

NORTHWEST UTILITIES AUTHORITY

Saginaw County, Michigan

FINANCIAL STATEMENTS

JUNE 30, 2007

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 checked="" type="checkbox"/> Other		Local Unit Name Northwest Utilities Authority	County Saginaw
Fiscal Year End June 30, 2007	Opinion Date October 24, 2007	Date Audit Report Submitted to State December 28, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

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

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Francis H. McKenna, CPA	Telephone Number 989-791-2110		
Street Address 300 St. Andrews Rd., Ste 402	City Saginaw	State MI	Zip 48638
Authorizing CPA Signature 	Printed Name Francis H. McKenna, CPA	License Number 1101006949	

NORTHWEST UTILITIES AUTHORITY

at June 30, 2007

CITY OF ZILWAUKEE

JAMES L. COLLISON

CARROLLTON TOWNSHIP

MARK PILKINGTON

SAGINAW CHARTER TOWNSHIP

HERB GRUNWELL

KOCHVILLE TOWNSHIP

DALE KLEIN

SAGINAW COUNTY

JAMES KOSKI

NORTHWEST UTILITIES AUTHORITY

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FRANCIS H. MCKENNA
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

October 24, 2007

To the Chairman and Members of the
Northwest Utilities Authority
319 Tittabawassee Road
Saginaw, Michigan 48604-1263

I have audited the accompanying basic financial statements of the *Northwest Utilities Authority*, Saginaw County, Michigan as of and for the year ended June 30, 2006 and 2007 as listed in the table of contents. These financial statements are the responsibility of the *Northwest Utilities Authority's* management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the *Northwest Utilities Authority*, Saginaw County, Michigan at **June 30, 2007 and 2006**, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The *Northwest Utilities Authority* has not presented a management's discussion and analysis, which would be an analysis of the financial performance for the fiscal years. The Governmental Accounting Standards Board has determined that the management's discussion and analysis is necessary to supplement, although is not required to be a part of, the basic financial statements.

My audit was made for the purpose of forming an opinion on the financial statements that comprise the *Northwest Utilities Authority's* basic financial statements. The accompanying other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



FRANCIS H. MCKENNA
Certified Public Accountant

NORTHWEST UTILITIES AUTHORITY

Statement of Net Assets

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS:		
Cash and cash equivalents	\$ 605,372	\$ 422,997
Due from Municipalities:		
City of Zilwaukee	17,306	14,566
Carrollton Township	44,561	42,601
Saginaw Charter Township	71,485	76,720
Kochville Township	<u>22,648</u>	<u>22,113</u>
	156,000	156,000
Accrued interest receivable	0	0
Prepaid insurance	2,575	2,567
Capital assets (net of accumulated depreciation):		
Land	66,821	66,821
Buildings	379,903	379,903
Office equipment	2,997	2,997
Equipment, misc	840,837	840,837
Equipment, pump stations	2,233,994	2,233,994
Force mains, sanitary sewer	<u>2,687,513</u>	<u>2,296,780</u>
	6,212,065	5,821,332
Less accumulated depreciation	<u>(2,383,408)</u>	<u>(2,187,743)</u>
	3,828,657	3,633,589
Total Assets	4,592,604	4,215,153
LIABILITIES:		
Accounts payable and other current liabilities	84,809	79,797
Accrued bond interest payable	17,513	19,199
Noncurrent liabilities:		
Due within one year	225,000	220,000
Due in more than one year	<u>2,110,000</u>	<u>2,335,000</u>
Total Liabilities	<u>2,437,322</u>	<u>2,653,996</u>
NET ASSETS:		
Invested in capital assets, net of related debt	1,735,490	1,735,490
Restricted for:		
Debt service	130,025	129,972
Unrestricted (deficit)	<u>289,767</u>	<u>(304,305)</u>
Total Net Assets	<u>\$ 2,155,282</u>	<u>\$ 1,561,157</u>

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Assets

For the Fiscal Year ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Charges for services:		
City of Zilwaukee	\$ 152,179	\$ 136,691
Carrollton Township	464,891	462,458
Saginaw Charter Township	763,941	737,589
Kochville Township	<u>214,989</u>	<u>197,262</u>
Total operating revenues	1,596,000	1,534,000
Operating expenses:		
Administrative	\$ 17,080	\$ 17,978
Operation and maintenance	677,426	854,367
Depreciation	<u>195,665</u>	<u>194,928</u>
Total operating expenses	<u>890,171</u>	<u>1,067,273</u>
Operating income	705,829	466,727
Nonoperating revenues (expenses):		
Rental income	300	300
Interest earnings	3,224	2,869
Interest expense & paying agent expenses	<u>(115,228)</u>	<u>(126,052)</u>
Total Nonoperating revenue (expenses)	<u>(111,704)</u>	<u>(122,883)</u>
Changes in net assets	594,125	343,844
Total Net Assets, Beginning of Fiscal Year	<u>1,561,157</u>	<u>1,217,313</u>
Total Net Assets, End of Fiscal Year	<u>\$ 2,155,282</u>	<u>\$ 1,561,157</u>

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

Statement of Cash Flows

For the Fiscal Year ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 1,596,000	\$ 1,503,000
Payments to City of Saginaw, waste water treatment	(594,368)	(825,000)
Payments to suppliers	(95,134)	(45,482)
Net cash provided by operating activities	\$ 906,498	\$ 632,518
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(390,733)	(57,945)
Principal paid on operating debt to City of Saginaw	-	(86,310)
Principal paid on capital debt	(220,000)	(210,000)
Interest paid on capital debt	(115,195)	(126,745)
Capital debt paying agent & administration fees	(1,719)	(1,227)
Net cash proved (used) by capital and related financing activities	(727,647)	(482,227)
Cash Flows from Investing Activities:		
Rents received	300	300
Interest received	3,224	2,869
Net cash provided by investing activities	3,524	3,169
Net increase (decrease) in cash and cash equivalents	182,375	153,460
Cash and cash equivalents, Beginning of Fiscal Year	422,997	269,537
Cash and cash equivalents, End of Fiscal Year	<u>\$ 605,372</u>	<u>\$ 422,997</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (page 2)	\$ 705,829	\$ 466,727
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	\$ 195,665	\$ 194,928
(Increase) decrease in Due from Municipalities	-	(31,000)
(Increase) decrease in accrued interest receivable	-	-
(Increase) decrease in prepaid insurance	(8)	39
Increase (decrease) in accounts payable	5,012	1,824
Increase in accounts payable to City of Saginaw	-	-
Total adjustments	200,669	165,791
Net cash provided by operating activities, as above	<u>\$ 906,498</u>	<u>\$ 632,518</u>

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Northwest Utilities Authority (the "Authority") conform to accounting principles as applicable to Enterprise Funds of governmental units. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in these financial statements. The following is a summary of the significant accounting policies used by the Authority.

ORGANIZATION:

The financial data contained in this report includes all activities for which the Northwest Utilities Authority, a municipal joint venture, has oversight responsibility. A five member Board administers the Authority, one person from each constituent municipality and County.

On August 3, 1987, the City of Zilwaukee, Township of Carrollton, Charter Township of Saginaw and Township of Kochville created the "Northwest Utilities Authority". The purpose of this "Authority" is to acquire, own, improve, enlarge, extend and operate a sewage disposal system in accordance with State Act 233, PA 1955, as amended, (from the point of the last pumping station owned by member municipalities).

On July 1, 1989, the Northwest Utilities Authority replaced the "Zilwaukee City, Carrollton Township and Saginaw Township Sewage Disposal System" as operators of the then existing waste water treatment plant servicing the sanitary sewer systems of the City of Zilwaukee, Carrollton Township, Kochville Township and the northeast portion of Saginaw Charter Township. In addition, the member municipalities transferred to the Authority assets of their sewer system (waste water treatment plant and sewer force mains) from the point of the last pumping station owned by the respective member municipalities.

On May 18, 1990, under Act 185, PA 1957, the City of Zilwaukee, the Township of Carrollton, the Township of Kochville, the Charter Township of Saginaw and the Northwest Utilities Authority entered into a contract with the County of Saginaw providing for the bonding for the construction of a sewage transmission system to the City of Saginaw's waste water treatment plant. During October 1991, construction was completed and the sewer flow was diverted to the City of Saginaw waste water treatment plant. The employees of the Authority were also transferred to the City of Saginaw. During fiscal year 1991-92, use of the Zilwaukee sanitary sewer disposal plant had been terminated. Demolition of that plant had been completed in 1995.

The sanitary sewer systems, which provide flow to the City of Saginaw plant, are located in, owned by, and operated separately by the City of Zilwaukee, Carrollton Township, Saginaw Charter Township and Kochville Township. [Located within Saginaw County, Michigan.]

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

The accompanying basic financial statements of the Authority are presented as an enterprise/proprietary fund type. An enterprise fund is used to report any governmental activity for which a fee is charged to external users for goods or services. Operating revenue represents fees charged to the constituent municipalities.

The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS -- continued

June 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed to the extent that those standards do not conflict with or contradict the standards of the Governmental Accounting Standards Board. In accordance with GASB Statement No. 20, the Authority has elected not to follow subsequent private-sector standards.

The financial activities of the Northwest Utilities Authority are further recorded in separate sub-fund accounts for monthly billing purposes and are reported in the "supplementary financial section". The Authority's individual sub-fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority 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, including bond interest expense, are recorded only when payment is due.

Charges to constituent municipalities and interest earnings associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Authority.

These sub-fund accounts of the Northwest Utilities Authority are described as follows:

- *OPERATION AND MAINTENANCE FUND:*

Transactions relating to the operations and maintenance of the wastewater transmission / force mains lines, pump stations and service charges to the participating local governmental units are recorded in this fund. The operating and maintenance expenses are pro-rated monthly among the City and Townships based on the average of the past three years metered flow readings. This average is adjusted each January.

- *CAPITAL IMPROVEMENT FUND (Repair and Maintenance):*

Transactions related to the major repair and improvement to the force mains and related pump stations are recorded in this fund, including payments on installment purchase agreements related to such improvements. Effective July 1, 1993, a monthly service charge is prorated among the participating governmental units based on the average of the past three years metered flow readings. This average is adjusted each January.

- *DEBT SERVICE FUND:*

The debt service fund account is used to account for the accumulation of resources from the City of Zilwaukee, Carrollton Township, Kochville Township, and Saginaw Charter Township, and the related semi-annual transfer to Saginaw County for bond principal and interest payments on the County's 1997 Northwest Utilities Sewer Improvements Project and Refunding Bonds (General Obligation Limited Tax).

The Authority bills the City of Zilwaukee and the three Townships monthly, an amount allocated on the pro-rata share of the average of the past three years of metered flow readings. The first \$28,000 portion is specifically allocated for debt service on the Saginaw County bond issue. Next, the monthly paid expenses of the Operation & Maintenance Fund are met. The Capital Improvement Fund (repair and replacement) is allocated the remainder portion, if any.

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS -- continued

June 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY:

- *Cash Equivalents and Investments:*

The organization's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

State statutes authorize the Authority to invest in U.S. government obligations, certificates of deposits, commercial paper, repurchase agreements, bankers acceptances, and with some restrictions, mutual funds. An Attorney General's opinion states that public funds may not be deposited in financial institutions located in states other than Michigan.

All investments, if any, are stated at cost or amortized cost and are made in accordance with P.A. 217, 1982 of the State of Michigan.

- *Receivables and payables:*

Activity between funds that are representative of non-transferred monthly billing allocation outstanding at the end of the fiscal year are referred to as "due to/from other funds". "Receivables from municipalities" represent current billings receivable.

- *Prepaid items:*

Insurance payments reflecting costs applicable to future accounting periods are recorded as prepaid items in the basic financial statements. The individual sub-fund statements normally do not divide expenditures between fiscal years by the recording of prepaid expenses. Payments for inventorial types of supplies are not significant and are expensed at the time of purchase.

- *Capital Assets:*

Capital assets, include property, pump stations, equipment, and force mains, are reported in the "Net Asset" (basic) financial statement. Within the supplementary financial section, capital assets are not capitalized in the individual funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in the individual fund statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance, repairs and replacements that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS -- continued

June 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property, buildings, equipment and force mains are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50 - 100
Force mains	75
Equipment, pump stations	20
Office equipment	5
Computer equipment	5
Other equipment	10 - 50

- *Comparative Data:*

Comparative total data for the prior fiscal year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Authority's financial position and operations. Also, certain amounts presented in prior year data have been reclassified in order to be consistent with current year's presentation.

NOTE 2: CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Authority to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Authority is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature 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 which are legal for direct investment by local units of government in Michigan.

The Authority's Board has designated Citizens Bank for the deposit of the Authority's funds. The investment policy adopted by the board, in accordance with Public Act 196 of 1997, has authorized investments bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

Deposits are carried at cost. The bank carrying value of deposits held by the respective depository accounts equates to the Authority's value of \$ 605,372. Approximately \$100,000 was covered by federal depository insurance and \$ 505,372 was uninsured and uncollateralized at June 30, 2007. Michigan statutes do not require uninsured deposits to be collateralized.

The credit risk of deposits and investments held by the Authority are classified as Category 1 – Insured or collateralized by the Authority or by its agent in the Authority's name. The deposits are summarized as follows:

Demand accounts – money market/checking	\$ 455,372
Certificates of deposits	<u>150,000</u>
	<u>\$ 605,372</u>

The Authority had no category 2 or 3 risk classifications or investments other than the cash deposits mentioned above.

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS -- continued

June 30, 2007

NOTE 3: RECEIVABLES FROM MUNICIPALITIES

The receivables from municipalities are based upon monthly billings as follows:

Advance payments – November 10, 2001:		
City of Zilwaukee	\$ (9,427.53)	
Carrollton Township	(33,900.69)	
Saginaw Charter Township	(53,220.82)	
Kochville Township	(13,450.96)	
		\$ (110,000.00)
Billing period 6/07/07 (May expenses)(Invoiced 07/01/07):		
City of Zilwaukee	13,366.50	
Carrollton Township	39,231.01	
Saginaw Charter Township	62,353.06	
Kochville Township	18,049.43	
		133,000.00
Billing period 7/07/07 (June expenses)(Invoiced 08/01/07):		
City of Zilwaukee	13,366.50	
Carrollton Township	39,231.01	
Saginaw Charter Township	62,353.06	
Kochville Township	18,049.43	
		133,000.00
Total Due from Municipalities		<u>\$ 156,000.00</u>
Recap:		
City of Zilwaukee	\$ 17,305.47	
Carrollton Township	44,561.33	
Saginaw Charter Township	71,485.30	
Kochville Township	22,647.90	
		<u>\$ 156,000.00</u>

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS -- continued

June 30, 2007

NOTE 4: RISK MANAGEMENT

The Authority is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to the public; and natural disasters. The Authority manages its liability and property risk by participating in the Michigan Township Participating Plan. This insurance provider is organized under Public Act 138 of 1982, as amended. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 5: USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 6: LONG-TERM DEBT:

The following is a summary of long-term debt transactions of the Northwest Utilities Authority for the fiscal year ended June 30, 2007:

	Balance July 1, 2 0 0 6	(Revision) (Adjustment)	(Payments)	Balance June 30, 2 0 0 7
\$3,690,000 Saginaw County Northwest Utilities Sewer Improvements Project and Refunding Bonds (General Obligation Limited Tax), dated December 18, 1997; due in annual installments of \$220,000 to \$290,000 from May 1, 2007 through May 1, 2016; interest Ranging 4.5% to 5.5%.	2,555,000	-	(220,000)	2,335,000
TOTAL LONG-TERM DEBT	<u>\$ 2,555,000</u>	<u>\$ -</u>	<u>\$ (220,000)</u>	<u>\$ 2,335,000</u>

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS -- continued

June 30, 2007

NOTE 6: LONG-TERM DEBT – 1997 Sewer Improvement and Refunding Bonds:

The detailed future principal & interest requirements of the 1997 Sewer Improvement and Refunding Bonds are as follows:

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Total Payment</u>	<u>Fiscal Year Total</u>
11/01/07			52,537.50	52,537.50	
05/01/08	225,000.00	4.50%	52,537.50	277,537.50	330,075.00
11/01/08			47,475.00	47,475.00	
05/01/09	235,000.00	4.50%	47,475.00	282,475.00	329,950.00
11/01/09			42,187.50	42,187.50	
05/01/10	240,000.00	4.50%	42,187.50	282,187.50	324,375.00
11/01/10			36,787.50	36,787.50	
05/01/11	250,000.00	4.50%	36,787.50	286,787.50	323,575.00
11/01/11			31,162.50	31,162.50	
05/01/12	260,000.00	4.50%	31,162.50	291,162.50	322,325.00
11/01/12			25,312.50	25,312.50	
05/01/13	270,000.00	4.50%	25,312.50	295,312.50	320,625.00
11/01/13			19,237.50	19,237.50	
05/01/14	280,000.00	4.50%	19,237.50	299,237.50	318,475.00
11/01/14			12,937.50	12,937.50	
05/01/15	285,000.00	4.50%	12,937.50	297,937.50	310,875.00
11/01/15			6,525.00	6,525.00	
05/01/16	290,000.00	4.50%	6,525.00	296,525.00	303,050.00
	<u>\$ 2,335,000.00</u>		<u>\$ 548,325.00</u>	<u>\$ 2,883,325.00</u>	<u>\$ 2,883,325.00</u>

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE 7: ANALYSIS OF FISCAL YEAR 2006-07 CHARGES TO MUNICIPALITIES:
(Includes the 8/07/2006 through the 7/07/2007 billing dates)

<u>MONTHLY BILLING (#)</u>	<u>TOTAL CHARGES INVOICED FY 2006/07</u>	<u>OPERATION & MAINT FD Revenue FYE 6/07 (Page 16)</u>	<u>CAPITAL IMPROVEMENT FUND (Page 19)</u>	<u>DEBT SERVICE FUND (Page 21)</u>
City of Zilwaukee:	\$ 152,178.60 =	\$ 64,771.06	\$ 55,369.94	\$ 32,037.60
Carrollton Township:	464,890.86 =	201,209.06	165,810.04	97,871.76
Saginaw Charter Twp:	763,941.36 =	335,047.26	268,064.34	160,829.76
Kochville Township	<u>214,989.18 =</u>	<u>93,243.10</u>	<u>76,485.20</u>	<u>45,260.88</u>
TOTALS	<u>\$ 1,596,000.00</u>	<u>\$ 694,270.48</u>	<u>\$ 565,729.52</u>	<u>\$ 336,000.00</u>

A detail of the monthly billings is presented on the last pages in the supplementary information section (Page 25).

(#) = Monthly allocation percentages used are as follows:

	<u>Calendar Year 2006</u>	<u>Calendar Year 2007</u>	<u>Calendar Year 2008</u>
City of Zilwaukee	9.02%	10.050%	11.514%
Carrollton Township	28.76	29.497	30.028
Saginaw Charter Township	48.85	46.882	44.835
Kochville Township	<u>13.37</u>	<u>13.571</u>	<u>13.623</u>
	<u>100.00%</u>	<u>100.000%</u>	<u>100.000%</u>

SUPPLEMENTARY
FINANCIAL
DATA

NORTHWEST UTILITIES AUTHORITY

Combining Balance Sheet

June 30, 2007

	OPERATION AND MAINTENANCE FUND	CAPITAL IMPROVEMENT FUND	DEBT SERVICE FUND	CAPITAL ASSETS	LONG-TERM DEBT	ADJUSTMENTS	TOTAL (Page 1)
Assets:							
Cash and cash equivalents	\$ 187,011	\$ 343,965	\$ 74,396	\$ -	\$ -	-	\$ 605,372
Due from Municipalities	156,000	-	-	-	-	-	156,000
Due from Operation and Maintenance Fund	-	59,208	56,000	-	-	(115,208)	-
Prepaid insurance	-	-	-	-	-	2,575 A	2,575
Capital assets (net of accumulated depreciation)	-	-	-	3,828,657	-	-	3,828,657
Total Assets	<u>\$343,011</u>	<u>\$ 403,173</u>	<u>\$ 130,396</u>	<u>\$ 3,828,657</u>	<u>\$ -</u>	<u>\$ (112,633)</u>	<u>\$ 4,592,604</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable	\$ 77,858	\$ 6,580	\$ 371	\$ -	\$ -	\$ -	\$ 84,809
Due to other funds	115,208	-	-	-	-	(115,208)	-
Accrued bond interest payable	-	-	-	-	-	17,513 B	17,513
Noncurrent liabilities	-	-	-	-	2,335,000	-	2,335,000
Total Liabilities	<u>193,066</u>	<u>6,580</u>	<u>371</u>	<u>-</u>	<u>2,355,000</u>	<u>(97,695)</u>	<u>2,437,322</u>
Fund Balance:							
Invested in capital assets, net of related debt	-	-	-	5,425,490	(3,690,000)	-	1,735,490
Restricted for debt service	-	-	130,025	-	-	-	130,025
Unrestricted	149,945	396,593	-	(1,596,833)	1,355,000	(14,938)	289,767
Total Fund Balance / Net Assets	<u>149,945</u>	<u>396,593</u>	<u>130,025</u>	<u>3,828,657</u>	<u>(2,355,000)</u>	<u>(14,938)</u>	<u>2,155,282</u>
Total Liabilities and Fund Balances	<u>\$ 343,011</u>	<u>\$ 403,173</u>	<u>\$ 130,396</u>	<u>\$ 3,828,657</u>	<u>\$ -</u>	<u>\$ (112,633)</u>	<u>\$ 4,592,604</u>

Adjustments:

A = Prepaid insurance are not financial resources and is not reported in the O & M fund.

B = Bond interest not due and payable in the current period has not been reported in the funds.

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances For the Fiscal Year Ended June 30, 2007

	OPERATION AND MAINTENANCE FUND	CAPITAL IMPROVEMENT FUND	DEBT SERVICE FUND	CAPITAL ASSETS	LONG-TERM DEBT	ADJUSTMENTS	TOTAL (Page 2)
Revenues:							
Service charge	\$ 694,270	\$ 565,730	\$ 336,000	\$ -	\$ -	\$ -	\$ 1,596,000
Interest earned	1,079	1,173	972	-	-	-	3,224
Rents	300	-	-	-	-	-	300
Total revenue	695,649	566,903	336,972	-	-	-	1,599,524
Expenses:							
Administration	17,029	46	5	-	-	-	17,080
Operation, maintenance & replacements	652,625	24,809	-	-	-	(8) E	677,426
Depreciation	-	-	-	195,665	-	-	195,665
Capital outlay	-	390,733	-	(390,733) C	-	-	-
Debt service	-	-	336,914	-	(220,000) D	(1,686) F	115,228
Total expenses	669,654	415,588	336,919	(195,068)	(220,000)	(1,694)	1,005,399
Excess (deficiency) of revenues over (under) expenses	25,995	151,315	53	195,068	220,000	1,694	594,125
Fund Balance / Net Assets, July 1, 2006	123,950	245,278	129,972	3,633,589	(2,555,000)	(16,632)	1,561,157
Fund Balance / Net Assets, June 30, 2007	\$ 149,945	\$ 396,593	\$ 130,025	\$ 3,828,657	\$ (2,335,000)	\$ (14,938)	\$ 2,155,282

Adjustments:

C = Capital acquisitions expensed by the Capital Improvement Fund are reclassified as “capital assets” to be depreciated over their estimated useful lives.

D = Principal payments on long-term debt are not deemed to be a current expense, but a reduction of long-term debt, having no effect on net assets.

E = Decrease in the amount of prepaid insurance paid from financial resources in current year, to be applied/expensed in future fiscal years.

F = Decrease in the amount of unpaid bond interest applicable to the current fiscal year.

The accompanying notes are an integral part of these financial statements.
See independent auditor’s report.

NORTHWEST UTILITIES AUTHORITY

OPERATION AND MAINTENANCE FUND

BALANCE SHEET

<u>ASSETS</u>	JUNE 30,	
	2 0 0 7	2 0 0 6
Cash, checking	\$187,011	\$102,053
Due from municipalities:		
City of Zilwaukee	\$ 17,306	\$ 14,566
Carrollton Township	44,561	42,601
Saginaw Charter Township	71,485	76,720
Kochville Township	22,648	22,113
	156,000	156,000
<u>TOTAL ASSETS</u>	\$ 343,011	\$ 258,053
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts payable	\$ 2,858	\$ 4,146
Accounts payable – due to City of Saginaw	75,000	75,000
Due to Capital Fund	59,208	26,957
Due to Debt Service Fund	56,000	28,000
	193,066	134,103
FUND BALANCE:		
Balance, beginning of year	\$ 123,950	\$ 125,000
Add: Excess of Revenue over Expenditures	25,995	(1,050)
Balance , end of fiscal year	149,945	123,950
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	\$ 343,011	\$ 258,053

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

OPERATION AND MAINTENANCE FUND

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(with comparable totals for the fiscal year ended June 30, 2006)

REVENUE:	2006 -- 2007				TOTALS (Memorandum Only)	
	1 st six months		2 nd six months		2007	2006
	Percent	Amount	Percent	Amount		
Service charges:						
City of Zilwaukee	9.02%	\$ 43,814	10.050%	\$ 20,957	\$ 64,771	\$ 75,479
Carrollton Township	28.76	139,699	29.497	61,510	201,209	259,695
Saginaw Charter Twp	48.85	237,284	46.882	97,763	335,047	423,113
Kochville Township	13.37	64,943	13.571	28,300	93,243	112,861
	<u>100.00%</u>	<u>\$ 485,740</u>	<u>100.000%</u>	<u>\$ 208,530</u>	694,270	871,148
Service charges (debt service):						
City of Zilwaukee					-	11,015
Carrollton Township					-	31,614
Saginaw Charter Twp					-	34,258
Kochville Township					-	9,423
					694,270	957,458
Interest earned					1,079	1,043
Rents					300	300
					695,649	958,801
TOTAL REVENUE					695,649	958,801
EXPENDITURES (Page 17)					669,654	959,851
Excess (Deficiency) Of Revenue Over Expenditures					25,995	(1,050)
Other Financing Sources (Uses):						
Transfer from Capital Fund					-	-
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES					25,995	(1,050)
FUND BALANCE, Beginning Of Fiscal Year					123,950	125,000
FUND BALANCE, End Of Fiscal Year					\$ 149,945	\$ 123,950

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

OPERATION AND MAINTENANCE FUND

STATEMENT OF APPROPRIATIONS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(with comparable totals for the fiscal year ended June 30,2006)

	2007		VARIANCE FAVORABLE (UNFAVORABLE)	2006
	ORIGINAL BUDGET	ACTUAL		ACTUAL
ADMINISTRATION:				
Salaries and wages:				
Clerical	\$ 1,800	\$ 1,800	\$	\$ 1,800
Administrator	1,800	1,800		1,800
Treasurer	6,600	6,600		6,600
Office supplies	400	72		136
Audit	3,900	3,446		3,362
Consultation fees	500	-		-
Engineering fees	-	-		-
Legal fees	9,000	2,875		3,789
Telephone	800	380		354
Printing	1,000	-		-
Insurance and bonds	100	-		-
Dues	100	-		-
Miscellaneous	300	-		2
Bank service charges	100	56		87
	<hr/>			
Total administration expenses	26,400	17,029	9,371	17,930
<hr/>				
OPERATION AND MAINTENANCE EXP:				
Operations manager	25,000	13,350		8,525
Engineering fees	25,000	-		-
Telephone	5,000	5,127		4,794
Travel - mileage	2,000	1,286		888
Insurance	8,500	7,725		7,700
Utilities:				
Electricity & Gas	3,000	1,955		1,976
Water	500	276		333
Maintenance service contract	2,000	723		583
Repairs and maintenance	12,500	27,815		4,529
Rent, easements	-	-		-
Miscellaneous	6,250	-		-
Contingencies	5,450	-		-
Saginaw City waste treatment expense	871,980	594,368		896,160
Saginaw City waste treatment 2003-04	-	-		(71,160)
Capital Outlay - fence	-	-		1,283
Debt service (Note 7) - Saginaw City waste treatment expenses prior years	28,020	-		86,310
	<hr/>			
Total operation and maintenance expense	995,200	652,625	342,575	941,921
<hr/>				
TOTAL APPROPRIATIONS AND EXPENDITURES	\$ 1,021,600	\$ 669,654	\$ 351,946	\$ 959,851

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

CAPITAL IMPROVEMENT FUND

BALANCE SHEET

<u>ASSETS</u>	JUNE 30,	
	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Cash, checking – money market	\$ 193,965	\$ 218,665
Certificates of deposit	150,000	-
Due from Operation and Maintenance Fund	59,208	26,957
Accrued interest receivable	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS</u>	<u>\$ 403,173</u>	<u>\$ 245,622</u>
 <u>LIABILITIES AND FUND BALANCE</u> 		
LIABILITIES:		
Accounts payable	\$ 6,580	\$ 344
FUND BALANCE:		
Balance, beginning of year	\$ 245,278	\$ 36,994
Add: Excess (deficiency) of revenue over expenditures	<u>151,315</u>	<u>208,284</u>
Balance , end of fiscal year	<u>396,593</u>	<u>245,278</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 403,173</u>	<u>\$ 245,622</u>

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

CAPITAL IMPROVEMENT FUND

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(with comparable totals for the fiscal year ended June 30, 2006)

	2006 -- 2007				TOTALS (Memorandum Only)	
	1 st six months		2 nd six months		2007	2006
	Percent	Amount	Percent	Amount		
REVENUE:						
Service charges:						
City of Zilwaukee	9.02%	\$ 13,012	10.050%	\$ 42,358	55,370	\$ 21,159
Carrollton Township	28.76	41,489	29.497	124,321	165,810	70,769
Saginaw Charter Twp	48.85	70,471	46.882	197,594	268,065	117,081
Kochville Township	13.37	19,287	13.571	57,198	76,485	31,534
	<u>100.00%</u>	<u>\$ 144,259</u>	<u>100.000%</u>	<u>\$ 421,471</u>	<u>565,730</u>	<u>240,543</u>
Interest earned					1,173	983
Refunds, Saginaw County					-	-
Total revenue					<u>566,903</u>	<u>241,526</u>
EXPENDITURES:						
Administration, miscellaneous & bank service charges					46	48
Maintenance:						
Engineering fees					6,579	-
Repairs & maintenance / replacements:						
Various maintenance – Carrollton Township pump stations					18,230	-
Capital outlay:						
Saginaw Twp – McCarty Rd pump station					-	11,486
Pig retrieval chamber, valves, 30" force main from river, etc					390,733	21,708
Total Expenditures					<u>415,588</u>	<u>33,242</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES					151,315	208,284
FUND BALANCE, BEGINNING OF FISCAL YEAR					<u>245,278</u>	<u>36,994</u>
FUND BALANCE, END OF FISCAL YEAR					<u>\$ 396,593</u>	<u>\$ 245,278</u>

The accompanying notes are integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

DEBT SERVICE FUND

BALANCE SHEET

<u>ASSETS</u>	JUNE 30,	
	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Cash, checking	\$ -	\$ -
Cash, (bank sweep account) Treasury Portfolio Sweep Class	74,396	102,279
Certificates of deposit	-	-
Due from Operation and Maintenance Fund	56,000	28,000
Accrued interest receivable	-	-
<u>TOTAL ASSETS</u>	<u>\$ 130,396</u>	<u>\$ 130,279</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts payable	\$ 371	\$ 307
FUND BALANCE:		
Balance, beginning of year	\$ 129,972	\$ 131,107
Add: Excess (deficiency) of revenue over expenditures	<u>53</u>	<u>(1,135)</u>
Balance , end of fiscal year	<u>130,025</u>	<u>129,972</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 130,396</u>	<u>\$ 130,279</u>

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

DEBT SERVICE FUND

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(with comparable totals for the fiscal year ended June 30, 2006)

	2006 -- 2007				TOTALS (Memorandum Only)	
	1 st six months		2 nd six months		2007	2006
	Percent	Amount	Percent	Amount		
REVENUE:						
Service charges:						
City of Zilwaukee	9.02%	\$ 15,153	10.050%	\$ 16,884	\$ 32,037	\$ 29,039
Carrollton Township	28.76	48,317	29.497	49,555	97,872	100,380
Saginaw Charter Twp	48.85	82,068	46.882	78,762	160,830	163,136
Kochville Township	13.37	22,462	13.571	22,799	45,261	43,445
	<u>100.00%</u>	<u>\$ 168,000</u>	<u>100.000%</u>	<u>\$ 168,000</u>	336,000	336,000
Interest earned					<u>972</u>	<u>842</u>
TOTAL REVENUE					<u>336,972</u>	<u>336,842</u>
EXPENDITURES – Debt Service:						
Administration –						
Bank service charge					5	-
Debt Service --						
1997 County Bonds:						
Principal					220,000	210,000
Interest					115,195	126,745
Paying agent fees					300	300
County administration fees					<u>1,419</u>	<u>932</u>
TOTAL EXPENDITURES					<u>336,919</u>	<u>337,977</u>
Excess (Deficiency) Of Revenue Over Expenditures					53	(1,135)
Other Financing Sources (Uses):						
Operating transfers					<u>0</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES					53	(1,135)
FUND BALANCE (DEFICIT), BEGINNING OF FISCAL YEAR					<u>129,972</u>	<u>131,107</u>
FUND BALANCE, END OF FISCAL YEAR					<u>\$ 130,025</u>	<u>\$ 129,972</u>

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY
3-YEAR AVERAGE COMPUTATION WORKSHEET

JUNE 30, 2007

	<u>FY 2003-2004</u>		<u>FY 2004-2005</u>		<u>FY 2005-2006</u>		<u>6/30/2006</u> 3 YEAR TOTAL	<u>2 0 0 7</u>	<u>FY 2006-2007</u>		<u>2 0 0 8</u>	
	<u>GALLONS</u>	<u>PCT</u>	<u>GALLONS</u>	<u>PCT</u>	<u>GALLONS</u>	<u>PCT</u>		<u>6/30/2006</u>	<u>6/30/2007</u>	<u>3 YEAR</u>	<u>6/30/2007</u>	
								<u>3 YEAR</u>			<u>3 YEAR</u>	<u>AVER.</u>
Zilwaukee City	86,611,000	8.471%	103,307,601	10.503%	117,205,800	11.16%	307,124,401	10.05%	132,869,004	12.83%	353,382,405	11.514%
Carrollton Twp	317,498,803	31.054%	280,429,313	28.510%	303,466,737	28.91%	901,394,853	29.50%	337,700,461	32.61%	921,596,511	30.028%
Saginaw Twp	489,472,895	47.875%	463,318,243	47.103%	479,891,269	45.71%	1,432,682,407	46.88%	432,841,355	41.80%	1,376,050,867	44.835%
Kochville Twp	128,811,000	12.599%	136,578,000	13.885%	149,314,650	14.22%	414,703,650	13.57%	132,210,701	12.77%	418,103,351	13.623%
TOTALS	1,022,393,698	100.000%	983,633,157	100.000%	1,049,878,456	100.00%	3,055,905,311	100.00%	1,035,621,521	100.00%	3,069,133,134	100.000%

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

COMPARISON OF CONSUMPTION THROUGH JUNE 30, 2006

LAST ELEVEN YEARS

	<u>City of Zilwaukee</u>		<u>Carrollton Township</u>		<u>Saginaw Charter Twp</u>		<u>Kochville Township</u>		<u>TOTALS</u>	
	<u>GALLONS</u>	<u>%</u>	<u>GALLONS</u>	<u>%</u>	<u>GALLONS</u>	<u>%</u>	<u>GALLONS</u>	<u>%</u>	<u>GALLONS</u>	<u>%</u>
FY 1996-97	113,609,000	11.03	377,616,936	36.67	416,315,447	40.43	122,170,600	11.87	1,029,711,983	100.00
FY 1997-98	102,381,000	9.76	330,498,349	31.51	492,275,007	46.93	123,735,400	11.80	1,048,889,756	100.00
FY 1998-99	70,095,000	7.71	267,284,766	29.41	459,987,609	50.61	111,562,200	12.27	908,929,575	100.00
FY 1999-00	69,446,000	7.81	276,742,683	31.13	429,303,104	48.30	113,376,500	12.76	888,868,287	100.00
FY 2000-01	89,156,000	9.53	277,349,803	29.64	442,045,667	47.23	127,253,000	13.60	935,804,470	100.00
FY 2001-02	93,431,000	8.31	387,343,490	34.47	514,080,782	45.74	129,031,000	11.48	1,123,886,272	100.00
FY 2002-03	67,238,000	7.95	222,354,034	26.30	440,194,585	52.05	115,867,000	13.70	845,653,619	100.00
FY 2003-04	86,611,000	8.47	317,498,803	31.05	489,472,895	47.88	128,811,000	12.60	1,022,393,698	100.00
FY 2004-05	103,307,601	10.50	280,429,313	28.51	463,318,243	47.10	136,578,000	13.89	983,633,157	100.00
FY 2005-06	117,205,800	11.16	303,466,737	28.91	479,891,269	45.71	149,314,650	14.22	1,049,878,456	100.00
FY 2006-07	132,869,004	12.83	337,700,461	32.61	432,841,355	41.79	132,210,701	12.77	1,035,621,521	100.00

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY
SUMMARY OF MONTHLY BILLINGS
FOR THE FISCAL YEAR 2005 - 2006

	8/7/2005	9/7/2005	10/7/2005	11/7/2005	12/7/2005	1/7/2006	6 mos Sub-total 1/7/2006	2/7/2006	3/7/2006	4/7/2006	5/7/2006	6/7/2006	7/7/2006	6 mos Sub-total 7/7/2006	GRAND TOTAL
CITY OF ZILWAUKEE:															
O & M Expenses	252.83	6,347.40	6,473.16	7,080.44	6,438.93	7,330.16	33,922.92	6,025.25	7,405.21	7,036.50	6,988.41	7,060.90	7,039.49	41,555.76	75,478.68
Capital Fd	10.83	1,049.77	924.02	316.74	2,239.32	1,348.09	5,888.77	3,445.75	2,065.79	2,434.50	2,482.59	2,410.10	2,431.51	15,270.24	21,159.01
B & I acct	2,314.20	2,314.20	2,314.20	2,314.20	2,314.20	2,314.20	13,885.20	2,525.60	2,525.60	2,525.60	2,525.60	2,525.60	2,525.60	15,153.60	29,038.80
Sub-total	2,577.86	9,711.37	9,711.38	9,711.38	10,992.45	10,992.45	53,696.89	11,996.60	11,996.60	11,996.60	11,996.60	11,996.60	11,996.60	71,979.60	125,676.49
Saginaw WWTP	11,015.00	0.00	0.00	0.00	0.00	0.00	11,015.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,015.00
Total	13,592.86	9,711.37	9,711.38	9,711.38	10,992.45	10,992.45	64,711.89	11,996.60	11,996.60	11,996.60	11,996.60	11,996.60	11,996.60	71,979.60	136,691.49
CARROLLTON TWSP:															
O & M Expenses	947.99	23,799.88	24,271.41	26,548.45	24,143.07	27,484.76	127,195.56	19,211.32	23,611.28	22,435.67	22,282.32	22,513.47	22,445.22	132,499.28	259,694.84
Capital Fd	40.59	3,936.17	3,464.64	1,187.60	8,396.43	5,054.74	22,080.17	10,986.68	6,586.72	7,762.33	7,915.68	7,684.53	7,752.78	48,688.72	70,768.89
B & I acct	8,677.20	8,677.20	8,677.20	8,677.20	8,677.20	8,677.20	52,063.20	8,052.80	8,052.80	8,052.80	8,052.80	8,052.80	8,052.80	48,316.80	100,380.00
Sub-total	9,665.78	36,413.25	36,413.25	36,413.25	41,216.70	41,216.70	201,338.93	38,250.80	38,250.80	38,250.80	38,250.80	38,250.80	38,250.80	229,504.80	430,843.73
Saginaw WWTP	31,614.00	0.00	0.00	0.00	0.00	0.00	31,614.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31,614.00
Total	41,279.78	36,413.25	36,413.25	36,413.25	41,216.70	41,216.70	232,952.93	38,250.80	38,250.80	38,250.80	38,250.80	38,250.80	38,250.80	229,504.80	462,457.73
SAGINAW TWSP:															
O & M Expenses	1,476.13	37,059.16	37,793.38	41,338.99	37,593.53	42,796.93	198,058.12	32,631.20	40,104.70	38,107.88	37,847.41	38,240.01	38,124.09	225,055.29	423,113.41
Capital Fd	63.20	6,129.07	5,394.84	1,849.23	13,074.22	7,870.82	34,381.38	18,661.30	11,187.80	13,184.62	13,445.09	13,052.49	13,168.41	82,699.71	117,081.09
B & I acct	13,511.40	13,511.40	13,511.40	13,511.40	13,511.40	13,511.40	81,068.40	13,678.00	13,678.00	13,678.00	13,678.00	13,678.00	13,678.00	82,068.00	163,136.40
Sub-total	15,050.73	56,699.63	56,699.62	56,699.62	64,179.15	64,179.15	313,507.90	64,970.50	64,970.50	64,970.50	64,970.50	64,970.50	64,970.50	389,823.00	703,330.90
Saginaw WWTP	34,258.00	0.00	0.00	0.00	0.00	0.00	34,258.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34,258.00
Total	49,308.73	56,699.63	56,699.62	56,699.62	64,179.15	64,179.15	347,765.90	64,970.50	64,970.50	64,970.50	64,970.50	64,970.50	64,970.50	389,823.00	737,588.90
KOCHVILLE TWSP:															
O & M Expenses	382.07	9,592.15	9,782.19	10,699.91	9,730.46	11,077.27	51,264.05	8,930.99	10,976.46	10,429.93	10,358.65	10,466.10	10,434.37	61,596.50	112,860.55
Capital Fd	16.36	1,586.40	1,396.36	478.64	3,384.04	2,037.23	8,899.03	5,107.51	3,062.04	3,608.57	3,679.85	3,572.40	3,604.13	22,634.50	31,533.53
B & I acct	3,497.20	3,497.20	3,497.20	3,497.20	3,497.20	3,497.20	20,983.20	3,743.60	3,743.60	3,743.60	3,743.60	3,743.60	3,743.60	22,461.60	43,444.80
Sub-total	3,895.63	14,675.75	14,675.75	14,675.75	16,611.70	16,611.70	81,146.28	17,782.10	17,782.10	17,782.10	17,782.10	17,782.10	17,782.10	106,692.60	187,838.88
Saginaw WWTP	9,423.00	0.00	0.00	0.00	0.00	0.00	9,423.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,423.00
Total	13,318.63	14,675.75	14,675.75	14,675.75	16,611.70	16,611.70	90,569.28	17,782.10	17,782.10	17,782.10	17,782.10	17,782.10	17,782.10	106,692.60	197,261.88
TOTALS	117,500.00	117,500.00	117,500.00	117,500.00	133,000.00	133,000.00	736,000.00	133,000.00	133,000.00	133,000.00	133,000.00	133,000.00	133,000.00	798,000.00	1,534,000.00 1,534,000.00

The accompanying notes are an integral part of these financial statements
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY
SUMMARY OF MONTHLY BILLINGS
FOR THE FISCAL YEAR 2006 - 2007

	8/7/2006	9/7/206	10/7/2006	11/7/206	12/7/2006	1/7/2007	6 mos Sub-total 1/7/2007	2/7/2007	3/7/2007	4/7/2007	5/7/2007	6/7/2007	7/7/2007	6 mos Sub-total 7/7/2007	GRAND TOTAL
CITY OF ZILWAUKEE:															
O & M Expenses	7,125.72	7,091.10	7,198.61	8,327.60	7,119.05	6,951.72	43,813.80	727.87	767.61	307.15	4,000.03	7,347.38	7,807.22	20,957.26	64,771.06
Capital Fd	2,345.28	2,379.90	2,272.39	1,143.40	2,351.95	2,519.28	13,012.20	9,824.63	9,784.89	10,245.35	6,552.47	3,205.12	2,745.28	42,357.74	55,369.94
B & I acct	2,525.60	2,525.60	2,525.60	2,525.60	2,525.60	2,525.60	15,153.60	2,814.00	2,814.00	2,814.00	2,814.00	2,814.00	2,814.00	16,884.00	32,037.60
Sub-total	11,996.60	11,996.60	11,996.60	11,996.60	11,996.60	11,996.60	71,979.60	13,366.50	13,366.50	13,366.50	13,366.50	13,366.50	13,366.50	80,199.00	152,178.60
Saginaw WWTP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	11,996.60	11,996.60	11,996.60	11,996.60	11,996.60	11,996.60	71,979.60	13,366.50	13,366.50	13,366.50	13,366.50	13,366.50	13,366.50	80,199.00	152,178.60
CARROLLTON TWSP:															
O & M Expenses	22,720.14	22,609.76	22,952.54	26,552.29	22,698.87	22,165.36	139,698.96	2,136.33	2,252.94	901.50	11,740.20	21,564.74	22,914.39	61,510.10	201,209.06
Capital Fd	7,477.86	7,588.24	7,245.46	3,645.71	7,499.13	8,032.64	41,489.04	28,835.52	28,718.91	30,070.35	19,231.65	9,407.11	8,057.46	124,321.00	165,810.04
B & I acct	8,052.80	8,052.80	8,052.80	8,052.80	8,052.80	8,052.80	48,316.80	8,259.16	8,259.16	8,259.16	8,259.16	8,259.16	8,259.16	49,554.96	97,871.76
Sub-total	38,250.80	38,250.80	38,250.80	38,250.80	38,250.80	38,250.80	229,504.80	39,231.01	39,231.01	39,231.01	39,231.01	39,231.01	39,231.01	235,386.06	464,890.86
Saginaw WWTP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	38,250.80	38,250.80	38,250.80	38,250.80	38,250.80	38,250.80	229,504.80	39,231.01	39,231.01	39,231.01	39,231.01	39,231.01	39,231.01	235,386.06	464,890.86
SAGINAW TWSP:															
O & M Expenses	38,591.06	38,403.56	38,985.81	45,100.11	38,554.94	37,648.73	237,284.21	3,395.45	3,580.78	1,432.82	18,659.66	34,274.62	36,419.72	97,763.05	335,047.26
Capital Fd	12,701.44	12,888.94	12,306.69	6,192.39	12,737.56	13,643.77	70,470.79	45,830.65	45,645.32	47,793.28	30,566.44	14,951.48	12,806.38	197,593.55	268,064.34
B & I acct	13,678.00	13,678.00	13,678.00	13,678.00	13,678.00	13,678.00	82,068.00	13,126.96	13,126.96	13,126.96	13,126.96	13,126.96	13,126.96	78,761.76	160,829.76
Sub-total	64,970.50	64,970.50	64,970.50	64,970.50	64,970.50	64,970.50	389,823.00	62,353.06	62,353.06	62,353.06	62,353.06	62,353.06	62,353.06	374,118.36	763,941.36
Saginaw WWTP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	64,970.50	64,970.50	64,970.50	64,970.50	64,970.50	64,970.50	389,823.00	62,353.06	62,353.06	62,353.06	62,353.06	62,353.06	62,353.06	374,118.36	763,941.36
KOCHVILLE TWSP:															
O & M Expenses	10,562.18	10,510.86	10,670.22	12,343.67	10,552.29	10,304.27	64,943.49	982.89	1,036.53	414.76	5,401.44	9,921.52	10,542.47	28,299.61	93,243.10
Capital Fd	3,476.32	3,527.64	3,368.28	1,694.83	3,486.21	3,734.23	19,287.51	13,266.66	13,213.02	13,834.79	8,848.11	4,328.03	3,707.08	57,197.69	76,485.20
B & I acct	3,743.60	3,743.60	3,743.60	3,743.60	3,743.60	3,743.60	22,461.60	3,799.88	3,799.88	3,799.88	3,799.88	3,799.88	3,799.88	22,799.28	45,260.88
Sub-total	17,782.10	17,782.10	17,782.10	17,782.10	17,782.10	17,782.10	106,692.60	18,049.43	18,049.43	18,049.43	18,049.43	18,049.43	18,049.43	108,296.58	214,989.18
Saginaw WWTP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	17,782.10	17,782.10	17,782.10	17,782.10	17,782.10	17,782.10	106,692.60	18,049.43	18,049.43	18,049.43	18,049.43	18,049.43	18,049.43	108,296.58	214,989.18
TOTALS	133,000.00	133,000.00	133,000.00	133,000.00	133,000.00	133,000.00	798,000.00	133,000.00	133,000.00	133,000.00	133,000.00	133,000.00	133,000.00	798,000.00	1,596,000.00

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

FRANCIS H. MCKENNA
Certified Public Accountant

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TEL (989) 791-2110
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October 24, 2007

To the Chairman and Members of the
Northwest Utilities Authority
319 Tittabawassee Road
Saginaw, Michigan 48604-1263

Re: Auditor's comments for the year ended June 30, 2007.

In planning and performing my audit of the financial statements of the *Northwest Utilities Authority*, Saginaw County, Michigan as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, I considered the Authority's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control that I consider to 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 Authority'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 Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control. I consider the deficiency described below to be a significant deficiency in internal control.

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 Authority's internal control. I believe that the significant deficiency, as described below, constitutes a material weakness.

The existence of significant deficiencies or material weaknesses may already be known to management and may represent a conscious decision by management or those charged with governance to accept that degree of risk because of cost or other considerations. Management is responsible for making decisions concerning costs and related benefits. I am responsible for communicating significant deficiencies and material weakness in accordance with professional standards, regardless of management's decisions.

Material Weakness:

a) Lack of Adequate Controls to Produce Full-Disclosure GAAP Basis Financial Statements

- Criteria: All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the Authority's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).
- Condition: As is the case with many smaller and medium-sized entities, the Authority has historically relied on its independent auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Authority's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the Authority's *internal* controls.
- Cause: This condition was caused by the Authority's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Authority to perform this task internally.
- Effect: As a result of this condition, the Authority lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.
- View of Responsible Officials: The Authority has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the Authority to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

Other Matters:

None

This communication is intended for the solely for the information and use of management, Northwest Utilities Authority Board, others within the organization, and the State Treasurer, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Francis H McKenna
Certified Public Accountant