

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

COTTRELLVILLE TOWNSHIP

St. Clair County, Michigan

FINANCIAL STATEMENTS

March 31, 2007

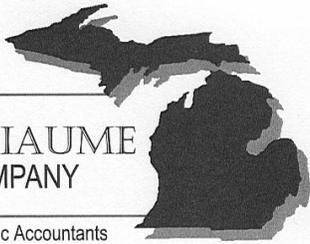
COTTRELLVILLE TOWNSHIP

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& COMPANY

Certified Public Accountants



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INDEPENDENT AUDITORS' REPORT

To the Township Board
Cottrellville Township, 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 Cottrellville 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 Cottrellville 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 Cottrellville 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 required parts of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries 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 Cottrellville 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.

August 20, 2007
Saginaw, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

COTTRELLVILLE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2007

Overview of the Financial Statements:

Cottrellville 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.

Financial Highlights:

- The assets of Cottrellville Township exceeded its liabilities at the close of the most recent fiscal year by \$3,207,215 (*net assets*). Of this amount, \$1,242,779 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens.
- As of the close of the current fiscal year, Cottrellville Township's governmental funds reported combined ending fund balances of \$781,266, a decrease of \$230,245 in comparison with the prior year. This total amount is *available for spending* at the government's discretion (*unreserved fund balance*).

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 three 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 and water systems are 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.

COTTRELLVILLE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2007

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.

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	\$ 793,573	\$ 1,077,083	\$ 663,197	\$ 648,644	\$ 1,456,770	\$ 1,725,727
Capital assets	730,304	623,636	1,136,932	1,183,666	1,867,236	1,807,302
Total assets	<u>1,523,877</u>	<u>1,700,719</u>	<u>1,800,129</u>	<u>1,832,310</u>	<u>3,324,006</u>	<u>3,533,029</u>
Liabilities:						
Other liabilities	12,307	65,572	104,484	102,147	116,791	167,719
Long-term liabilities	-	-	-	-	-	-
Total liabilities	<u>12,307</u>	<u>65,572</u>	<u>104,484</u>	<u>102,147</u>	<u>116,791</u>	<u>167,719</u>
Net assets:						
Invested in capital assets	730,304	623,636	1,136,932	1,183,666	1,867,236	1,807,302
Restricted	-	-	97,200	97,200	97,200	97,200
Unrestricted	781,266	1,011,511	461,513	449,297	1,242,779	1,460,808
Total net assets	<u>\$ 1,511,570</u>	<u>\$ 1,635,147</u>	<u>\$ 1,695,645</u>	<u>\$ 1,730,163</u>	<u>\$ 3,207,215</u>	<u>\$ 3,365,310</u>

COTTRELLVILLE 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	\$ 164,574	\$ 177,102	\$ 482,221	\$ 485,429	\$ 646,795	\$ 662,531
Operating grants	27,456	21,605	-	-	27,456	21,605
Capital grants	29,000	20,000	-	72,270	29,000	92,270
General revenues						
Property taxes	130,029	89,612	-	-	130,029	89,612
Franchise fees	10,847	9,993	-	-	10,847	9,993
State revenue sharing	259,462	260,688	-	-	259,462	260,688
Investment earnings	28,247	26,388	18,079	13,265	46,326	39,653
Miscellaneous	32,911	14,440	-	-	32,911	14,440
Total revenues	<u>682,526</u>	<u>619,828</u>	<u>500,300</u>	<u>570,964</u>	<u>1,182,826</u>	<u>1,190,792</u>
Expenses:						
General government	233,788	266,874	-	-	233,788	266,874
Public safety	105,493	138,923	-	-	105,493	138,923
Public works	267,786	222,732	-	-	267,786	222,732
Community and economic development	14,615	19,224	-	-	14,615	19,224
Recreation and culture	16,290	93,110	-	-	16,290	93,110
Interest on long-term debt	-	-	-	-	-	-
Sewer	-	-	337,232	294,831	337,232	294,831
Water	-	-	365,717	277,583	365,717	277,583
Total expenses	<u>637,972</u>	<u>740,863</u>	<u>702,949</u>	<u>572,414</u>	<u>1,340,921</u>	<u>1,313,277</u>
Excess of revenues over expenses before other	<u>44,554</u>	<u>(121,035)</u>	<u>(202,649)</u>	<u>(1,450)</u>	<u>(158,095)</u>	<u>(122,485)</u>
Other items:						
Transfers	<u>(168,131)</u>	<u>-</u>	<u>168,131</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other items	<u>(168,131)</u>	<u>-</u>	<u>168,131</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(123,577)	(121,035)	(34,518)	(1,450)	(158,095)	(122,485)
Net assets, beginning of year	<u>1,635,147</u>	<u>1,756,182</u>	<u>1,730,163</u>	<u>1,731,613</u>	<u>3,365,310</u>	<u>3,487,795</u>
Net assets, end of year	<u>\$ 1,511,570</u>	<u>\$ 1,635,147</u>	<u>\$ 1,695,645</u>	<u>\$ 1,730,163</u>	<u>\$ 3,207,215</u>	<u>\$ 3,365,310</u>

COTTRELLVILLE 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 major governmental funds for the 2006-2007 fiscal year include the General Fund, Park Fund, and Garbage Fund.

Other major funds are the Sewer Fund and Water Fund, which are categorized as Enterprise or business-type funds. These funds operate on revenues received from the customers (users) of the sewer and water systems.

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 \$132,000 in governmental capital assets, which included approximately \$128,000 for ball fields. The Township did not invest in any business-type capital assets during the fiscal year.

During the 2006-2007 fiscal year, the Township incurred no long-term debt.

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 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 health 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, 7008 March Road, Marine City, Michigan 48039.

BASIC FINANCIAL STATEMENTS

COTTRELLVILLE TOWNSHIP

STATEMENT OF NET ASSETS

March 31, 2007

	<i><u>Governmental</u></i> <i><u>Activities</u></i>	<i><u>Business-type</u></i> <i><u>Activities</u></i>	<i><u>Total</u></i>
Assets:			
Cash and cash equivalents	\$ 720,830	\$ 365,974	\$ 1,086,804
Receivables	72,743	200,023	272,766
Restricted cash and cash equivalents	-	97,200	97,200
Capital assets:			
Nondepreciable capital assets	33,800	-	33,800
Depreciable capital assets, net	<u>696,504</u>	<u>1,136,932</u>	<u>1,833,436</u>
Total assets	<u>1,523,877</u>	<u>1,800,129</u>	<u>3,324,006</u>
Liabilities:			
Accounts payable and accrued expenses	<u>12,307</u>	<u>104,484</u>	<u>116,791</u>
Total liabilities	<u>12,307</u>	<u>104,484</u>	<u>116,791</u>
Net assets:			
Invested in capital assets	730,304	1,136,932	1,867,236
Restricted for:			
Asset replacement	-	97,200	97,200
Unrestricted	<u>781,266</u>	<u>461,513</u>	<u>1,242,779</u>
Total net assets	<u>\$ 1,511,570</u>	<u>\$ 1,695,645</u>	<u>\$ 3,207,215</u>

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

COTTRELLVILLE TOWNSHIP

STATEMENT OF ACTIVITIES

Year Ended March 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Governmental activities:</i>					
General government	\$ 233,788	\$ 2,433	\$ 8,290	\$ -	\$ (223,065)
Public safety	105,493	21,148	1,724	-	(82,621)
Public works	267,786	140,040	1,355	-	(126,391)
Community and economic development	14,615	-	-	-	(14,615)
Recreation and culture	16,290	953	16,087	29,000	29,750
Total governmental activities	<u>\$ 637,972</u>	<u>\$ 164,574</u>	<u>\$ 27,456</u>	<u>\$ 29,000</u>	<u>\$ (416,942)</u>
<i>Business-type activities:</i>					
Sewer	\$ 337,232	\$ 202,191	\$ -	\$ -	\$ (135,041)
Water	365,717	280,030	-	-	(85,687)
Total business-type activities	<u>\$ 702,949</u>	<u>\$ 482,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (220,728)</u>

continued

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

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
<i>Changes in net assets:</i>			
Net (Expense) Revenue	\$ (416,942)	\$ (220,728)	\$ (637,670)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	130,029	-	130,029
Franchise fees	10,847	-	10,847
Grants and contributions not restricted to specific programs	259,462	-	259,462
Unrestricted investment earnings	28,247	18,079	46,326
Miscellaneous	32,911	-	32,911
Transfers	<u>(168,131)</u>	<u>168,131</u>	<u>-</u>
Total general revenues and transfers	<u>293,365</u>	<u>186,210</u>	<u>479,575</u>
Change in net assets	(123,577)	(34,518)	(158,095)
Net assets, beginning of year	<u>1,635,147</u>	<u>1,730,163</u>	<u>3,365,310</u>
Net assets, end of year	<u>\$ 1,511,570</u>	<u>\$ 1,695,645</u>	<u>\$ 3,207,215</u>

COTTRELLVILLE TOWNSHIP

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2007

	<i>Nonmajor Governmental Fund</i>				
	<i>General Fund</i>	<i>Park Fund</i>	<i>Garbage Fund</i>	<i>Cherry Beach Lighting Fund</i>	<i>Total Governmental Funds</i>
Assets:					
Cash and cash equivalents	\$ 624,698	\$ 2,844	\$ 92,285	\$ 1,003	\$ 720,830
Taxes receivable	10,924	-	-	-	10,924
Accounts receivable	5,778	-	13,320	122	19,220
Due from other governmental units	42,599	-	-	-	42,599
Total assets	<u>\$ 683,999</u>	<u>\$ 2,844</u>	<u>\$ 105,605</u>	<u>\$ 1,125</u>	<u>\$ 793,573</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 10,624	\$ 40	\$ -	\$ 115	\$ 10,779
Accrued expenses	940	-	-	-	940
Due to other governmental units	588	-	-	-	588
Total liabilities	<u>12,152</u>	<u>40</u>	<u>-</u>	<u>115</u>	<u>12,307</u>
Fund balances:					
Unreserved:					
General fund	671,847	-	-	-	671,847
Special revenue funds	-	2,804	105,605	1,010	109,419
Total fund balances	<u>671,847</u>	<u>2,804</u>	<u>105,605</u>	<u>1,010</u>	<u>781,266</u>
Total liabilities and fund balances	<u>\$ 683,999</u>	<u>\$ 2,844</u>	<u>\$ 105,605</u>	<u>\$ 1,125</u>	<u>\$ 793,573</u>

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

COTTRELLVILLE TOWNSHIP

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

March 31, 2007

Total fund balances for governmental funds			\$ 781,266
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	807,147	
	Less accumulated depreciation	<u>(76,843)</u>	<u>730,304</u>
Net assets of governmental activities			<u><u>\$ 1,511,570</u></u>

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

COTTRELLVILLE TOWNSHIP

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2007

	<i>General Fund</i>	<i>Park Fund</i>	<i>Garbage Fund</i>	<i>Nonmajor Governmental Fund Cherry Beach Lighting Fund</i>	<i>Total Governmental Funds</i>
Revenues:					
Property taxes	\$ 130,029	\$ -	\$ -	\$ -	\$ 130,029
Licenses and permits	31,795	-	-	-	31,795
State grants	267,345	29,000	-	-	296,345
Contributions from other units	-	15,077	-	-	15,077
Charges for services	2,133	803	140,040	-	142,976
Interest and rents	28,748	-	-	-	28,748
Other revenue	48,443	1,160	-	1,355	50,958
Total revenues	<u>508,493</u>	<u>46,040</u>	<u>140,040</u>	<u>1,355</u>	<u>695,928</u>
Expenditures:					
Current					
General government	187,011	-	-	-	187,011
Public safety	103,020	-	-	-	103,020
Public works	123,487	-	142,220	1,380	267,087
Community and economic development	14,574	-	-	-	14,574
Recreation and culture	2,600	7,309	-	-	9,909
Other	46,486	-	-	-	46,486
Capital outlay	<u>2,208</u>	<u>127,747</u>	<u>-</u>	<u>-</u>	<u>129,955</u>
Total expenditures	<u>479,386</u>	<u>135,056</u>	<u>142,220</u>	<u>1,380</u>	<u>758,042</u>
Excess (deficiency) of revenues over expenditures	<u>29,107</u>	<u>(89,016)</u>	<u>(2,180)</u>	<u>(25)</u>	<u>(62,114)</u>
Other financing sources (uses):					
Transfers from other funds	-	79,900	-	-	79,900
Transfers to other funds	<u>(248,031)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(248,031)</u>
Total other financing sources (uses)	<u>(248,031)</u>	<u>79,900</u>	<u>-</u>	<u>-</u>	<u>(168,131)</u>
Net change in fund balances	(218,924)	(9,116)	(2,180)	(25)	(230,245)
Fund balances, beginning of year	<u>890,771</u>	<u>11,920</u>	<u>107,785</u>	<u>1,035</u>	<u>1,011,511</u>
Fund balances, end of year	<u>\$ 671,847</u>	<u>\$ 2,804</u>	<u>\$ 105,605</u>	<u>\$ 1,010</u>	<u>\$ 781,266</u>

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

COTTRELLVILLE TOWNSHIP

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

Year Ended March 31, 2007

Net change in fund balances - total governmental funds \$ (230,245)

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	132,148	
Less depreciation expense	<u>(25,480)</u>	<u>106,668</u>

Change in net assets of governmental activities \$ (123,577)

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

COTTRELLVILLE TOWNSHIP

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

March 31, 2007

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 279,932	\$ 86,042	\$ 365,974
Accounts receivable	57,946	78,409	136,355
Special assessments receivable	31,834	31,834	63,668
Total current assets	<u>369,712</u>	<u>196,285</u>	<u>565,997</u>
Noncurrent assets:			
Restricted cash and cash equivalents	97,200	-	97,200
Capital assets:			
Depreciable capital assets, net	<u>521,800</u>	<u>615,132</u>	<u>1,136,932</u>
Total noncurrent assets	<u>619,000</u>	<u>615,132</u>	<u>1,234,132</u>
Total assets	<u>988,712</u>	<u>811,417</u>	<u>1,800,129</u>
Liabilities:			
Current liabilities:			
Accounts payable	30,988	73,431	104,419
Accrued expenses	<u>35</u>	<u>30</u>	<u>65</u>
Total liabilities	<u>31,023</u>	<u>73,461</u>	<u>104,484</u>
Net assets:			
Invested in capital assets	521,800	615,132	1,136,932
Restricted for:			
Asset replacement	97,200	-	97,200
Unrestricted	<u>338,689</u>	<u>122,824</u>	<u>461,513</u>
Total net assets	<u>\$ 957,689</u>	<u>\$ 737,956</u>	<u>\$ 1,695,645</u>

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

COTTRELLVILLE TOWNSHIP

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year Ended March 31, 2007

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 202,191	\$ 280,030	\$ 482,221
Total operating revenues	<u>202,191</u>	<u>280,030</u>	<u>482,221</u>
Operating expenses:			
Personnel	8,098	5,378	13,476
Fringe benefits	630	421	1,051
Supplies	699	891	1,590
Contracted services	-	37,250	37,250
Sewage treatment	196,490	-	196,490
Purchase of water	-	286,658	286,658
Telephone	3,185	16	3,201
Mileage	711	652	1,363
Dues and membership fees	188	2,049	2,237
Education and training	-	598	598
Printing and publishing	-	1,013	1,013
Utilities	3,225	-	3,225
Repairs and maintenance	93,288	13,131	106,419
Other services and supplies	744	900	1,644
Depreciation	29,974	16,760	46,734
Total operating expenses	<u>337,232</u>	<u>365,717</u>	<u>702,949</u>
Operating loss	<u>(135,041)</u>	<u>(85,687)</u>	<u>(220,728)</u>
Non-operating revenues:			
Interest income	17,525	554	18,079
Total non-operating revenues	<u>17,525</u>	<u>554</u>	<u>18,079</u>
Net loss before transfers	(117,516)	(85,133)	(202,649)
Transfers from General Fund	<u>-</u>	<u>168,131</u>	<u>168,131</u>
Net income (loss)	(117,516)	82,998	(34,518)
Net assets, beginning of year	<u>1,075,205</u>	<u>654,958</u>	<u>1,730,163</u>
Net assets, end of year	<u>\$ 957,689</u>	<u>\$ 737,956</u>	<u>\$ 1,695,645</u>

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

COTTRELLVILLE TOWNSHIP

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

Year Ended March 31, 2007

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Cash flow from operating activities:			
Cash received from customers	\$ 212,313	\$ 271,274	\$ 483,587
Cash payments to employees	(8,098)	(5,378)	(13,476)
Cash payments to suppliers for goods and services	<u>(286,624)</u>	<u>(353,777)</u>	<u>(640,401)</u>
Net cash used by operating activities	<u>(82,409)</u>	<u>(87,881)</u>	<u>(170,290)</u>
Cash flows from non-capital financing activities:			
Transfers	<u>-</u>	<u>168,131</u>	<u>168,131</u>
Net cash provided by non-capital financing activities	<u>-</u>	<u>168,131</u>	<u>168,131</u>
Cash flows from investing activities:			
Interest received	<u>17,525</u>	<u>554</u>	<u>18,079</u>
Net cash provided by investing activities	<u>17,525</u>	<u>554</u>	<u>18,079</u>
Net increase (decrease) in cash and cash equivalents	(64,884)	80,804	15,920
Cash and cash equivalents, beginning of year	<u>442,016</u>	<u>5,238</u>	<u>447,254</u>
Cash and cash equivalents, end of year	<u>\$ 377,132</u>	<u>\$ 86,042</u>	<u>\$ 463,174</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (135,041)	\$ (85,687)	\$ (220,728)
Adjustments:			
Depreciation	29,974	16,760	46,734
Change in assets and liabilities:			
Accounts receivable	8,324	(11,687)	(3,363)
Special assessments receivable	1,798	2,931	4,729
Accounts payable	<u>12,536</u>	<u>(10,198)</u>	<u>2,338</u>
Net cash used by operating activities	<u>\$ (82,409)</u>	<u>\$ (87,881)</u>	<u>\$ (170,290)</u>

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

COTTRELLVILLE TOWNSHIP

FIDUCIARY FUND
STATEMENT OF NET ASSETS
March 31, 2007

	<u><i>Agency Fund</i></u>
Assets:	
Cash and cash equivalents	\$ 8,734
Total assets	<u>8,734</u>
Liabilities:	
Accounts payable	5,778
Due to other governmental units	<u>2,956</u>
Total liabilities	<u>8,734</u>
Net Assets:	
Unrestricted	<u>-</u>
Total net assets	<u>\$ -</u>

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

NOTES TO FINANCIAL STATEMENTS

COTTRELLVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Cottrellville 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. 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. There are no component units included in the Township's reporting entity.

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 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. These statements distinguish between activities that are governmental and those that are business-type activities.

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, (2) restricted net assets, and (3) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

COTTRELLVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

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.

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.

COTTRELLVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

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 funds:

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 **Park Fund** is used to account for the revenues and expenditures related to the park.

The **Garbage Fund** is used to account for the special assessment levy for the purpose of providing garbage collection services.

The Township reports the following major enterprise funds:

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

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

Private-sector standards of accounting and financial reporting issued prior to March 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.

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, if any, 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 Expenditures/Expenses – Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. 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.

COTTRELLVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

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	15-50 years
Equipment	5-20 years
Furniture	10 years
Site improvements	15-20 years

Compensated Absences – It is the Township’s policy to not permit employees to accumulate earned but unused sick and vacation days. Therefore, no liability is recorded in the government-wide financial statements or the proprietary fund financial statements.

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.

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.

COTTRELLVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

Property Taxes:

Township property taxes are attached as an enforceable lien on property as of July 1 for the summer levy and March 1 for the winter levy. Taxes levied July 1 and March 1 are due without penalty on or before September 14 and February 14, respectively. These tax bills include the Township's own property taxes and taxes billed on behalf of the school districts within the Township boundaries and St. Clair County.

The 2006 taxable valuation of the Township totaled \$128,645,528, on which ad valorem taxes levied consisted of .7161 mills for the Township's operating purposes.

The delinquent real property taxes of the Township are purchased by St. Clair 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. Prior to the beginning of the fiscal year, a proposed operating budget by fund for each year is submitted to the Township Board for consideration. 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 Board.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
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 and major Special Revenue Funds budgets 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 incurred expenditures that were in excess of the amounts budgeted, as follow:

	<i>Final Budget</i>	<i>Actual</i>	<i>Excess</i>
<i>General Fund:</i>			
Transfers to other funds	\$ -	\$ 248,031	\$ 248,031

COTTRELLVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

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	20,948
Related expenses:	
Direct costs	<u>33,482</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.

The Township's deposits and investments are subject to risk, which is examined in more detail below:

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 to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$1,223,637 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$400,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits, and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with acceptable estimated risk level are used as depositories.

The Township had no investments at March 31, 2007.

COTTRELLVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 4: RESTRICTED ASSETS

Sewer Fund Reserves:

The sewer ordinance of Cottrellville Township requires that, annually, if excess is available after expenses of the Sewer Fund, \$6,480 be placed in an asset replacement fund. The cumulative amount transferred for replacement as of March 31, 2007 is \$97,200. This amount is shown in restricted cash and cash equivalents.

NOTE 5: CAPITAL ASSETS

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

	<u>April 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>March 31, 2007</u>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 33,800	\$ -	\$ -	\$ 33,800
Depreciable capital assets:				
Buildings and improvements	305,163	4,400	-	309,563
Equipment and furniture	106,181	-	-	106,181
Site improvements	229,855	127,748	-	357,603
Total depreciable capital assets	641,199	132,148	-	773,347
Accumulated depreciation	(51,363)	(25,480)	-	(76,843)
Depreciable capital assets, net	589,836	106,668	-	696,504
Governmental activities, capital assets, net	<u>\$ 623,636</u>	<u>\$ 106,668</u>	<u>\$ -</u>	<u>\$ 730,304</u>
	<u>April 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>March 31, 2007</u>
Business-type activities:				
Depreciable capital assets:				
Equipment	\$ 15,936	\$ -	\$ -	\$ 15,936
Sewer system	1,504,687	-	-	1,504,687
Water system	790,178	-	-	790,178
Total depreciable capital assets	2,310,801	-	-	2,310,801
Accumulated depreciation	(1,127,135)	(46,734)	-	(1,173,869)
Business-type activities, capital assets, net	<u>\$ 1,183,666</u>	<u>\$ (46,734)</u>	<u>\$ -</u>	<u>\$ 1,136,932</u>

COTTRELLVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 16,898
Recreation and culture	<u>8,582</u>
Total governmental activities	<u>\$ 25,480</u>
Business-type activities:	
Sewer	\$ 29,974
Water	<u>16,760</u>
Total business-type activities	<u>\$ 46,734</u>

NOTE 6: DEFERRED REVENUE

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 March 31, 2007, the Township had no deferred revenue.

NOTE 7: LONG-TERM LIABILITIES

The Township had no long-term liabilities at March 31, 2007.

NOTE 8: 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:		
Property taxes	\$ 10,924	\$ -
Accounts	19,220	136,355
Special assessments	-	63,668
Intergovernmental	<u>42,599</u>	<u>-</u>
Total receivables	<u>\$ 72,743</u>	<u>\$ 200,023</u>
Accounts payable and accrued expenses:		
Accounts	\$ 10,779	\$ 104,419
Payroll and related liabilities	940	65
Intergovernmental	<u>588</u>	<u>-</u>
Total accounts payable and accrued expenses	<u>\$ 12,307</u>	<u>\$ 104,484</u>

COTTRELLVILLE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 9: 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	Park Fund	\$ 79,900
General Fund	Water Fund	168,131

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 10: RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for these risks of loss. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

NOTE 11: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Pension Plan and Deferred Compensation Plan:

The Township provides a defined contribution plan for three employees. The employees contribute 10% of their gross salary to their deferred compensation plan and the Township contributes 10%. The defined contribution plan is administered by ICMA Retirement. The Township's actual and required contribution as of March 31, 2007 was \$6,557.

The Township offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan permits employees to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

Post Employment Benefits:

The Township provides no post employment benefits to retirees.

NOTE 12: FUND EQUITY

Specific reservations on fund equity include:

Reserved for asset replacement – This reserve was created to indicate that the portion of retained earnings is not available for appropriation.

REQUIRED SUPPLEMENTAL INFORMATION

COTTRELLVILLE TOWNSHIP

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under)</i>
				<i>Final Budget</i>
Revenues:				
Property taxes	\$ 103,500	\$ 103,500	\$ 130,029	\$ 26,529
Licenses and permits	51,250	51,250	31,795	(19,455)
Federal grants	140,000	140,000	-	(140,000)
State grants	259,100	259,100	267,345	8,245
Contributions from other units	14,500	14,500	-	(14,500)
Charges for services	5,500	5,500	2,133	(3,367)
Interest and rents	15,900	15,900	28,748	12,848
Other revenue	3,500	3,500	48,443	44,943
Total revenues	<u>593,250</u>	<u>593,250</u>	<u>508,493</u>	<u>(84,757)</u>
Expenditures:				
Current				
General government	230,300	213,300	187,011	(26,289)
Public safety	155,900	155,900	103,020	(52,880)
Public works	291,000	291,000	123,487	(167,513)
Community and economic development	21,308	21,308	14,574	(6,734)
Recreation and Culture	3,000	3,000	2,600	(400)
Other	35,000	47,000	46,486	(514)
Capital outlay	5,000	5,000	2,208	(2,792)
Total expenditures	<u>741,508</u>	<u>736,508</u>	<u>479,386</u>	<u>(257,122)</u>
Excess (deficiency) of revenues over expenditures	<u>(148,258)</u>	<u>(143,258)</u>	<u>29,107</u>	<u>172,365</u>
Other financing sources (uses):				
Transfers to other funds	-	-	(248,031)	248,031
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(248,031)</u>	<u>248,031</u>
Net change in fund balance	(148,258)	(143,258)	(218,924)	(75,666)
Fund balance, beginning of year	890,771	890,771	890,771	-
Fund balance, end of year	<u>\$ 742,513</u>	<u>\$ 747,513</u>	<u>\$ 671,847</u>	<u>\$ (75,666)</u>

COTTRELLVILLE TOWNSHIP

SPECIAL REVENUE FUND – PARK 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:				
State grants	\$ 27,000	\$ 27,000	\$ 29,000	\$ 2,000
Contributions from other units	-	14,500	15,077	577
Charges for services	1,597	-	803	803
Other revenue	14,500	-	1,160	1,160
Total revenues	<u>43,097</u>	<u>41,500</u>	<u>46,040</u>	<u>4,540</u>
Expenditures:				
Current				
Recreation and culture	95,000	8,000	7,309	(691)
Capital outlay	41,000	128,000	127,747	(253)
Total expenditures	<u>136,000</u>	<u>136,000</u>	<u>135,056</u>	<u>(944)</u>
Excess (deficiency) of revenues over expenditures	<u>(92,903)</u>	<u>(94,500)</u>	<u>(89,016)</u>	<u>5,484</u>
Other financing sources:				
Transfers from other funds	<u>99,903</u>	<u>94,903</u>	<u>79,900</u>	<u>(15,003)</u>
Total other financing sources	<u>99,903</u>	<u>94,903</u>	<u>79,900</u>	<u>(15,003)</u>
Net change in fund balance	7,000	403	(9,116)	(9,519)
Fund balance, beginning of year	<u>11,920</u>	<u>11,920</u>	<u>11,920</u>	<u>-</u>
Fund balance, end of year	<u>\$ 18,920</u>	<u>\$ 12,323</u>	<u>\$ 2,804</u>	<u>\$ (9,519)</u>

COTTRELLVILLE TOWNSHIP

SPECIAL REVENUE FUND – GARBAGE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended March 31, 2007

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual Over (Under) Final Budget</i>
	<i>Original</i>	<i>Final</i>		
Revenues:				
Charges for services	\$ 150,000	\$ 150,000	\$ 140,040	\$ (9,960)
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>140,040</u>	<u>(9,960)</u>
Expenditures:				
Current				
Public works	<u>162,200</u>	<u>162,200</u>	<u>142,220</u>	<u>(19,980)</u>
Total expenditures	<u>162,200</u>	<u>162,200</u>	<u>142,220</u>	<u>(19,980)</u>
Net change in fund balance	(12,200)	(12,200)	(2,180)	10,020
Fund balance, beginning of year	<u>107,785</u>	<u>107,785</u>	<u>107,785</u>	<u>-</u>
Fund balance, end of year	<u>\$ 95,585</u>	<u>\$ 95,585</u>	<u>\$ 105,605</u>	<u>\$ 10,020</u>

OTHER SUPPLEMENTAL INFORMATION

COTTRELLVILLE TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF REVENUES

Year Ended March 31, 2007

Current Taxes:

Property taxes	\$ 92,569
Trailer tax	1,175
Penalties and interest on taxes	169
Administration fees	36,116
	<u>130,029</u>

Licenses and permits:

Nonbusiness licenses and permits	20,948
CATV franchise fees	10,847
	<u>31,795</u>

State Grants:

Summer tax collection reimbursement	6,159
Liquor license fees	1,724
State revenue sharing - sales tax	259,462
	<u>267,345</u>

Charges for services:

Copies	1,828
Fire runs	200
Other	105
	<u>2,133</u>

Interest and rents:

Interest	28,248
Rents	500
	<u>28,748</u>

Other Revenue:

Contributions and donations	2,131
Reimbursements	15,695
Refunds and rebates	333
Other	30,284
	<u>48,443</u>

Total revenues	<u>\$ 508,493</u>
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COTTRELLVILLE TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES

Year Ended March 31, 2007

Expenditures:

General Government:

Board:

Personnel	\$	2,986
Supplies		51
Travel/Mileage		77
Conference and travel		1,347
Printing and publications		265
Other		321
		<u>5,047</u>

Supervisor:

Personnel		11,680
Telephone		436
Travel/Mileage		1,150
Dues and memberships		150
Conference and travel		963
Other		171
		<u>14,550</u>

Clerk:

Personnel		11,680
Supplies		436
Contracted services		950
Travel/Mileage		1,041
Dues and memberships		55
Conference and travel		1,157
Printing and publications		1,378
Other		140
		<u>16,837</u>

Audit:

Contracted services		<u>9,470</u>
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Board of Review:

Personnel		1,680
Printing and publications		553
Other		12
		<u>2,245</u>

Treasurer:

Personnel		11,680
Supplies		59
Contracted services		972
Travel/Mileage		589
Conference and travel		1,772
		<u>15,072</u>

COTTRELLVILLE TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2007

Expenditures, continued:

General Government, continued:

Assessor:

Personnel	15,000
Supplies	805
Contracted services	965
Dues and memberships	75
Other	445
	<hr/>
	17,290

Elections:

Personnel	2,389
Supplies	1,187
Contracted services	181
Travel/Mileage	176
Printing and publications	211
Other	883
	<hr/>
	5,027

Hall and Grounds:

Personnel	165
Supplies	2,607
Contracted services	8,982
Telephone	2,688
Travel/Mileage	61
Dues and memberships	3,221
Conference and travel	575
Utilities	3,870
Repairs and maintenance	1,022
Other	2,234
	<hr/>
	25,425

Attorney:

Contracted services	<hr/>
	1,624

Other General Government:

Personnel	57,136
Supplies	13,206
Contracted services	3,083
Travel/Mileage	522
Conference and travel	76
Other	401
	<hr/>
	74,424

Total general government	<hr/>
	187,011

COTTRELLVILLE TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2007

Expenditures, continued:

Public Safety:

Police/Constable:

Contracted services	451
Other	9,190
	<u>9,641</u>

Fire Department:

Contracted services	<u>59,896</u>
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Building Inspection Department:

Personnel	32,329
Contracted services	700
Travel/Mileage	274
Dues and memberships	25
Conference and travel	140
Other	15
	<u>33,483</u>

Total public safety	<u>103,020</u>
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Public Works:

Department of Public Works:

Personnel	7,292
Supplies	1,823
Contracted services	4,940
Telephone	91
Travel/Mileage	1,011
Conference and travel	883
Other	179
	<u>16,219</u>

Water Shed Council:

Contracted services	1,788
Other	34
	<u>1,822</u>

Drains - Public Benefit:

Contracted services	<u>15,649</u>
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Roads:

Supplies	15,607
Contracted services	29,191
	<u>44,798</u>

Street Lights:

Utilities	<u>3,821</u>
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COTTRELLVILLE TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2007

Expenditures, continued:

Public Works, continued:

Water District:

Personnel	1,851
Contracted services	39,327
	<u>41,178</u>
Total public works	<u>123,487</u>

Community and Economic Development:

Planning, Zoning and Appeals:

Personnel	4,760
Supplies	30
Contracted services	4,970
Travel/Mileage	24
Conference and travel	3,216
Printing and publications	1,504
Other	70
	<u>14,574</u>

Recreation and Culture:

Senior and Youth:

Other	<u>2,600</u>
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Other:

Insurance	14,563
Retirement	6,557
Payroll taxes	11,964
Tax tribunal refunds ordered	13,402
	<u>46,486</u>

Capital Outlay:

General government	<u>2,208</u>
Total expenditures	<u>479,386</u>

Other Financing Uses:

Transfers to other funds	<u>248,031</u>
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Total expenditures and other financing uses \$ 727,417

COTTRELLVILLE TOWNSHIP

FIDUCIARY FUND – AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

March 31, 2007

Property Tax Collection Fund

	<u>April 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>March 31, 2007</u>
Assets:				
Cash and cash equivalents	\$ 18,796	\$ 3,355,127	\$ 3,365,189	\$ 8,734
Liabilities:				
Accounts payable	\$ 4,198	\$ 1,580	\$ -	\$ 5,778
Due to other governmental units	14,598	3,353,547	3,365,189	2,956
	<u>\$ 18,796</u>	<u>\$ 3,355,127</u>	<u>\$ 3,365,189</u>	<u>\$ 8,734</u>

BERTHIAUME
& COMPANY

Certified Public Accountants



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REQUIRED COMMUNICATION TO COTTRELLVILLE TOWNSHIP IN ACCORDANCE WITH PROFESSIONAL STANDARDS

To the Township Board
Cottrellville Township

We have audited the financial statements of Cottrellville Township for the year ended March 31, 2007, and have issued our report thereon dated August 20, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal controls of Cottrellville Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal controls.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Cottrellville Township are described in the notes to the financial statements.

We noted no related transactions entered into by Cottrellville Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or related transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no sensitive estimates affecting the financial statements.

Significant Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could

have a significant effect on Cottrellville Township's financial reporting process (that is, cause future financial statements to be materially misstated). We did not propose audit adjustments that could in our judgment, either individually or in the aggregate, have a significant effect on Cottrellville Township's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Cottrellville Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Cottrellville Township's auditors. These discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Difficulties Encountered in Performing the Audit and Comments

We encountered some difficulties in performing our audit as follows:

1. The beginning cash balances were off by \$255,719.86 because the investment balances were not recorded in the general ledger. We made the correction.
2. We encountered many transactions that were classified to the wrong account. We made several adjustments for these.
3. There is no monthly reconciliation being done for the general ledger utility billing receivable balance. The general ledger balance should be in agreement with the subsidiary balance. We made the corrections for the differences found.

We did see some improvement in the bookkeeping and especially with the reconciliation of the cash (checking) balance from month to month. Also, the implementation of the BS & A software is another improvement noted.

This information is intended solely for the information and use of the Board and management of Cottrellville Township and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Berthiaume & Company
Certified Public Accountants



By: Kenneth A. Berthiaume

Saginaw, Michigan
August 20, 2007