as of and for the year ended December 31, 2007, and have issued our report thereon dated June 9, 2008. 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 Commerce's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Commerce's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township'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 assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the 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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

2007-1 – It is a requirement of GAAP that all entities have on staff at least one individual that can prepare their financial statements and notes to financial statements. The Township has decided it is more cost effective to outsource the preparation of its annual financial statements to the auditors rather than incur the time and expense of obtaining the necessary training and expertise required to prepare them internally. They are not in accordance with principles generally accepted in the United States.

2007-2 – Auditor adjustments (which were approved and posted by management) in amounts material to the financial statements were necessary to correctly state the Township's general ledger to the appropriate balances. These included the recording of all accounts payable, accounts receivable, accrued wages and interest receivable.

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

David Layton, CPA
DaveLayton@LNRCPA.com

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 entity's internal control.

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

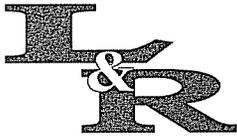
As part of obtaining reasonable assurance about whether the Township of Commerce's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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 did not disclose any instances of noncompliance.

We noted certain matters that we reported to management of the Township of Commerce in a separate letter dated June 9, 2008.

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

Hayton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
June 9, 2008



LETTER OF COMMENTS AND RECOMMENDATIONS

Township Board
Township of Commerce
Commerce, Michigan

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

David Layton, CPA
DaveLayton@LNRCPA.com

We have examined the financial statements of the TOWNSHIP OF COMMERCE, MICHIGAN, for the year ended December 31, 2007, and have issued our report on those statements. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of the Township of Commerce. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

The management of the Township of Commerce is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our tests of the internal control procedures included evaluations of randomly selected samples of transactions from payroll, cash disbursements and cash receipts. Although we did not observe any material errors or weaknesses in accounting or financial management, the following recommendations are intended to improve the efficiency and effectiveness of control procedures:

PRIOR YEAR RECOMMENDATIONS

OUTSTANDING CHECKS

At the time of our audit there were several checks that had been outstanding for several months. We suggest that the outstanding checklist be reviewed on a timely basis. If necessary, stop payment notices should be sent to the bank. **This procedure has been implemented.**

CASH RECEIPTS

When checks or cash are received over the counter, the money is put into an unlocked cash drawer. We recommend that all money received be kept in a locked drawer to prevent possible theft. **This procedure has been implemented.**

BANK RECONCILIATIONS

Presently, a single individual is an authorized check signor and also reconciles the bank accounts. To the extent possible, duties should be segregated to serve as a check and balance on the employee's integrity and to maintain the best control system possible. We recommend that the Township segregate bank account reconciliation duties from check signing duties. **This procedure has been implemented.**

PRIOR YEAR RECOMMENDATIONS – Concluded

UNOPENED BANK STATEMENTS

Unopened bank statements are currently given directly to the person that reconciles the statements. We suggest that unopened bank statements be forwarded directly to the Treasurer. This person would review the bank statements for any strange or unusual items. Documentation of their review should be made on the face of the bank statements. This practice will provide a very strong check and balance on the internal controls over cash. **This procedure has been implemented.**

FIXED ASSETS

Currently, the Township does not have a formal policy to ensure that disposals of fixed assets are reported to the accounting department as they occur. Without such a procedure, the likelihood increases that disposals are not being recorded. A formal policy should be adopted to ensure assets are being properly disposed of. **This procedure has not been implemented.**

CURRENT YEAR RECOMMENDATIONS

BUDGETS

We noted that the Fire Fund ended the year with a deficit balance which is not in compliance with the Uniform Budgeting & Accounting Act. We recommend that no budgets be approved putting a fund in a deficit balance.

We are grateful to the Township employees for their assistance and cooperation extended to us during the audit.

Very truly yours,

Hayton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
June 9, 2008