

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

YES NO Check each applicable box below. (See instructions for further detail.)

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>		Printed Name		License Number

BIRCH RUN TOWNSHIP

Saginaw County, Michigan

FINANCIAL STATEMENTS

March 31, 2007

BIRCH RUN TOWNSHIP

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INDEPENDENT AUDITORS' REPORT

To the Township Board
Birch Run Township
Saginaw County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Birch Run Township, as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Birch Run Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Birch Run Township, as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison schedules as identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Birch Run Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Berthiaume & Co.

June 27, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

BIRCH RUN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2007

Overview of the Financial Statements:

Birch Run Township's discussion and analysis is a narrative overview of the Township's financial activities for the fiscal year ended March 31, 2007. The information presented here should be read in conjunction with the financial statements and the notes to the financial statements that follow.

Government-wide Financial Statements:

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statements report the Township's net assets and how they have changed. Net assets – the difference between the Township's assets and liabilities – are one way to measure the Township's financial health.

The government-wide financial statements of the Township are divided into two categories:

Governmental Activities – Most of the Township's basic services are included here, such as the public safety, public works, and recreation departments, and general administration. Property taxes, State-shared revenue, charges for services, grants, and transfers provide much of the funding.

Business-type Activities – The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's sewer system is included here.

Fund Financial Statements:

The fund financial statements provide more detailed information about the Township's most significant funds – not the Township as a whole. Funds are accounting tools that the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and bond covenants. The Township Board establishes other funds to control and manage money for particular purposes.

The Township has three kinds of funds:

Governmental Funds – Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets that can be converted to cash flow in and out, and the balance left at year end that is available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

Proprietary Funds – Services to which the Township charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like government-wide statements, provide both short- and long-term financial information.

Fiduciary Funds – The Township is responsible for ensuring that the assets in these funds are used for their intended purposes. We exclude these activities from the government-wide financial statements because the Township cannot use these assets to finance its operations.

BIRCH RUN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2007

Government-Wide Financial Analysis:

The following table shows, in a condensed format, the statement of net assets at March 31, 2007 and 2006:

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Assets:						
Current assets	\$ 1,215,048	\$ 1,075,858	\$ 1,960,200	\$ 2,073,400	\$ 3,175,248	\$ 3,149,258
Capital assets	<u>1,754,638</u>	<u>1,451,580</u>	<u>3,179,937</u>	<u>3,273,689</u>	<u>4,934,575</u>	<u>4,725,269</u>
Total assets	<u>2,969,686</u>	<u>2,527,438</u>	<u>5,140,137</u>	<u>5,347,089</u>	<u>8,109,823</u>	<u>7,874,527</u>
Liabilities:						
Other liabilities	48,286	59,304	41,516	77,099	89,802	136,403
Long-term liabilities	<u>322,889</u>	<u>-</u>	<u>1,488,168</u>	<u>1,662,935</u>	<u>1,811,057</u>	<u>1,662,935</u>
Total liabilities	<u>371,175</u>	<u>59,304</u>	<u>1,529,684</u>	<u>1,740,034</u>	<u>1,900,859</u>	<u>1,799,338</u>
Net assets:						
Invested in capital assets, net of related debt	1,445,429	1,311,580	1,841,769	1,610,754	3,287,198	2,922,334
Restricted	2,540	2,294	-	-	2,540	2,294
Unrestricted	<u>1,150,542</u>	<u>1,154,260</u>	<u>1,768,684</u>	<u>1,996,301</u>	<u>2,919,226</u>	<u>3,150,561</u>
Total net assets	<u>\$ 2,598,511</u>	<u>\$ 2,468,134</u>	<u>\$ 3,610,453</u>	<u>\$ 3,607,055</u>	<u>\$ 6,208,964</u>	<u>\$ 6,075,189</u>

BIRCH RUN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2007

Government-Wide Financial Analysis, continued:

The following table shows, in a condensed format, the changes in net assets for fiscal years 2007 and 2006:

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program revenues						
Charges for services	\$ 348,861	\$ 341,055	\$ 487,757	\$ 340,873	\$ 836,618	\$ 681,928
Operating grants	48,560	49,601	-	44,900	48,560	94,501
Capital grants	56,389	14,400	-	-	56,389	14,400
General revenues						
Property taxes	259,183	233,404	-	-	259,183	233,404
Franchise taxes	16,703	35,313	-	-	16,703	35,313
State revenue sharing	308,714	310,177	-	-	308,714	310,177
Investment earnings	58,111	37,980	33,180	18,399	91,291	56,379
Total revenues	<u>1,096,521</u>	<u>1,021,930</u>	<u>520,937</u>	<u>404,172</u>	<u>1,617,458</u>	<u>1,426,102</u>
Expenses:						
General government	297,704	329,921	-	-	297,704	329,921
Public safety	207,253	222,409	-	-	207,253	222,409
Public works	181,331	230,644	-	-	181,331	230,644
Community and economic development	24,105	23,542	-	-	24,105	23,542
Recreation and culture	155,231	161,035	-	-	155,231	161,035
Interest on long-term debt	12,971	628	-	-	12,971	628
Water and Sewer	-	-	610,588	358,333	610,588	358,333
Total expenses	<u>878,595</u>	<u>968,179</u>	<u>610,588</u>	<u>358,333</u>	<u>1,489,183</u>	<u>1,326,512</u>
Excess of revenues over expenses before other	<u>217,926</u>	<u>53,751</u>	<u>(89,651)</u>	<u>45,839</u>	<u>128,275</u>	<u>99,590</u>
Other items:						
Gain on sale of capital assets	5,500	-	-	-	5,500	-
Transfers	(93,049)	(94,627)	93,049	94,627	-	-
Total other items	<u>(87,549)</u>	<u>(94,627)</u>	<u>93,049</u>	<u>94,627</u>	<u>5,500</u>	<u>-</u>
Change in net assets	130,377	(40,876)	3,398	140,466	133,775	99,590
Net assets, beginning of year	<u>2,468,134</u>	<u>2,509,010</u>	<u>3,607,055</u>	<u>3,466,589</u>	<u>6,075,189</u>	<u>5,975,599</u>
Net assets, end of year	<u>\$ 2,598,511</u>	<u>\$ 2,468,134</u>	<u>\$ 3,610,453</u>	<u>\$ 3,607,055</u>	<u>\$ 6,208,964</u>	<u>\$ 6,075,189</u>

BIRCH RUN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2007

The Township's Funds:

The fund financial statements begin on page 10 and provide detailed information on the most significant governmental funds – not the Township as a whole. The Township Board creates funds to help manage money for special purposes, as well as to show accountability for certain activities, such as special property tax millages. The Township's only major governmental fund for the 2006-2007 fiscal year is the General Fund.

Another major fund is the Water and Sewer System Fund, which is categorized as an Enterprise or business-type fund. This fund operates on revenues received from the customers (users) of the water and sewer system.

General Fund Budgetary Highlights:

Over the course of the year, the Township amended the budget to take into account various expenditures or revenue changes. These amendments were relatively minor.

Capital Assets and Debt Administration:

During the 2006-2007 fiscal year, the Township invested approximately \$386,000 in governmental capital assets which included primarily of the purchase of equipment and a new fire truck. The Township's investment in business-type capital assets was approximately \$34,500, which included the purchase of a trailer, equipment and customer construction costs.

With the exception of the addition of the new fire truck installment purchase contract of \$336,569, the Township reduced its long-term liabilities by approximately \$188,000 during the year.

Economic Factors:

The Township continues to maintain positive fund balances in each of its funds. However, concerns arise when considering the revenues and expenses that the Township is facing in upcoming years. The major sources of revenue for the Township are property taxes, State-shared revenues, and charges for services. These sources have certain limitations outside of the Township's control – taxable value of property in the Township has remained relatively flat, resulting in small increases in property taxes; the State of Michigan has experienced budget deficits and has reduced revenue-sharing payments to local governments to help in reducing their deficit; and the economy has restricted the Township in what it can charge its customers. In comparison, certain expenses continue to rise at a rate higher than inflation, such as insurance, utility costs, and gasoline expenses.

We are continuing to plan for the long term, and will continue to balance the budgets through controls over spending, while striving to provide the Township's residents with the same level of service to which they have become accustomed.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Township Supervisor, 8411 Main Street, P.O. Box 152, Birch Run, Michigan 48415.

BASIC FINANCIAL STATEMENTS

BIRCH RUN TOWNSHIP

STATEMENT OF NET ASSETS

March 31, 2007

	<i>Governmental</i>	<i>Business-type</i>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 1,067,828	\$ 883,550	\$ 1,951,378
Receivables	139,627	729,902	869,529
Internal balances	(6,175)	6,175	-
Prepaid expenses	13,768	-	13,768
Capital assets:			
Nondepreciable capital assets	54,000	-	54,000
Depreciable capital assets, net	1,700,638	3,179,937	4,880,575
Other	-	340,573	340,573
	<u>2,969,686</u>	<u>5,140,137</u>	<u>8,109,823</u>
Total assets			
Liabilities:			
Accounts payable and accrued expenses	48,286	41,516	89,802
Long-term liabilities:			
Due within one year	28,239	158,350	186,589
Due in more than one year	294,650	1,329,818	1,624,468
	<u>371,175</u>	<u>1,529,684</u>	<u>1,900,859</u>
Total liabilities			
Net assets:			
Invested in capital assets, net of related debt	1,445,429	1,841,769	3,287,198
Restricted for:			
Debt service	623	-	623
Nonexpendable cemetery principal	1,917	-	1,917
Unrestricted net assets	<u>1,150,542</u>	<u>1,768,684</u>	<u>2,919,226</u>
	<u>\$ 2,598,511</u>	<u>\$ 3,610,453</u>	<u>\$ 6,208,964</u>
Total net assets			

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

BIRCH RUN TOWNSHIP

STATEMENT OF ACTIVITIES

Year Ended March 31, 2007

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<i>Governmental activities:</i>					
General government	\$ 297,704	\$ 108,844	\$ 8,220	\$ 13,700	\$ (166,940)
Public safety	207,253	45,513	3,342	42,689	(115,709)
Public works	181,331	179,920	5,912	-	4,501
Community and economic development	24,105	9,285	-	-	(14,820)
Recreation and culture	155,231	5,299	31,086	-	(118,846)
Interest on long-term debt	12,971	-	-	-	(12,971)
Total governmental activities	<u>878,595</u>	<u>348,861</u>	<u>48,560</u>	<u>56,389</u>	<u>(424,785)</u>
<i>Business-type activities:</i>					
Water and Sewer	<u>610,588</u>	<u>487,757</u>	<u>-</u>	<u>-</u>	<u>(122,831)</u>
Total business-type activities	<u>610,588</u>	<u>487,757</u>	<u>-</u>	<u>-</u>	<u>(122,831)</u>
Total government	<u>\$1,489,183</u>	<u>\$ 836,618</u>	<u>\$ 48,560</u>	<u>\$ 56,389</u>	<u>\$ (547,616)</u>

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

	<i>Governmental Activities</i>	<i>Business- type Activities</i>	<i>Total</i>
<i>Changes in net assets:</i>			
Net (Expense) Revenue	\$ (424,785)	\$ (122,831)	\$ (547,616)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	153,053	-	153,053
Property taxes captured for community development	105,938	-	105,938
Property taxes, levied for debt service	192	-	192
Franchise taxes	16,703	-	16,703
Grants and contributions not restricted to specific programs	308,714	-	308,714
Unrestricted investment earnings	58,111	33,180	91,291
Special item - Gain on sale of capital asset	5,500	-	5,500
Transfers	(93,049)	93,049	-
Total general revenues, contributions and special items	<u>555,162</u>	<u>126,229</u>	<u>681,391</u>
Change in net assets	130,377	3,398	133,775
Net assets, beginning of year	<u>2,468,134</u>	<u>3,607,055</u>	<u>6,075,189</u>
Net assets, end of year	<u>\$ 2,598,511</u>	<u>\$ 3,610,453</u>	<u>\$ 6,208,964</u>

BIRCH RUN TOWNSHIP

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2007

	<i>General Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets:			
Cash and cash equivalents	\$ 984,935	\$ 82,893	\$ 1,067,828
Taxes receivable	11,175	1,808	12,983
Accounts receivable	75,511	448	75,959
Due from other governmental units	50,685	-	50,685
Due from other funds	3,652	-	3,652
Prepaid expenditures	13,768	-	13,768
Total assets	<u>\$ 1,139,726</u>	<u>\$ 85,149</u>	<u>\$ 1,224,875</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 34,158	\$ 2,920	\$ 37,078
Due to other funds	6,175	3,652	9,827
Deposits payable	5,390	-	5,390
Deferred revenue	31,303	-	31,303
Total liabilities	<u>77,026</u>	<u>6,572</u>	<u>83,598</u>
Fund balances:			
Reserved for:			
Prepaid expenditures	13,768	-	13,768
Debt service	-	623	623
Nonexpendable cemetery principal	-	1,917	1,917
Unreserved:			
General fund	1,048,932	-	1,048,932
Special revenue funds	-	76,037	76,037
Total fund balances	<u>1,062,700</u>	<u>78,577</u>	<u>1,141,277</u>
Total liabilities and fund balances	<u>\$ 1,139,726</u>	<u>\$ 85,149</u>	<u>\$ 1,224,875</u>

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

BIRCH RUN TOWNSHIP

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

March 31, 2007

Total fund balances for governmental funds		\$ 1,141,277
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	2,409,008	
Less accumulated depreciation	<u>(654,370)</u>	1,754,638
Interest payable in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds.		(5,818)
Deferred revenues reported in the governmental funds are recognized as revenues for the governmental activities.		31,303
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:		
Installment purchase contract	<u>(322,889)</u>	
Net assets of governmental activities		<u>\$ 2,598,511</u>

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

BIRCH RUN TOWNSHIP

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2007

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 217,713	\$ 106,130	\$ 323,843
Licenses and permits	47,911	16,703	64,614
Federal grants	42,689	-	42,689
State grants	339,888	4,472	344,360
Contributions from other units	-	26,407	26,407
Charges for services	214,252	925	215,177
Fines and forfeits	1,077	1,468	2,545
Interest and rents	57,797	2,419	60,216
Other revenue	20,482	1,688	22,170
Total revenues	<u>941,809</u>	<u>160,212</u>	<u>1,102,021</u>
Expenditures:			
Current			
General government	271,040	-	271,040
Public safety	166,808	-	166,808
Public works	181,331	-	181,331
Community and economic development	19,032	5,073	24,105
Recreation and culture	21,413	106,439	127,852
Capital outlay	395,639	1,907	397,546
Debt service			
Principal	13,680	-	13,680
Interest and fees	7,153	-	7,153
Total expenditures	<u>1,076,096</u>	<u>113,419</u>	<u>1,189,515</u>
Excess (deficiency) of revenues over expenditures	<u>(134,287)</u>	<u>46,793</u>	<u>(87,494)</u>
Other financing sources (uses):			
Proceeds from installment purchase contracts	336,569	-	336,569
Transfers in	-	55,000	55,000
Transfers out	<u>(55,000)</u>	<u>(93,049)</u>	<u>(148,049)</u>
Total other financing sources (uses)	<u>281,569</u>	<u>(38,049)</u>	<u>243,520</u>
Net change in fund balances	147,282	8,744	156,026
Fund balances, beginning of year	<u>915,418</u>	<u>69,833</u>	<u>985,251</u>
Fund balances, end of year	<u>\$ 1,062,700</u>	<u>\$ 78,577</u>	<u>\$ 1,141,277</u>

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

BIRCH RUN TOWNSHIP

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

March 31, 2007

Net change in fund balances - total governmental funds \$ 156,026

Total change in net assets reported for governmental activities in the statement of activities is different because:

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 and reported as depreciation expense.

Capital outlay	386,174	
Less depreciation expense	<u>(83,116)</u>	303,058

Debt proceeds are revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net assets. (336,569)

Repayments of principal on long-term obligations are expenditures in governmental but the payments reduce long-term liabilities in the statement of net assets. 13,680

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.

Change in accrued interest on notes payable	<u>(5,818)</u>	
---	----------------	--

Change in net assets of governmental activities \$ 130,377

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

BIRCH RUN TOWNSHIP

PROPRIETARY FUND
STATEMENT OF NET ASSETS
March 31, 2007

	<i>Major Enterprise Fund</i>
	<i>Water and Sewer System Fund</i>
Assets:	
<i>Current assets:</i>	
Cash and cash equivalents	\$ 883,550
Accounts receivable	123,665
Special assessments receivable	5,297
Due from other funds	<u>6,175</u>
Total current assets	<u>1,018,687</u>
<i>Noncurrent assets:</i>	
Special assessments receivable	600,940
Capital assets:	
Depreciable capital assets, net	3,179,937
Deferred charges	<u>340,573</u>
Total noncurrent assets	<u>4,121,450</u>
Total assets	<u>5,140,137</u>
Liabilities:	
<i>Current liabilities:</i>	
Accounts payable	7,541
Due to other governmental units	5,000
Deposits payable	2,898
Accrued interest payable	26,077
Current long-term debt	<u>158,350</u>
Total current liabilities	<u>199,866</u>
<i>Noncurrent liabilities:</i>	
Long-term debt	<u>1,329,818</u>
Total noncurrent liabilities	<u>1,329,818</u>
Total liabilities	<u>1,529,684</u>
Net assets:	
Invested in capital assets, net of related debt	1,841,769
Unrestricted	<u>1,768,684</u>
Total net assets	<u>\$ 3,610,453</u>

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

BIRCH RUN TOWNSHIP

PROPRIETARY FUND
**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS**

Year Ended March 31, 2007

	<i>Major Enterprise Fund</i>
	<i>Water and Sewer System Fund</i>
Operating revenues:	
Charges for services	\$ 458,206
Penalties	6,640
Other	8,107
Total operating revenues	<u>472,953</u>
Operating expenses:	
Personnel	100,261
Fringe benefits	7,688
Supplies	47,634
Contracted services	46,721
Sewage treatment	17,212
Purchase of water	142,257
Telephone	3,699
Mileage	2,457
Dues and membership fees	1,670
Education and training	1,917
Printing and publishing	894
Insurance	3,769
Utilities	2,125
Repairs and maintenance	62,069
Other services and supplies	513
Depreciation	<u>128,168</u>
Total operating expenses	<u>569,054</u>
Operating income (loss)	<u>(96,101)</u>

continued

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

BIRCH RUN TOWNSHIP

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS, continued

Year Ended March 31, 2007

	<u>Major Enterprise Fund</u> <u>Water and Sewer System Fund</u>
Non-operating revenues (expenses);	
Interest income	33,180
Interest earned on special assessments	44,201
Capital contributions - Connection fees	21,446
Interest expense	<u>(92,377)</u>
Total non-operating revenues (expenses)	<u>6,450</u>
Net income (loss) before operating transfers	(89,651)
Operating transfers:	
Transfer from other funds	<u>93,049</u>
Total operating transfers	<u>93,049</u>
Net income (loss)	3,398
Net assets, beginning of year	<u>3,607,055</u>
Net assets, end of year	<u>\$ 3,610,453</u>

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

BIRCH RUN TOWNSHIP

PROPRIETARY FUND STATEMENT OF CASH FLOWS

Year Ended March 31, 2007

	<i>Major Enterprise Fund</i>
	<i>Water and Sewer System Fund</i>
Cash flow from operating activities:	
Cash received from customers	\$ 458,730
Cash payments to employees	(100,261)
Cash payments to suppliers for goods and services	<u>(340,861)</u>
Net cash provided (used) by operating activities	<u>17,608</u>
Cash flows from non-capital financing activities:	
Operating transfers in	<u>93,049</u>
Net cash provided (used) by non-capital financing activities	<u>93,049</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(34,416)
Principal payments on capital debt	(174,767)
Interest paid on capital debt	(92,377)
Payments received on special assessments	87,353
Interest earned on special assessments	44,201
Payments received for water line connections	<u>21,446</u>
Net cash used by capital and related financing activities	<u>(148,560)</u>
	continued

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

BIRCH RUN TOWNSHIP

PROPRIETARY FUND

STATEMENT OF CASH FLOWS, continued

Year Ended March 31, 2007

	<i>Major Enterprise Fund</i>
	<i>Water and Sewer System Fund</i>
Cash flows from investing activities:	
Interest received	33,180
Net cash provided by investing activities	33,180
Net increase (decrease) incash and cash equivalents	(4,723)
Cash and cash equivalents, beginning of year	888,273
Cash and cash equivalents, end of year	<u>\$ 883,550</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (96,101)
Adjustments:	
Depreciation	128,168
Change in assets and liabilities:	
Accounts receivable	(14,223)
Due from other funds	39,858
Accounts payable and accrued expenses	(41,092)
Due to other funds	(4,511)
Due to other governmental units	5,000
Deposits payable	2,898
Accrued interest payable	<u>(2,389)</u>
Net cash provided (used) by operating activities	<u>\$ 17,608</u>

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

BIRCH RUN TOWNSHIP

FIDUCIARY FUND
STATEMENT OF NET ASSETS
March 31, 2007

Assets:	
Cash and cash equivalents	\$ 39,111
Total assets	<u>39,111</u>
Liabilities:	
Accounts payable	29,648
Undistributed tax collections	<u>9,463</u>
Total liabilities	<u>39,111</u>
Net Assets:	
Unrestricted	<u>-</u>
Total net assets	<u><u>\$ -</u></u>

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

NOTES TO FINANCIAL STATEMENTS

BIRCH RUN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Birch Run Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity:

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township and its component units. In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Township may be financially accountable and, as such, should be included within the Township's financial statements. The Township (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Township. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component unit discussed below is included in the Township's reporting entity because of its operational or financial relationship with the Township.

Component Unit:

Downtown Development Authority - The members of the governing board of the Downtown Development Authority are appointed by the Township board. The budgets and expenditures of the Downtown Development Authority must be approved by the Township board. The Township also has the ability to significantly influence operations of the Downtown Development Authority. The DDA is handled by the Township as a special revenue fund. The DDA is included with the Township financial statements using the blended presentation method because it serves as a financing source for capital projects and debt service payments benefiting the Township's operations.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are

BIRCH RUN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. These statements distinguish between activities that are governmental and those that are business-type activities. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township’s net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Township’s functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Township does not allocate indirect costs. In creating the government-wide financial statements the Township has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Township as an entity and the change in the Township’s net assets resulting from current year activities.

Fund Financial Statements:

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

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

BIRCH RUN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting as are the proprietary funds.

The Township reports the following major governmental fund:

The **General Fund** is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The Township reports the following major enterprise fund:

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

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

BIRCH RUN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

Assets, Liabilities and Equity

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments are stated at fair value. For purposes of the statement of cash flows, the Township considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

Interfund Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Township defines capital assets as assets with an initial individual cost in excess of \$1,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Distribution system	15-50 years
Equipment	5-25 years
Furniture and equipment	5-25 years
Site improvements	15-25 years
Vehicles	10-25 years

Compensated Absences – The Township does not allow the carryover of unused sick or vacation days.

Long-term Obligations – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets.

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

BIRCH RUN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

Use of Estimates:

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

Eliminations and Reclassifications:

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Property Taxes:

Property taxes are levied and attached as an enforceable lien on December 1 each year based upon the assessed taxable valuation of property as of the preceding December 31. Taxes are due without penalty on or before February 14.

The 2006 taxable valuation of the Township totaled \$199,069,220 on which ad valorem taxes levied consisted of .9211 mills for the Township's operating purposes.

The delinquent real property taxes of the Township are purchased by Saginaw County. The delinquent real property taxes are received soon enough after year end to be recorded as revenue in the current year.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

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

1. The Township Clerk submits to the Township Board a proposed operating budget by fund for each year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted by adoption of the Township Board.
4. Any revision that alters the total expenditures of any fund must be approved by the Township.
5. Formal budgetary integration is employed as a management control device during the year for all funds.

BIRCH RUN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund budget as originally adopted and amended by the Township Board is included in the required supplemental information.
7. All annual appropriations lapse at fiscal year end.

Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the Township did not incur expenditures that were in excess of the amounts budgeted.

State Construction Code Act:

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus generated since January 1, 2000 is as follows:

Cumulative surplus at April 1, 2006	\$ -
Current year building permit revenue	37,901
Related expenditures:	
Direct costs	<u>(63,940)</u>
Indirect costs	<u>-</u>
Cumulative surplus at March 31, 2007	<u><u>\$ -</u></u>

NOTE 3: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Township Board is in accordance with Public Act 196 of 1997. The Township's deposits and investments have been made in accordance with statutory authority.

BIRCH RUN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

The Township's deposits are subject to several types of risk, which are presented in more detail as follows:

Custodial Credit Risk of Bank Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. At year-end, the Township had \$2,206,754 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$241,029 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. At year end, the Township had no investments.

NOTE 4: CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 54,000	\$ -	\$ -	\$ 54,000
Depreciable capital assets:				
Buildings and improvements	997,289	4,770	-	1,002,059
Equipment	364,095	50,341	-	414,436
Furniture and equipment	-	-	-	-
Site improvements	301,234	-	-	301,234
Vehicles	306,216	331,063	-	637,279
	<u>1,968,834</u>	<u>386,174</u>	<u>-</u>	<u>2,355,008</u>
Accumulated depreciation	<u>(571,254)</u>	<u>(83,116)</u>	<u>-</u>	<u>(654,370)</u>
Total depreciable capital assets, net	<u>1,397,580</u>	<u>303,058</u>	<u>-</u>	<u>1,700,638</u>
Governmental activities, capital assets, net	<u>\$ 1,451,580</u>	<u>\$ 303,058</u>	<u>\$ -</u>	<u>\$ 1,754,638</u>
Business-type activities:				
Depreciable capital assets				
Equipment	\$ 13,232	\$ 19,205	\$ -	\$ 32,437
Vehicles	19,903	-	-	19,903
Distribution system	<u>4,970,364</u>	<u>15,211</u>	<u>-</u>	<u>4,985,575</u>
Total capital assets	<u>5,003,499</u>	<u>34,416</u>	<u>-</u>	<u>5,037,915</u>
Accumulated depreciation	<u>(1,729,810)</u>	<u>(128,168)</u>	<u>-</u>	<u>(1,857,978)</u>
Business-type activities, capital assets, net	<u>\$ 3,273,689</u>	<u>\$ (93,752)</u>	<u>\$ -</u>	<u>\$ 3,179,937</u>

BIRCH RUN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 12,844
Public safety	40,445
Recreation and culture	<u>29,827</u>
Total governmental activities	<u>\$ 83,116</u>
Business-type activities:	
Water and Sewer System	\$ 128,168
Total business-type activities	<u>\$ 128,168</u>

NOTE 5: LONG-TERM LIABILITIES

The Township has installment contracts with Saginaw County and the Village of Birch Run that were used to finance water and sewer line construction and general obligation bonds that were used to finance the library building construction and a judgment settlement. The Township's long-term liabilities are general obligations, which are direct obligations of the government and pledge the full faith and credit of the Township.

Long-term liabilities at March 31, 2007 consisted of the following:

<u>Types of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Annual Principal Installments</u>	<u>Original Loan Amount</u>	<u>Remaining Balance at Year-End</u>
Governmental Activities					
Installment Purchase Contract					
2006 Issue - Fire Truck	5/15/16	4.25%	\$ 13,971-20,399	\$ 336,569	\$ 322,889
2006 Issue - Fire Truck loan	6/1/05	3.95-5.20%	-	-	-
Business-type Activities					
Contracts Payable - Saginaw County					
1994 Issue - Water line extension	6/1/05-6/1/14	5.45-7.00%	20,000-70,000	935,000	480,000
1995 Issue - Water extension/Refund # 1	6/1/05-6/1/15	4.40-6.00%	10,000-35,000	450,000	260,000
1996 Issue - Dixie Highway extension	6/1/05-6/1/16	5.30-5.75%	30,000	575,000	300,000
1996 Issue - Sewer System Capacity	6/1/05-6/1/16	4.5-5.875%	15,000	300,000	150,000
1997 Issue - Sewer System Improvements	6/1/05-6/1/17	6.10-6.20%	5,000-15,000	175,000	115,000
Contracts Payable - Village of Birch Run					
2003 Issue - Sewer Force Main Refunding	9/1/05-9/1/11	1.45-3.90%	26,933-31,185	265,073	143,168
General Obligation Bonds					
1994 Issue - Judgment - Engineering fees	5/1/05-5/1/09	5.90-7.10%	20,000	300,000	40,000

BIRCH RUN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
<i>Installment Purchase Contract</i>					
2006 Issue - Fire Truck	\$ -	\$ 336,569	\$ (13,680)	\$ 322,889	\$ 28,239
<u>Business-type Activities</u>					
<i>Contracts Payable - Saginaw County</i>					
1994 Issue - Water line extension	\$ 530,000	\$ -	\$ (50,000)	\$ 480,000	\$ 55,000
1995 Issue - Water extension/Refund # 1	280,000	-	(20,000)	260,000	20,000
1996 Issue - Dixie Highway extension	330,000	-	(30,000)	300,000	30,000
1996 Issue - Sewer System Capacity	165,000	-	(15,000)	150,000	15,000
1997 Issue - Sewer System Improvements	125,000	-	(10,000)	115,000	10,000
	<u>1,430,000</u>	<u>-</u>	<u>(125,000)</u>	<u>1,305,000</u>	<u>130,000</u>
<i>Contracts Payable - Village of Birch Run</i>					
2003 Issue - Sewer Force Main Refunding	172,935	-	(29,767)	143,168	28,350
	<u>172,935</u>	<u>-</u>	<u>(29,767)</u>	<u>143,168</u>	<u>28,350</u>
<i>General Obligation Bonds</i>					
1994 Issue - Judgment - Engineering fees	60,000	-	(20,000)	40,000	-
	<u>60,000</u>	<u>-</u>	<u>(20,000)</u>	<u>40,000</u>	<u>-</u>
	<u>\$ 1,662,935</u>	<u>\$ -</u>	<u>\$ (174,767)</u>	<u>\$ 1,488,168</u>	<u>\$ 158,350</u>

Annual debt service requirements to maturity for the above contractual obligations are as follows:

Year Ended March 31,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2008	28,239	13,426	41,665	\$ 158,350	\$ 79,133	\$ 237,483
2009	29,452	12,213	41,665	173,350	71,791	245,141
2010	30,717	10,948	41,665	186,933	61,866	248,799
2011	32,037	9,628	41,665	168,350	52,028	220,378
2012	33,413	8,252	41,665	176,185	42,476	218,661
2013	34,848	6,817	41,665	155,000	32,870	187,870
2014	36,344	5,321	41,665	160,000	33,335	193,335
2015	37,906	3,759	41,665	160,000	13,616	173,616
2016	39,534	2,131	41,665	80,000	6,427	86,427
2017	20,399	433	20,832	55,000	2,515	57,515
2018	-	-	-	15,000	465	15,465
	<u>\$ 322,889</u>	<u>\$ 72,928</u>	<u>\$ 395,817</u>	<u>\$ 1,488,168</u>	<u>\$ 396,522</u>	<u>\$ 1,884,690</u>

BIRCH RUN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

NOTE 6: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of year end for the Township's governmental and business-type activities in the aggregate are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Receivables:		
Taxes	\$ 12,983	\$ -
Special assessments		
Due within one year	-	5,297
Due in more than one year	-	600,940
Accounts	75,959	123,665
Intergovernmental	<u>50,685</u>	<u>-</u>
 Total receivables	 <u>\$ 139,627</u>	 <u>\$ 729,902</u>
 Accounts payable and accrued expenses:		
Accounts	\$ 37,078	\$ 7,541
Interest	5,818	26,077
Intergovernmental	-	5,000
Deposits payable	<u>5,390</u>	<u>2,898</u>
 Total accounts payable and accrued expenses	 <u>\$ 48,286</u>	 <u>\$ 41,516</u>

NOTE 7: INTERFUND BALANCES

The composition of interfund receivable and payable balances at March 31, 2007 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Library Fund	\$ 1,014
General Fund	Library Debt	2,638
Water and Sewer System Fund	General Fund	<u>6,175</u>
		<u>\$ 9,827</u>

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

BIRCH RUN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

NOTE 8: INTERFUND TRANSFERS

Interfund transfers reported in the fund statements were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General Fund	Library Fund	\$ 55,000
Downtown Development Authority Fund	Water and Sewer Sytem Fund	<u>93,049</u>
	Total	<u>\$ 148,049</u>

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

NOTE 9: SPECIAL ASSESSMENTS RECEIVABLE

The Township has levied special assessments for the financing of water and sewer lines within the Township. These special assessments receivable balances as of March 31, 2007 are as follows:

ENTERPRISE FUNDS:

1989 Water Extension #2 - Birch Run	\$ 7,820
1989 Water Extension #2 - Frankenmuth	4,486
1994 Water Extension #3	267,135
1995 Water Extension #4	82,227
1996 Sewer Extension #2	134,999
1997 Sewer Extension - Dixie Highway	<u>109,570</u>
	<u>\$ 606,237</u>

NOTE 10: OTHER ASSET – ADDITIONAL PURCHASED CAPACITY

The Township entered into a contract with the Genesee Sewer System for the right to treat up to 30 million gallons of sewage monthly. (There is no expiration of this right and the Township did not acquire any tangible property.) The contract agreement cost was \$681,145.97. During the year ended March 31, 1991 the Township sold 50% of this right to the Village of Birch Run for \$340,573. The unamortized balance of \$340,573 is carried as an other asset of the Water and Sewer System Fund. The Township has not yet exercised their rights in connection with this contract.

BIRCH RUN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

NOTE 11: DEFERRED REVENUE IN GOVERNMENTAL FUNDS

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total Deferred Revenue</u>
Accounts receivable - tax lien	\$ 31,303	\$ -	\$ 31,303

Only the unearned component of deferred revenue is carried forward to the government-wide statement of net assets.

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, employee injuries (workers' compensation), and natural disasters.

The Township manages its workers compensation risk by purchasing commercial insurance and its liability and property risk by participating in the Michigan Township Participating Plan a public entity risk pool providing property and liability coverage to its participating members. The Township pays an annual premium for its workers compensation, property and liability insurance coverage. The Michigan Township Participating Plan is self-sustaining through member premiums. The Michigan Township Participating Plan provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage 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: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

The Township offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. Participation in the plan is optional.

Post Employment Benefits:

The Township has no post employment benefits other than the pension plan described above.

BIRCH RUN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

NOTE 14: FUND EQUITY

Specific reservations of fund equity include:

Reserved for prepaid expenditures – This reserve was created to indicate that the portion of fund balance represented by prepaid expenditures is not available for appropriation.

Reserved for debt service – This reserve was created to indicate that the portion of fund balance represented by debt service is not available for appropriation.

Reserved for nonexpendable cemetery principal – This reserve was created to indicate that portion of fund balance representing the nonexpendable principal portion required to be retained in perpetuity for cemetery care.

NOTE 15: DOWNTOWN DEVELOPMENT AUTHORITY AGREEMENTS

To the extent that future DDA captured tax revenues are available, the Township DDA has made agreements to be obligated to the Township Water and Sewer System Fund for repayment of the following debts:

1. \$575,000 Sanitary Sewer System Improvement Bonds issued by Saginaw County December 5, 1996. The balance due on these bonds at March 31, 2007 is \$300,000.
2. Contract Payable to Birch Run Village for 28.35% of the past and future payments due on the 1992, \$1.4 million, Village Sanitary Sewer System Bonds payable through Genesee County. These bonds were refunded in 2003. The balance due on these bonds at March 31, 2007 was \$143,168.
3. \$75,000 of the \$175,000 Sewer System Improvement Bonds issued by Saginaw County in May, 1997. The March 31, 2007 total balance of these bonds is \$115,000.
4. A pro-rata portion of the \$300,000 Judgment Bonds Payable. The amount is to be determined annually based on the DDA's use of the Township's sewer engineering plans. The balance due on this debt as of March 31, 2007 is \$40,000.

During the year ended March 31, 2007 the Downtown Development Authority transferred \$93,049 to the Water and Sewer System Fund in connection with these agreements.

REQUIRED SUPPLEMENTAL INFORMATION

BIRCH RUN TOWNSHIP

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Actual</i>
	<u>Original</u>	<u>Final</u>		<i>Over (Under)</i>
				<u>Final Budget</u>
Revenues:				
Property taxes	\$ 200,850	\$ 200,850	\$ 217,713	\$ 16,863
Licenses and permits	57,500	57,500	47,911	(9,589)
Federal grants	-	3,272	42,689	39,417
State grants	333,800	333,800	339,888	6,088
Charges for services	200,600	200,600	214,252	13,652
Fines and forfeits	500	500	1,077	577
Interest and rents	8,300	8,300	57,797	49,497
Other revenue	30,000	35,500	20,482	(15,018)
Total revenues	<u>831,550</u>	<u>840,322</u>	<u>941,809</u>	<u>101,487</u>
Expenditures:				
Current				
General government	263,000	271,410	271,040	(370)
Public safety	157,600	173,650	166,808	(6,842)
Public works	216,900	189,700	181,331	(8,369)
Community and economic development	16,400	19,330	19,032	(298)
Recreation	22,000	22,000	21,413	(587)
Capital outlay	49,500	396,054	395,639	(415)
Debt service				
Principal	-	13,680	13,680	-
Interest and fees	-	7,320	7,153	(167)
Total expenditures	<u>725,400</u>	<u>1,093,144</u>	<u>1,076,096</u>	<u>(17,048)</u>
Excess (deficiency) of revenues over expenditures	<u>106,150</u>	<u>(252,822)</u>	<u>(134,287)</u>	<u>118,535</u>
Other financing sources (uses):				
Proceeds from installment purchase contract	-	336,875	336,569	(306)
Transfers out	<u>(80,000)</u>	<u>(55,000)</u>	<u>(55,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(80,000)</u>	<u>281,875</u>	<u>281,569</u>	<u>(306)</u>
Net change in fund balance	26,150	29,053	147,282	118,229
Fund balance, beginning of year	<u>915,418</u>	<u>915,418</u>	<u>915,418</u>	<u>-</u>
Fund balance, end of year	<u>\$ 941,568</u>	<u>\$ 944,471</u>	<u>\$ 1,062,700</u>	<u>\$ 118,229</u>

OTHER SUPPLEMENTAL INFORMATION

BIRCH RUN TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF REVENUES

Year Ended March 31, 2007

Current Taxes:

Property taxes	\$ 147,387
Trailer tax	216
Penalties and interest on taxes	5,450
Administration fees	64,660
	<u>217,713</u>

Licenses and permits:

Business licenses and permits	10,010
Nonbusiness licenses and permits	37,901
	<u>47,911</u>

Federal grants:

Fire equipment	<u>42,689</u>
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State Grants:

Liquor license fees	3,342
State revenue sharing - sales tax	308,714
Metro Act	5,912
State contribution - election equipment	13,700
State property tax collection reimbursement	8,220
	<u>339,888</u>

Charges for services:

Refuse collection fees	179,920
Cemetery fees	18,270
Copies	135
Fire runs	6,535
Zoning/Variance/Appeals fees	9,285
Other	107
	<u>214,252</u>

Fines and forfeits:

Ordinance fines	1,077
	<u>1,077</u>

Interest and rents:

Interest	57,117
Rents	680
	<u>57,797</u>

Other Revenue:

Sale of fixed assets	5,500
Cemetery lots/perpetual care	9,300
Contributions and donations	38
Reimbursements	4,265
Refunds and rebates	1,136
Other	243
	<u>20,482</u>

Total revenues	<u>\$ 941,809</u>
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BIRCH RUN TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES

Year Ended March 31, 2007

General Government:

Board:

Personnel	\$	8,843
Fringe benefits		677
Supplies		320
Contracted services		1,758
Dues and memberships		3,648
Education and training		903
Printing and publications		975
		<u>17,124</u>

Supervisor:

Personnel		18,780
Fringe benefits		1,437
Supplies		143
Contracted services		339
Telephone		492
Mileage		438
Education and training		45
		<u>21,674</u>

Clerk:

Personnel		29,654
Fringe benefits		2,268
Supplies		2,696
Contracted services		2,207
Mileage		82
Dues and memberships		85
Education and training		40
		<u>37,032</u>

Audit/Accounting:

Contracted services		<u>10,560</u>
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Board of Review:

Personnel		980
Fringe benefits		75
Education and training		255
Printing and publications		252
		<u>1,562</u>

BIRCH RUN TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

Year Ended March 31, 2007

General Government (continued):

Treasurer:

Personnel	29,000
Fringe benefits	2,289
Supplies	693
Contracted services	10,348
Mileage	769
Dues and memberships	25
Education and training	328
Printing and publications	72
	<hr/>
	43,524

Assessor:

Supplies	1,780
Contracted services	36,653
	<hr/>
	38,433

Elections:

Supplies	2,796
Contracted services	7,805
Mileage	209
Printing and publications	714
Other	17
	<hr/>
	11,541

Hall and Grounds:

Supplies	2,432
Contracted services	8,894
Telephone	2,159
Insurance	14,528
Utilities	5,756
Repairs and maintenance	165
	<hr/>
	33,934

Attorney:

Contracted services	9,456
	<hr/>

Cemetery:

Personnel	800
Fringe benefits	61
Supplies	244
Contracted services	37,536
Utilities	628
Other	165
	<hr/>
	39,434

BIRCH RUN TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

Year Ended March 31, 2007

General Government (continued):

Watershed:

Contracted services 4,235

Other Governmental Services:

Contracted services 2,531

Total general government 271,040

Public Safety:

Police:

Contracted services 21,600

Liquor Enforcement:

Contracted services 3,372

Fire:

Personnel 29,650

Fringe benefits 2,268

Supplies 5,465

Contracted services 9,819

Telephone 1,701

Dues and memberships 1,057

Education and training 2,615

Insurance 13,914

Utilities 8,024

Repairs and maintenance 3,383

77,896

Building Inspection Department:

Personnel 53,290

Fringe benefits 4,006

Supplies 2,474

Contracted services 1,581

Telephone 1,098

Mileage 152

Education and training 880

Printing and publications 300

Other 159

63,940

Total public safety 166,808

BIRCH RUN TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

Year Ended March 31, 2007

Public Works:

Roads:

Contracted services 13,033

Street Lights:

Utilities 10,211

Refuse:

Contracted services 158,087

Total public works 181,331

Community and Economic Development:

Planning

Personnel 2,790

Fringe benefits 214

Supplies 136

Contracted services 2,571

Dues and memberships 60

Printing and publishing 656

6,427

Zoning

Personnel 10,830

Fringe benefits 829

Supplies 76

Contracted services 585

Education and training 45

Printing and publishing 240

12,605

Total community and economic development 19,032

Recreation:

Parks Department:

Supplies 166

Contracted services 20,229

Utilities 240

Other 778

21,413

Total recreation 21,413

BIRCH RUN TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

Year Ended March 31, 2007

Capital Outlay:

General government	17,125
Public safety	378,099
Recreation	<u>415</u>
Total capital outlay	<u>395,639</u>

Debt Service:

Principal	13,680
Interest and fees	<u>7,153</u>
	<u>20,833</u>
Total debt service	<u>20,833</u>

Total expenditures 1,076,096

Other Financing Uses:

Transfers to other funds	<u>55,000</u>
Total expenditures and other financing uses	<u>\$ 1,131,096</u>

BIRCH RUN TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2007

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Downtown Development Authority</u>	<u>Library</u>	<u>Library Debt</u>	<u>Cemetery Perpetual Care</u>	
Assets:					
Cash and cash equivalents	\$ 74,205	\$ 3,510	\$ 3,261	\$ 1,917	\$ 82,893
Taxes receivable	1,808	-	-	-	1,808
Accounts receivable	-	448	-	-	448
Total assets	<u>\$ 76,013</u>	<u>\$ 3,958</u>	<u>\$ 3,261</u>	<u>\$ 1,917</u>	<u>\$ 85,149</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ -	\$ 2,920	\$ -	\$ -	\$ 2,920
Due to other funds	-	1,014	2,638	-	3,652
Total liabilities	<u>-</u>	<u>3,934</u>	<u>2,638</u>	<u>-</u>	<u>6,572</u>
Fund balances:					
Reserved for:					
Debt service	-	-	623	-	623
Nonexpendable cemetery principal	-	-	-	1,917	1,917
Unreserved:					
Special revenue funds	<u>76,013</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>76,037</u>
Total fund balances	<u>76,013</u>	<u>24</u>	<u>623</u>	<u>1,917</u>	<u>78,577</u>
Total liabilities and fund balances	<u>\$ 76,013</u>	<u>\$ 3,958</u>	<u>\$ 3,261</u>	<u>\$ 1,917</u>	<u>\$ 85,149</u>

BIRCH RUN TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended March 31, 2007

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Downtown Development Library</u>	<u>Library</u>	<u>Library Debt</u>	<u>Cemetery Perpetual Care</u>	
Revenues:					
Property taxes	\$ 105,938	\$ -	\$ 192	\$ -	\$ 106,130
Licenses and permits	-	16,703	-	-	16,703
State grants	-	4,472	-	-	4,472
Contributions from other units	-	26,407	-	-	26,407
Charges for services	-	925	-	-	925
Fines and forfeits	-	1,468	-	-	1,468
Interest and rents	769	1,596	-	54	2,419
Other revenue	-	1,688	-	-	1,688
Total revenues	<u>106,707</u>	<u>53,259</u>	<u>192</u>	<u>54</u>	<u>160,212</u>
Expenditures:					
Current					
Community and economic development	5,073	-	-	-	5,073
Recreation and culture	-	106,439	-	-	106,439
Capital outlay	-	1,907	-	-	1,907
Total expenditures	<u>5,073</u>	<u>108,346</u>	<u>-</u>	<u>-</u>	<u>113,419</u>
Excess (deficiency) of revenues over expenditures	<u>101,634</u>	<u>(55,087)</u>	<u>192</u>	<u>54</u>	<u>46,793</u>
Other financing sources (uses):					
Transfers in	-	55,000	-	-	55,000
Transfers out	<u>(93,049)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93,049)</u>
Total other financing sources (uses)	<u>(93,049)</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>(38,049)</u>
Net change in fund balance	8,585	(87)	192	54	8,744
Fund balances, beginning of year	<u>67,428</u>	<u>111</u>	<u>431</u>	<u>1,863</u>	<u>69,833</u>
Fund balances, end of year	<u>\$ 76,013</u>	<u>\$ 24</u>	<u>\$ 623</u>	<u>\$ 1,917</u>	<u>\$ 78,577</u>

BIRCH RUN TOWNSHIP

FIDUCIARY FUNDS – AGENCY FUND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

March 31, 2007

	<u>April 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>March 31, 2007</u>
<u>CURRENT TAX COLLECTION</u>				
Assets:				
Cash and cash equivalents	\$ 29,227	\$ 6,282,722	\$ 6,272,838	\$ 39,111
Liabilities:				
Accounts payable	\$ 17,704	\$ 11,944	\$ -	\$ 29,648
Undistributed tax collections	11,523	6,270,778	6,272,838	9,463
	<u>\$ 29,227</u>	<u>\$ 6,282,722</u>	<u>\$ 6,272,838</u>	<u>\$ 39,111</u>

BIRCH RUN TOWNSHIP

GOVERNMENTAL FUNDS

SCHEDULE OF INDEBTEDNESS

March 31, 2007

DESCRIPTION: 2006 Installment Purchase Contract
PURPOSE OF ISSUE: Purchase of Fire Truck
AMOUNT OF ISSUE: \$336,569
INTEREST RATE: 4.25%

Fiscal Year Ended March 31,	Interest Rate	Principal	Interest	Total
2007	4.25%	\$ 28,239	\$ 13,426	\$ 41,665
2008		29,452	12,213	41,665
2009		30,717	10,948	41,665
2010		32,037	9,628	41,665
2011		33,413	8,252	41,665
2012		34,848	6,817	41,665
2013		36,344	5,321	41,665
2014		37,906	3,759	41,665
2015		39,534	2,131	41,665
2016		20,399	433	20,832
		<u>\$ 322,889</u>	<u>\$ 69,928</u>	<u>\$ 392,817</u>

BIRCH RUN TOWNSHIP

PROPRIETARY FUND

SCHEDULE OF INDEBTEDNESS - WATER EXTENSION #2

March 31, 2007

DESCRIPTION: 1994 Contract Payable – Saginaw County
PURPOSE OF ISSUE: To construct an extension to the water line
AMOUNT OF ISSUE: \$935,000
INTEREST RATES: 5.45% to 7.00%

Fiscal Year Ended March 31,	Interest Rate	Principal 6/1	Interest		Total
			6/1	12/1	
2008	6.00%	\$ 55,000	\$ 15,078	\$ 13,427	\$ 83,505
2009	6.10%	50,000	13,427	11,903	75,330
2010	6.20%	55,000	11,903	10,197	77,100
2011	6.30%	55,000	10,197	8,465	73,662
2012	6.35%	60,000	8,465	6,560	75,025
2013	6.40%	65,000	6,560	4,480	76,040
2014	6.40%	70,000	4,480	2,240	76,720
2015	6.40%	70,000	2,240	-	72,240
		<u>\$ 480,000</u>	<u>\$ 72,350</u>	<u>\$ 57,272</u>	<u>\$ 609,622</u>

BIRCH RUN TOWNSHIP

PROPRIETARY FUND

SCHEDULE OF INDEBTEDNESS - WATER SUPPLY SYSTEM AND WATER EXTENSION #3

March 31, 2007

DESCRIPTION: 1995 Contract Payable – Saginaw County
PURPOSE OF ISSUE: To construct an extension to the water line and refund #1 extension bonds.
AMOUNT OF ISSUE: \$450,000
INTEREST RATES: 4.4% to 6.00%

Fiscal Year Ended March 31,	Interest Rate	Principal 6/1	Interest		Total
			6/1	12/1	
2008	5.40%	\$ 20,000	\$ 7,538	\$ 6,997	\$ 34,535
2009	5.50%	20,000	6,998	6,447	33,445
2010	5.60%	30,000	6,448	5,607	42,055
2011	5.70%	30,000	5,608	4,752	40,360
2012	5.80%	30,000	4,753	3,882	38,635
2013	5.90%	35,000	3,883	2,850	41,733
2014	6.00%	35,000	2,850	1,800	39,650
2015	6.00%	35,000	1,800	750	37,550
2016	6.00%	25,000	750	-	25,750
		<u>\$ 260,000</u>	<u>\$ 40,628</u>	<u>\$ 33,085</u>	<u>\$ 333,713</u>

BIRCH RUN TOWNSHIP

PROPRIETARY FUND

SCHEDULE OF INDEBTEDNESS - SANITARY SEWER SYSTEM IMPROVEMENTS

March 31, 2007

DESCRIPTION: 1996 Contract Payable – Saginaw County
PURPOSE OF ISSUE: To construct Dixie Highway Extension
AMOUNT OF ISSUE: \$575,000
INTEREST RATES: 5.30% to 5.75%

Fiscal Year Ended March 31,	Interest Rate	Principal 6/1	Interest		Total
			6/1	12/1	
2008	5.45%	\$ 30,000	\$ 8,385	\$ 7,568	\$ 45,953
2009	5.45%	30,000	7,567	6,750	44,317
2010	5.50%	30,000	6,750	5,925	42,675
2011	5.50%	30,000	5,925	5,100	41,025
2012	5.60%	30,000	5,100	4,260	39,360
2013	5.65%	30,000	4,260	3,412	37,672
2014	5.65%	30,000	3,413	2,565	35,978
2015	5.65%	30,000	2,565	1,718	34,283
2016	5.70%	30,000	1,717	863	32,580
2017	5.75%	30,000	862	-	30,862
		<u>\$ 300,000</u>	<u>\$ 46,544</u>	<u>\$ 38,161</u>	<u>\$ 384,705</u>

BIRCH RUN TOWNSHIP

PROPRIETARY FUND

SCHEDULE OF INDEBTEDNESS - SANITARY SEWER SYSTEM CAPACITY

March 31, 2007

DESCRIPTION: 1996 Contract Payable – Saginaw County
PURPOSE OF ISSUE: To pay off contract to Genesee County for sewer system capacity.
AMOUNT OF ISSUE: \$300,000
INTEREST RATES: 4.5% to 5.875%

Fiscal Year Ended March 31,	Interest Rate	Principal 6/1	Interest		Total
			6/1	12/1	
2008	4.90%	\$ 15,000	\$ 3,968	\$ 3,600	\$ 22,568
2009	5.00%	15,000	3,600	3,225	21,825
2010	5.10%	15,000	3,225	2,842	21,067
2011	5.20%	15,000	2,843	2,452	20,295
2012	5.30%	15,000	2,453	2,055	19,508
2013	5.40%	15,000	2,055	1,650	18,705
2014	5.50%	15,000	1,650	1,237	17,887
2015	5.50%	15,000	1,238	825	17,063
2016	5.50%	15,000	825	412	16,237
2017	5.50%	15,000	413	-	15,413
		<u>\$ 150,000</u>	<u>\$ 22,270</u>	<u>\$ 18,298</u>	<u>\$ 190,568</u>

BIRCH RUN TOWNSHIP

PROPRIETARY FUND

SCHEDULE OF INDEBTEDNESS - SEWER SYSTEM

March 31, 2007

DESCRIPTION: 1997 Contract Payable – Saginaw County
PURPOSE OF ISSUE: Sewer System Improvements
AMOUNT OF ISSUE: \$175,000
INTEREST RATES: 6.10% to 6.20%

Fiscal Year Ended March 31,	Interest Rate	Principal 6/1	Interest		Total
			6/1	12/1	
2008	6.15%	\$ 10,000	\$ 3,558	\$ 3,250	\$ 16,808
2009	6.15%	10,000	3,250	2,943	16,193
2010	6.15%	10,000	2,943	2,635	15,578
2011	6.20%	10,000	2,635	2,325	14,960
2012	6.20%	10,000	2,325	2,015	14,340
2013	6.20%	10,000	2,015	1,705	13,720
2014	6.20%	10,000	1,705	1,395	13,100
2015	6.20%	10,000	1,395	1,085	12,480
2016	6.20%	10,000	1,085	775	11,860
2017	6.20%	10,000	775	465	11,240
2018	6.20%	15,000	465	-	15,465
		<u>\$ 115,000</u>	<u>\$ 22,151</u>	<u>\$ 18,593</u>	<u>\$ 155,744</u>

BIRCH RUN TOWNSHIP

PROPRIETARY FUND

SCHEDULE OF INDEBTEDNESS - SEWER LINE

March 31, 2007

DESCRIPTION: 2003 Contract Payable – Village of Birch Run
PURPOSE OF ISSUE: Purchase 28.35% Share in Sewer Force Main from Village
AMOUNT OF ISSUE: \$265,073
INTEREST RATES: 1.45% to 3.9%

Fiscal Year Ended March 31,	Interest Rate	Principal 9/1	Interest		Total
			9/1	3/1	
2008	2.60%	\$ 28,350	\$ 2,356	\$ 1,988	\$ 32,694
2009	3.00%	28,350	1,988	1,563	31,901
2010	3.30%	26,933	1,563	1,118	29,614
2011	3.60%	28,350	1,118	608	30,076
2012	3.90%	31,185	608	-	31,793
		<u>\$ 143,168</u>	<u>\$ 7,633</u>	<u>\$ 5,277</u>	<u>\$ 156,078</u>

BIRCH RUN TOWNSHIP

PROPRIETARY FUND

SCHEDULE OF INDEBTEDNESS - JUDGMENT BONDS

March 31, 2007

DESCRIPTION: 1994 General Obligation Bond
PURPOSE OF ISSUE: Payment of Judgment - Wade Trim/Edmands
AMOUNT OF ISSUE: \$300,000
INTEREST RATES: 5.90% to 7.10%

Fiscal Year Ended March 31,	Interest Rate	Principal 5/1	Interest		Total
			5/1	11/1	
2008	7.00%	\$ -	\$ -	\$ 1,420	\$ 1,420
2009	7.10%	20,000	1,420	710	22,130
2010	7.10%	20,000	710	-	20,710
		<u>\$ 40,000</u>	<u>\$ 2,130</u>	<u>\$ 2,130</u>	<u>\$ 44,260</u>