

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**ANNUAL FINANCIAL REPORT
with Supplementary Information**

**FOR THE YEAR ENDED
DECEMBER 31, 2007**

Stewart,
Beauvais
& Whipple P.C.

CERTIFIED PUBLIC ACCOUNTANTS



CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of the
Charter Township of Port Huron
St. Clair County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Port Huron, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Port Huron's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Port Huron, Michigan, as of December 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 on pages 2 through 7, and schedules of budgetary comparisons on pages 44 through 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Port Huron's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedure applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Stewart, Beauvais & Whipple
Certified Public Accountants

June 26, 2008

CHARTER TOWNSHIP OF PORT HURON

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

The Charter Township of Port Huron's 2007 annual report is presented in conformity with the requirements of GASB 34. This annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplementary information, and other supplemental information, which presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

Government-Wide Financial Statements

The government-wide 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 (full accrual).

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

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

Governmental activities – most of the Township's basic services are included here, such as the road, park, police, fire, public works, and general administration. Property taxes, state-shared revenue, and charges for services, provide most 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 water, sewer and refuse operations are treated as business-type activities.

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 devices 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/or by bond covenants. The Township Board establishes other funds to control and manage money for particular purposes.

The Township has three kinds of funds:

Governmental funds - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps 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 for which the Township charges customers a fee are generally reported in the Water, Sewer and Refuse Funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

Fiduciary Funds – The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township’s fiduciary activities are reported in a separate statement of assets and liabilities. We exclude these activities from the Township’s government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL OVERVIEW (Government-wide financial analysis)

The Township has combined total net assets of 28.0 million. This is an increase over 2006 of \$158,175. Government-type activities comprise \$6.9 million, and business-type activities make up \$21.1 million of the total net assets. In a condensed format, the table below shows net assets as of the December 31, 2007 and 2006.

In Thousands

	Governmental Activities		Business-type Activities	
	2007	2006	2007	2006
Assets				
Current assets	\$ 6,337	\$ 5,603	\$ 2,425	\$ 3,493
Restricted assets	22	21	3,599	4,574
Noncurrent assets	<u>2,990</u>	<u>2,999</u>	<u>19,054</u>	<u>17,342</u>
Total assets	<u>9,349</u>	<u>8,623</u>	<u>25,078</u>	<u>25,409</u>
Liabilities				
Current liabilities	2,459	2,169	790	598
Liabilities payable from				
Restricted assets	-	-	62	143
Long-term liabilities	<u>-</u>	<u>-</u>	<u>3,155</u>	<u>3,320</u>
Total liabilities	<u>2,459</u>	<u>2,169</u>	<u>4,007</u>	<u>4,061</u>
Net Assets				
Invested in capital assets –				
Net of related debt	2,990	2,999	15,896	13,947
Restricted	1,104	912	3,578	4,545
Unrestricted	<u>2,796</u>	<u>2,543</u>	<u>1,597</u>	<u>2,856</u>
Total net assets	<u>\$ 6,890</u>	<u>\$ 6,454</u>	<u>\$ 21,071</u>	<u>\$ 21,348</u>

The Township governmental activities experienced a net change in assets of \$435,836. This is approximately 15.1% of annual expenditures.

The following table shows the changes in net assets for 2007 and 2006.

In Thousands

	Governmental Activities		Business-type Activities	
	2007	2006	2007	2006
Revenue				
Program Revenue:				
Charges for services	\$ 424	\$ 315	\$ 3,044	\$ 2,957
Operating grants and contributions	5	5	-	-
Capital grants and contributions	121	199	65	190
General Revenue:				
Property taxes	1,749	1,357	6	241
Unrestricted grants	720	704	-	-
Unrestricted investment earnings	292	303	357	358
Gain on sale of asset	2	-	-	-
Transfers In	6	-	-	126
Total Revenue	<u>3,319</u>	<u>2,883</u>	<u>3,472</u>	<u>3,872</u>
Expenses				
Program Expenses:				
General Government	783	661	-	-
Public Safety	1,237	1,201	-	-
Public Works	683	592	-	-
Recreation and Cultural	180	179	-	-
Interest on Debt	-	2	-	-
Water	-	-	1,982	1,667
Sewer	-	-	1,385	1,428
Refuse	-	-	376	365
Loss on Sale of Capital Assets	-	24	-	-
Transfers Out	-	127	6	-
Total Expenses	<u>2,883</u>	<u>2,786</u>	<u>3,749</u>	<u>3,460</u>
Changes in net assets	<u>\$ 436</u>	<u>\$ 97</u>	<u>\$ (277)</u>	<u>\$ 412</u>

Governmental Activities

Revenues for governmental activities totaled \$3,318,743 in 2007. Of this amount, \$1,749,151 was received from taxes, which was an increase of \$391,940 from the prior year. The next largest revenue source was federal/state/local revenue of \$720,026, an increase of \$16,280 from 2006, charges for services of \$423,769, an increase of \$109,005, and unrestricted investment income of \$292,309, a decrease of \$10,564 from 2006.

Business-type Activities

The Township has three business-type activities, the water, sewer and refuse operations. Total revenues including property taxes, charges for services, taxes and interest income was \$3,471,694 and expenses were \$3,749,355 for a change in net assets of \$(277,661). Most of this decrease is a result of an increase in supplies purchased for meter reading materials.

FINANCIAL ANALYSIS OF MAJOR TOWNSHIP FUNDS AND BUDGETS

Governmental Funds

The General Fund ended 2007 with a fund balance of \$2,844,400, with \$16,975 reserved for prepaid expenditures and the remaining amount unreserved/undesignated. The original General Fund Budget estimated revenues over expenditures of \$3,000, with the final amended budget approved by the Township Board estimating revenues under expenditures of \$30,009. Actual results for 2007 have revenues over expenditures of \$382,697 or a positive variance of \$412,706. The significant reason for the difference includes tax revenue of \$374,094 more than anticipated due to increased mills levied.

The Townships other major governmental funds had the following changes in net assets as follows:

- The Road Fund had expenditures in excess of revenues of \$8,176.
- The Police Fund had expenditures in excess of revenue of \$5,986.
- The Transportation Fund had revenues over expenditures of \$17,718.
- The Fire Fund had expenditures in excess of revenues and transfers in of \$6,054.

The budgets were amended at the end the year as deemed necessary, primarily to prevent over expenditure. The following significant amendments were made during the year.

General Fund

- The Township Board expenditures were increased from \$188,874 to \$249,884 because of increased costs including contracted services, professional fees and capital outlay.

Other Funds

- The Fire Fund expenditures were increased from \$490,000 to \$525,000 and Transfers In were increased from \$208,000 to \$243,000 because of increased costs.

Business-type Activities

As indicated earlier the Township has three business-type activities, the water, sewer and refuse operations. Total revenues amounted to \$3,471,694 for 2007 and expenses were \$3,749,355 for a change in net assets of \$(277,661). Most of this decrease is a result of an increase in supplies purchased for meter reading materials.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township had \$22.0 million dollars invested in capital assets for its government and business-type activities (net of accumulated depreciation) as of December 31, 2007. The investment is a capital asset, which includes land, land improvements, buildings, machinery and equipment, and water and sewer lines. During the year the Township added \$2,431,254 of capital assets, \$186,801 in the government-activities and \$2,244,453 in the business-type activities. Of the governmental activities \$23,388 was spent on accounting software, \$56,600 on fire department equipment and \$48,701 on shared street improvements for Waldheim/Woodland Road. Most of the business-type activities were a result of construction of various sewer lines \$522,892, \$643,643 on the Water Street pump station upgrade, \$45,000 on a dump truck, and \$960,033 on various water lines.

	Governmental Activities		Business-type Activities	
	2007	2006	2007	2006
Land	\$ 768,031	\$ 768,031	\$ 82,062	\$ 82,062
Works of Art	16,000	16,000	-	-
Land Improvements	1,340,101	1,268,638	139,106	139,106
Building and Improvements	1,539,781	1,516,971	-	-
Machinery and Equipment	1,264,930	1,236,758	799,912	682,032
Mains and Extensions	-	-	25,997,075	24,486,642
Construction in Progress	-	-	1,402,412	786,272
	<u>4,928,843</u>	<u>4,806,398</u>	<u>28,420,567</u>	<u>26,176,114</u>
Accumulated Depreciation	<u>(1,938,700)</u>	<u>(1,807,593)</u>	<u>(9,366,541)</u>	<u>(8,833,982)</u>
	<u>\$ 2,990,143</u>	<u>\$ 2,998,805</u>	<u>\$ 19,054,026</u>	<u>\$ 17,342,132</u>

Additional information on the Township's capital assets can be found in Note 7.

Long-Term Debt

At December 31, 2007, the Township's had \$3,195,000 in long-term debt compared to \$3,435,000 at December 31, 2006, a decrease of \$240,000 from the prior year. The following table shows the long-term debt at December 31, 2007 and 2006:

	Business-type Activities	
	2007	2006
Revenue Bond	\$ 15,000	\$ 25,000
G.O. Bonds	<u>3,180,000</u>	<u>3,410,000</u>
	<u>\$ 3,195,000</u>	<u>\$ 3,435,000</u>

ECONOMIC FACTORS AND NEXT YEARS BUDGET

For 2008, the Township Board adopted a general fund budget with estimated revenues of \$1,352,600 and estimated expenditures of \$1,321,485. The remaining revenue of \$31,115 will go into a contingency fund for unforeseen events. Although local municipalities in the State of Michigan have seen State Shared Revenues decrease during the past few years, the 2008 budget does not anticipate any further cuts.

CONTACTING THE TOWNSHIP

This financial report is designed to provide a general overview of the Township's finances to and our residents and other interested parties in understanding the Township's financial condition. If you have questions about this report or need additional financial information, please contact the Township at (810) 987-6600.

BASIC FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 2,897,823	\$ 985,433	\$ 3,883,256	\$ 582,093
Investments	1,085,621	5,000	1,090,621	1,085,621
Receivables (net of allowance)	2,172,280	1,238,485	3,410,765	1,257,130
Due from primary government	-	-	-	749
Due from component unit	63,929	207,669	271,598	-
Internal balances	77,296	(77,296)	-	-
Prepaid expenditures	40,240	28,211	68,451	-
Deferred assets	-	37,329	37,329	-
Restricted Assets -				
Cash and cash equivalents	21,881	3,342,461	3,364,342	-
Receivables (net of allowance)	-	256,732	256,732	-
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	784,031	1,484,474	2,268,505	-
Assets being depreciated	2,206,112	17,569,552	19,775,664	7,936,649
Total Assets	<u>9,349,213</u>	<u>25,078,050</u>	<u>34,427,263</u>	<u>10,862,242</u>
LIABILITIES:				
Payables and accrued liabilities	650,630	647,380	1,298,010	714,760
Accrued interest	-	18,097	18,097	19,244
Due to primary government	-	-	-	271,598
Due to component units	749	-	749	-
Advances and deposits	35,217	36,869	72,086	-
Deferred revenue	1,772,806	88,251	1,861,057	1,232,694
Liabilities Payable From Restricted Assets				
Accounts payable	-	16,222	16,222	-
Bonds payable (current)	-	40,000	40,000	-
Accrued interest	-	5,607	5,607	-
Non-current liabilities				
Due within one year	-	95,000	95,000	645,000
Due in more than one year	-	3,060,000	3,060,000	1,730,000
Total Liabilities	<u>2,459,402</u>	<u>4,007,426</u>	<u>6,466,828</u>	<u>4,613,296</u>
NET ASSETS:				
Investment in capital assets, net of related liabilities	2,990,143	15,896,355	18,886,498	5,561,649
Restricted				
Debt retirement/construction of capital assets	-	3,577,364	3,577,364	-
Cemetery perpetual care				
Nonexpendable	21,484	-	21,484	-
Other -				
Public safety	293,454	-	293,454	-
Public works	412,707	-	412,707	-
Recreation and cultural	187,936	-	187,936	-
Unrestricted	2,796,151	1,596,905	4,393,056	687,297
Total Net Assets	<u>\$ 6,889,811</u>	<u>\$ 21,070,624</u>	<u>\$ 27,960,435</u>	<u>\$ 6,248,946</u>

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

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General Government	\$ 782,926	\$ 70,969	\$ -	\$ -
Public Safety	1,236,773	148,911	4,000	27,308
Public Works	682,721	61,310	-	58,059
Recreation and Culture	180,487	142,579	660	35,891
Total governmental activities	2,882,907	423,769	4,660	121,258
Business type activities:				
Water Fund	1,982,387	1,458,901	-	21,400
Sewer Fund	1,384,924	1,163,974	-	43,628
Refuse Fund	375,974	421,312	-	-
	3,743,285	3,044,187	-	65,028
 Total Primary Government	 6,626,192	 3,467,956	 4,660	 186,286
Component Units				
Downtown Development Authority	319,300	-	-	-
Economic Development Corporation	944	5,900	-	-
Brownfield Redevelopment Authority	1,185	-	40,970	-
Total Component Units	321,429	5,900	40,970	-

General revenues:
Property taxes
Grants and contribution not
restricted to specific programs
Unrestricted investment income
Gain on sale of capital assets
Transfers in (out)
Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

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

Net (Expense) Revenue and Change in Net Assets

Primary Government			
Governmental Activities	Business Type Activities	Total	Component Units
\$(711,957)	\$ -	\$(711,957)	\$ -
(1,056,554)	-	(1,056,554)	-
(563,352)	-	(563,352)	-
(1,357)	-	(1,357)	-
<u>(2,333,220)</u>	<u>-</u>	<u>(2,333,220)</u>	<u>-</u>
-	(502,086)	(502,086)	-
-	(177,322)	(177,322)	-
-	45,338	45,338	-
<u>-</u>	<u>(634,070)</u>	<u>(634,070)</u>	<u>-</u>
<u>(2,333,220)</u>	<u>(634,070)</u>	<u>(2,967,290)</u>	<u>-</u>
-	-	-	(319,300)
-	-	-	4,956
<u>-</u>	<u>-</u>	<u>-</u>	<u>39,785</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(274,559)</u>
1,749,151	5,625	1,754,776	1,087,009
720,026	-	720,026	-
292,309	356,854	649,163	88,015
1,500	-	1,500	-
6,070	(6,070)	-	-
<u>2,769,056</u>	<u>356,409</u>	<u>3,125,465</u>	<u>1,175,024</u>
435,836	(277,661)	158,175	900,465
<u>6,453,975</u>	<u>21,348,285</u>	<u>27,802,260</u>	<u>5,348,481</u>
<u>\$ 6,889,811</u>	<u>\$ 21,070,624</u>	<u>\$ 27,960,435</u>	<u>\$ 6,248,946</u>

CHARTER TOWNSHIP OF PORT HURON

St. Clair County, Michigan

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>General</u>	<u>Road</u>	<u>Police</u>	<u>Transportation</u>	<u>Fire</u>
ASSETS					
Current assets -					
Cash and cash equivalents	\$ 1,304,905	\$ 496,626	\$ 17,285	\$ 377,429	\$ 199,062
Investments	1,085,621	-	-	-	-
Receivables -					
Property taxes	683,492	265,365	477,667	202,117	132,673
Interest and accounts	17,608	-	-	-	-
Special assessments	35,457	102,917	-	-	-
Due from other governmental units -					
Federal/State/Local	207,915	-	-	-	4,300
Due from other funds	368,052	-	86,099	-	-
Due from component unit	62,729	-	-	-	-
Prepaid expenditures	16,975	-	-	-	17,174
	<u>3,782,754</u>	<u>864,908</u>	<u>581,051</u>	<u>579,546</u>	<u>353,209</u>
Restricted assets -					
Cash and cash equivalents	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 3,782,754</u>	<u>\$ 864,908</u>	<u>\$ 581,051</u>	<u>\$ 579,546</u>	<u>\$ 353,209</u>
Liabilities:					
Accounts payable	\$ 43,660	\$ 276,854	\$ 42,565	\$ 197,775	\$ 17,180
Accrued liabilities	31,362	-	-	-	23,002
Advances and deposits					
Local	7,655	-	-	-	-
Due to other funds	166,340	9,979	-	-	177,747
Due to component unit	749	-	-	-	-
Deferred revenue	688,588	345,022	477,667	202,117	132,673
	<u>938,354</u>	<u>631,855</u>	<u>520,232</u>	<u>399,892</u>	<u>350,602</u>
Total Liabilities	<u>938,354</u>	<u>631,855</u>	<u>520,232</u>	<u>399,892</u>	<u>350,602</u>
Fund Balances:					
Reserved -					
Prepaid expenditures	16,975	-	-	-	17,174
Parks millage	-	-	-	-	-
Perpetual care	-	-	-	-	-
Unreserved -					
Undesignated -					
General fund	2,827,425	-	-	-	-
Special revenue funds	-	233,053	60,819	179,654	(14,567)
Total Equity	<u>2,844,400</u>	<u>233,053</u>	<u>60,819</u>	<u>179,654</u>	<u>2,607</u>
	<u>2,844,400</u>	<u>233,053</u>	<u>60,819</u>	<u>179,654</u>	<u>2,607</u>
Total Liabilities and Fund Equity	<u>\$ 3,782,754</u>	<u>\$ 864,908</u>	<u>\$ 581,051</u>	<u>\$ 579,546</u>	<u>\$ 353,209</u>

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

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 502,516	\$ 2,897,823
-	1,085,621
-	1,761,314
12,704	30,312
-	138,374
-	212,215
62,952	517,103
1,200	63,929
6,091	40,240
<u>585,463</u>	<u>6,746,931</u>
<u>21,881</u>	<u>21,881</u>
<u>\$ 607,344</u>	<u>\$ 6,768,812</u>
\$ 14,778	\$ 592,812
3,454	57,818
27,562	35,217
55,676	409,742
-	749
<u>11,400</u>	<u>1,857,467</u>
<u>112,870</u>	<u>2,953,805</u>
6,091	40,240
187,936	187,936
21,484	21,484
-	2,827,425
278,963	737,922
<u>494,474</u>	<u>3,815,007</u>
<u>\$ 607,344</u>	<u>\$ 6,768,812</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
ON THE STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

Fund Balances - total governmental funds	\$ 3,815,007
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	4,928,843
Accumulated depreciation	(1,938,700)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Special Assessments	<u>84,661</u>
Net Assets of governmental activities	<u><u>\$ 6,889,811</u></u>

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

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Road	Police	Transportation	Fire
Revenues:					
Taxes	\$ 688,894	\$ 260,996	\$ 470,156	\$ 198,698	\$ 130,407
Licenses and permits	5,425	-	-	-	-
Intergovernmental -					
Federal/State	618,580	-	-	-	31,308
Local	26,918	-	-	-	-
Charges for services	124,996	-	-	-	-
Fines and forfeits	25	-	-	-	-
Interest and rent	190,880	23,830	8,231	16,795	18,362
Other	25,036	55,541	-	-	26,335
Total Revenues	1,680,754	340,367	478,387	215,493	206,412
Expenditures:					
Current -					
General Government	760,965	-	-	-	-
Public Safety	241	-	487,473	-	588,086
Public Works	149,830	348,543	-	197,775	-
Recreation and Cultural	33,971	-	-	-	-
Total Expenditures	945,007	348,543	487,473	197,775	588,086
Revenues over (under) expenditures	735,747	(8,176)	(9,086)	17,718	(381,674)
Other Financing Sources (Uses):					
Gain on sale of asset	-	-	-	-	1,500
Transfers from other funds	21,070	-	3,100	-	374,120
Transfers to other funds	(374,120)	-	-	-	-
Total Other Financing Sources	(353,050)	-	3,100	-	375,620
Net Change in Fund Balance	382,697	(8,176)	(5,986)	17,718	(6,054)
Fund Balances at beginning of year	2,461,703	241,229	66,805	161,936	8,661
Fund Balances at end of year	\$ 2,844,400	\$ 233,053	\$ 60,819	\$ 179,654	\$ 2,607

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

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,749,151
112,397	117,822
4,777	654,665
8,973	35,891
140,670	265,666
-	25
62,000	320,098
8,011	114,923
<u>336,828</u>	<u>3,258,241</u>
22,001	782,966
147,650	1,223,450
-	696,148
137,710	171,681
<u>307,361</u>	<u>2,874,245</u>
<u>29,467</u>	<u>383,996</u>
-	1,500
1,071	399,361
(19,171)	(393,291)
<u>(18,100)</u>	<u>7,570</u>
11,367	391,566
<u>483,107</u>	<u>3,423,441</u>
<u>\$ 494,474</u>	<u>\$ 3,815,007</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2007**

Net change in fund balances - total governmental funds	\$ 391,566
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	186,801
Depreciation expense	(195,221)
Loss on disposal of capital asset	(242)
 Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	 <u>52,932</u>
Change in net assets of governmental activities	<u><u>\$ 435,836</u></u>

The notes to the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Water	Sewer	Refuse	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 400,340	\$ 554,212	\$ 126,908	\$ 1,081,460
Investments	5,000	-	-	5,000
Receivables -				
Utilities	567,979	468,751	-	1,036,730
Special assessments	78,456	2,511	-	80,967
Other	1,862	-	111,497	113,359
Due from other funds	8,735	220,845	118,950	348,530
Due from component unit	-	207,669	-	207,669
Prepaid expenses	15,728	12,483	-	28,211
	<u>1,078,100</u>	<u>1,466,471</u>	<u>357,355</u>	<u>2,901,926</u>
Restricted Assets:				
Cash and cash equivalents	-	3,246,434	-	3,246,434
Receivables -				
Special assessment	-	256,732	-	256,732
Due from other funds	-	96,027	-	96,027
	<u>-</u>	<u>3,599,193</u>	<u>-</u>	<u>3,599,193</u>
Utility System:				
Land	82,062	-	-	82,062
Land improvements	-	139,106	-	139,106
Mains and extensions	6,979,576	19,017,499	-	25,997,075
Equipment	230,516	569,396	-	799,912
	<u>7,292,154</u>	<u>19,726,001</u>	<u>-</u>	<u>27,018,155</u>
Less - accumulated depreciation	(2,544,119)	(6,822,422)	-	(9,366,541)
	<u>4,748,035</u>	<u>12,903,579</u>	<u>-</u>	<u>17,651,614</u>
Construction in progress	879,520	522,892	-	1,402,412
	<u>5,627,555</u>	<u>13,426,471</u>	<u>-</u>	<u>19,054,026</u>
Other Assets:				
Unamortized bond costs	10,687	26,642	-	37,329
	<u>10,687</u>	<u>26,642</u>	<u>-</u>	<u>37,329</u>
Total Assets	<u>\$ 6,716,342</u>	<u>\$ 18,518,777</u>	<u>\$ 357,355</u>	<u>\$ 25,592,474</u>

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
LIABILITIES				
Current Liabilities:				
Payables -				
Accounts	\$ 227,633	\$ 19,659	\$ -	\$ 247,292
Accrued salaries	5,626	2,939	-	8,565
Deposits	29,221	7,648	-	36,869
Due to other governmental units -				
Local	224,314	167,209	-	391,523
Due to other funds	461,860	52,016	548	514,424
Accrued interest	18,097	-	-	18,097
Bonds payable	95,000	-	-	95,000
Deferred revenue	-	-	88,251	88,251
	<u>1,061,751</u>	<u>249,471</u>	<u>88,799</u>	<u>1,400,021</u>
Current Liabilities - (Payable from restricted assets):				
Accounts payable	-	16,222	-	16,222
Bonds payable (current portion)	-	40,000	-	40,000
Accrued interest	-	5,607	-	5,607
	<u>-</u>	<u>61,829</u>	<u>-</u>	<u>61,829</u>
Long-Term Liabilities:				
Bonds payable (net of current portion)	<u>2,275,000</u>	<u>785,000</u>	<u>-</u>	<u>3,060,000</u>
Total Liabilities	<u>3,336,751</u>	<u>1,096,300</u>	<u>88,799</u>	<u>4,521,850</u>
NET ASSETS				
Investment in capital assets, net	3,268,242	12,628,113	-	15,896,355
Restricted				
Bond retirement/construction	-	3,577,364	-	3,577,364
Unrestricted	<u>111,349</u>	<u>1,217,000</u>	<u>268,556</u>	<u>1,596,905</u>
	<u>\$ 3,379,591</u>	<u>\$ 17,422,477</u>	<u>\$ 268,556</u>	<u>\$ 21,070,624</u>

The notes to the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Water	Sewer	Refuse	Total
Operating Revenues:				
User charges	\$ 1,382,873	\$ 1,155,764	\$ 411,343	\$ 2,949,980
Lateral fees	55,450	6,000	-	61,450
Other charges	20,578	2,210	9,969	32,757
	1,458,901	1,163,974	421,312	3,044,187
Operating Expenses:				
Salaries and wages	149,386	97,469	-	246,855
Fringe benefits	99,005	79,968	-	178,973
Supplies	311,213	14,312	418	325,943
Professional fees	20,861	3,753	750	25,364
Water, sewer and refuse charges	1,017,527	724,307	372,550	2,114,384
Repairs and maintenance	58,046	21,403	-	79,449
Depreciation/amortization	171,464	361,096	-	532,560
Utilities	29,348	26,822	-	56,170
Other	13,404	17,990	2,256	33,650
	1,870,254	1,347,120	375,974	3,593,348
Operating Income (Loss)	(411,353)	(183,146)	45,338	(549,161)
Non-Operating Revenues (Expenses):				
Property taxes	-	5,625	-	5,625
Special assessments and tap fees	21,400	43,628	-	65,028
Interest earned	84,042	266,133	6,679	356,854
Interest on bonds and paying agent fees	(112,133)	(37,804)	-	(149,937)
	(6,691)	277,582	6,679	277,570
Net Income (Loss) before transfers:	(418,044)	94,436	52,017	(271,591)
Transfers:				
Transfer in	-	10,291	-	10,291
Transfer out	(10,291)	(6,070)	-	(16,361)
	(10,291)	4,221	-	(6,070)
Change in Net Assets	(428,335)	98,657	52,017	(277,661)
Net Assets at beginning of year	3,807,926	17,323,820	216,539	21,348,285
Net Assets at end of year	\$ 3,379,591	\$ 17,422,477	\$ 268,556	\$ 21,070,624

The notes to the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Water	Sewer	Refuse	Total
Cash Flows From Operating Activities:				
Receipts from customers	\$ 1,388,444	\$ 1,137,064	\$ 410,703	\$ 2,936,211
Payments to suppliers	(1,480,281)	(836,410)	(375,974)	(2,692,665)
Payments to employees	(247,223)	(176,886)	-	(424,109)
Other cash receipts	136	7,495	-	7,631
Net Cash Provided (Used) by Operating Activities	(338,924)	131,263	34,729	(172,932)
Cash Flows From Capital and Related Financing Activities:				
Bond payments	(252,243)	(152,107)	-	(404,350)
Due to/from other funds	348,512	(81,188)	(37,039)	230,285
Transfers from/to other funds	(10,291)	4,221	-	(6,070)
Acquisition and construction of capital assets	(791,949)	(1,213,759)	-	(2,005,708)
Special assessments and tap fees	1,860	104,964	-	106,824
Property taxes	-	5,625	-	5,625
Deferred revenue	-	-	154	154
Net Cash Used by Capital and Related Financing Activities	(704,111)	(1,332,244)	(36,885)	(2,073,240)
Cash Flows From Investing Activities:				
Interest earned	84,042	266,133	6,679	356,854
Net Increase (Decrease) in Cash and Cash Equivalents for the year	(958,993)	(934,848)	4,523	(1,889,318)
Cash and Cash Equivalents at beginning of year	1,359,333	4,735,494	122,385	6,217,212
Cash and Cash Equivalents at end of year	\$ 400,340	\$ 3,800,646	\$ 126,908	\$ 4,327,894
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss) for the year	\$(411,353)	\$(183,146)	\$ 45,338	\$(549,161)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -				
Depreciation and amortization	171,464	361,096	-	532,560
Changes in assets and liabilities -				
Receivables	(70,457)	(26,910)	(10,609)	(107,976)
Prepaid expenses	(7,570)	(5,323)	-	(12,893)
Payables	(21,008)	(14,454)	-	(35,462)
Net Cash Provided (Used) by Operating Activities	\$(338,924)	\$ 131,263	\$ 34,729	\$(172,932)

The notes to the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2007

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	\$ 2,747,136
Due from other funds	<u>19,999</u>
	<u><u>\$ 2,767,135</u></u>
 LIABILITIES:	
Due to other funds	\$ 57,493
Due to component units	17,787
Undistributed taxes	<u>2,691,855</u>
Total Liabilities	<u><u>\$ 2,767,135</u></u>

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

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2007

	<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>	<u>Brownfield Development Authority</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 505,545	\$ 34,709	\$ 41,839	\$ 582,093
Investments	1,085,621	-	-	1,085,621
Taxes receivable	1,232,694	-	-	1,232,694
Interest receivable	6,649	-	-	6,649
Due from primary government	18,536	-	-	18,536
Capital assets (net of accumulated depreciation)				
Assets being depreciated	7,936,649	-	-	7,936,649
	<u>10,785,694</u>	<u>34,709</u>	<u>41,839</u>	<u>10,862,242</u>
LIABILITIES				
Payables and current liabilities	714,760	-	-	714,760
Due to primary government	207,669	21,309	42,620	271,598
Deferred revenue	1,232,694	-	-	1,232,694
Accrued interest	19,244	-	-	19,244
Non-current liabilities				
Due within one year	645,000	-	-	645,000
Due in more than one year	1,730,000	-	-	1,730,000
	<u>4,549,367</u>	<u>21,309</u>	<u>42,620</u>	<u>4,613,296</u>
Net Assets (Deficit):				
Invested in capital assets, net of related liabilities	5,561,649	-	-	5,561,649
Unrestricted	674,678	13,400	(781)	687,297
	<u>\$ 6,236,327</u>	<u>\$ 13,400</u>	<u>\$ (781)</u>	<u>6,248,946</u>

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

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority				
Governmental Activities				
Public Works	\$ 194,662	\$ -	\$ -	\$ -
Debt Service	124,638	-	-	-
	319,300	-	-	-
Economic Development Corporation				
Governmental Activities				
Public Works	944	5,900	-	-
Brownfield Redevelopment Authority				
Governmental Activities				
Public Works	1,185	-	40,970	-
Total Component Units	\$ 321,429	\$ 5,900	\$ 40,970	\$ -

General revenues:
Property taxes
Unrestricted investment income
Total general revenues and transfers

Change in net assets

Net assets (deficit) at beginning of year

Net assets (deficit) at end of year

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

Net (Expense) Revenue and Change in Net Assets

Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Total
\$(194,662)			
<u>(124,638)</u>			
<u>(319,300)</u>			\$(319,300)
	<u>\$ 4,956</u>		4,956
		<u>\$ 39,785</u>	39,785
1,087,009	-	-	1,087,009
85,667	1,636	712	88,015
<u>1,172,676</u>	<u>1,636</u>	<u>712</u>	<u>1,175,024</u>
853,376	6,592	40,497	900,465
<u>5,382,951</u>	<u>6,808</u>	<u>(41,278)</u>	<u>5,348,481</u>
<u>\$ 6,236,327</u>	<u>\$ 13,400</u>	<u>\$(781)</u>	<u>\$ 6,248,946</u>

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity -

The Charter Township of Port Huron, Michigan, a Municipal Corporation, was organized as a Township in 1827 and became a Charter Law Township on November 27, 1978, under Public Act 359, the Charter Township Act. The Township is one of twenty-three Townships in St. Clair County and covers an area of approximately 13 square miles. The Township operates under an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four (4) Trustees, and provides services to its more than 8,600 residents in many areas including law enforcement, fire protection, water, sewer, roads, parks and natural resources, and planning and economic development.

These financial statements present the Township and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operation. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate for the Township.

DISCRETELY PRESENTED COMPONENT UNITS –

ECONOMIC DEVELOPMENT CORPORATION – was incorporated under the provision of Act No. 338 of the Public Acts of 1974, as amended. Its purpose is to alleviate and prevent conditions of unemployment, to assist and retain local industry and commercial enterprises, to strengthen and revitalize the Township economy, to provide means and methods for encouragement and assistance to industrial and commercial enterprises, etc. The EDC is managed by its 13 member Board of Directors, which are appointed by the Supervisor with the advice and consent of the Township Board. The Corporation is financed primarily through user charges, rent and donations. The Corporation has the authority to issue revenue bonds, which are not backed by the Corporation or the Township, but rather the specific project for which they were issued. Since the EDC operates in conjunction and there is an interdependency between the two agencies, the Corporation is reported as a component unit.

DOWNTOWN DEVELOPMENT AUTHORITY - was created to halt property value deterioration, eliminate the cause of the deterioration, increase property tax valuation and promote economic growth. The Authority is under the supervision of the Board, with the nine-member Board appointed by the Supervisor. The Authority is required to annually prepare and submit a budget to the Township Board.

BROWNFIELD REDEVELOPMENT AUTHORITY - was created to promote the revitalization of environmentally distressed areas. The Authority is under the supervision of the Board, with the eight to ten member Board appointed by the Supervisor and confirmed by the Township Board.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

B. Government-wide and fund financial statements -

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not property included among program revenues are reported instead as *general revenues*.

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.

C. Measurement focus, basis of accounting and financial statement presentation -

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the 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 they are intended to finance (the December 2006 levy in 2007). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgment are recorded only when payment is due.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

State shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes, which are levied and collected in December of each year, are budgeted and treated as revenue in the subsequent year. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

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

Road Fund – is a special revenue fund used to account for taxes and other related revenue restricted for road improvements in the Township.

Police Fund – is a special revenue fund used to account for a taxes and other related revenue for the purpose of providing police protection for the Township.

Transportation Fund – is used to account for the taxes and other related revenue and cost of providing transportation services.

Fire Fund – is a special revenue fund used to account for a taxes and other revenues for the purpose of providing fire protection for the Township.

The Township reports the following major proprietary fund:

Water Fund – is used to account for the purchase and distribution of water to residential and commercial users.

Sewer Fund – is used to account for sanitary sewer services provided to residential and commercial users.

Refuse Fund – is used to account for the operation and activities of garbage collection.

Additionally, the Township reports the following fund types:

Special Revenue Funds – are funds used to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulation provisions or administrative actions.

Permanent Fund – is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for the perpetual care of the Charter Township cemetery.

Agency Funds – are used account for assets held by the Township as an agent for other governments and other funds.

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

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses for nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principle on-going operations. The principle operating revenues of the Enterprise Fund are charges to customers for sale and services, administrative expense, 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, the unrestricted resources, as they are needed.

D. Assets, Liabilities and Net Assets or Equity -

Deposits and Investments –

The Township's cash and cash equivalents are considered to be cash on hand and demand deposits. The investment trusts have the general characteristics of demand deposit accounts in that the Township may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty, and are reported as cash and cash equivalents.

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amount which reasonable approximates fair value.

State statutes authorize the Township to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

Receivables and Payables –

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

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible.

Prepaid Items –

Certain payments to vendors reflect costs applicable to further accounting periods and are recorded as prepaid items.

Property Tax Calendar –

The Township’s property tax is levied each December 1 on the taxable value of property located in the Township as if the proceeding December 31. Property taxes are recognized as revenues in the year they were intended to finance (the 2006 levy is recognized in 2007).

The Township also collects taxes for various other municipalities and school districts. The collection and remittance of these taxes are accounted for in the Tax Collection Fund.

Capital Assets –

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

As permitted by GASB Statement No. 34, the Township has elected not to report governmental infrastructure assets (principally roads and sidewalks) acquired prior to January 1, 2004, except in the Downtown Development Authority.

Property, plant, and equipment of the primary government, is depreciated using the straight line method over the following estimated useful lives:

	<u>Primary Government</u>	<u>Component Unit</u>
Land improvements	20-30 years	- years
Buildings and improvements	5-50	-
Utility systems	40-60	-
Machinery and equipment	5-20	-
Shared street improvements	-	20
Storm Sewers	-	60
Street Lighting	-	60

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Compensated Absences –

The Township does not allow employees to accumulate vacation or sick time from year-to-year.

Long-Term Obligations –

In the government-wide financial statements, and proprietary fund types in the 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 type statements of net assets. Bond premiums and discounts, as well as issuance costs, if significant, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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.

Estimates –

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Budgetary Information –

The Township Supervisor and the Clerk prepare and submit the proposed operating budgets for the year commencing January 1. The budgets include proposed expenditures and resources to finance them.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (cont'd):

Prior to December 31, the proposed budget is presented to the Township Board. The Board holds a public hearing and may add to, subtract from, or change appropriations. The budget is then legally enacted through the passage of a Township Resolution. After the budget is adopted, all amendments must be approved by the Township Board.

The Township's approved budgets were adopted at the activity (department) level in the General Fund and the total expenditure level for the Special Revenue Fund. However, for control purposes all budgets are maintained at the object (account) level. These are the legally enacted levels under the State of Michigan Uniform Budgeting and Accounting Act.

The Township does not employ encumbrance accounting as an extension of formal budgetary integration. All annual appropriations lapse at year-end.

Michigan Public Act 621 of 1978, Section 18, as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

During the fiscal year ended December 31, 2007, the Township incurred expenditures in the General and Special Revenue Funds, which were in excess of the amount appropriated as follows:

<u>Function/Activity</u>	<u>Total Appropriations</u>	<u>Amount Expended</u>	<u>Budget Variance</u>
Primary Government -			
General Fund –			
General Government –			
Legislative	\$ 200,000	\$ 233,928	\$ 33,928
Superintendent	77,700	79,070	1,370
Township Hall	42,350	48,127	5,777
Recreation and Culture -			
Parks and Recreation	33,500	33,971	471
Road Fund –			
Public Works	248,000	348,543	100,543
Police Fund –			
Public Safety	482,000	487,473	5,473
Fire Fund –			
Public Safety	525,000	588,086	63,086
Liquor Control Fund –			
Transfers Out	2,000	3,100	1,100
Blue Water Area Transportation Fund –			
Public Works	162,000	197,775	35,775
Fishing Derby Fund –			
Recreation and Culture	3,000	7,852	4,852
Component Units -			
Downtown Development Authority –			
Public Works	403,000	926,347	523,347
Transfer Out	-	714,074	714,074

Other-

As of December 31, 2007 the Fire Fund, a Special Revenue Fund, had a deficit unrestricted net asset amount of \$14,567. The Brownfield Development Authority, a Component Unit, had a deficit of \$781.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 3 - DEPOSITS AND INVESTMENTS:

As of December 31, 2007, the carrying amount of the deposits and investments is as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>	<u>Total</u>
Deposits -				
Cash on hand -				
Petty Cash	\$ 1,000	\$ -	\$ -	\$ 1,000
Deposits with Financial Institutions -				
Checking/Money Market	20,866	-	-	20,866
Savings/Certificates of Deposit	<u>1,235,509</u>	-	<u>1,085,621</u>	<u>2,321,130</u>
Total Deposits	1,257,375	-	1,085,621	2,342,996
Investments -				
Investment Trust Funds	<u>7,080,844</u>	<u>2,747,136</u>	<u>582,093</u>	<u>10,410,073</u>
	<u>\$ 8,338,219</u>	<u>\$ 2,747,136</u>	<u>\$ 1,667,714</u>	<u>\$12,753,069</u>
Reconciliation To Combined Balance Sheet				
Reported as Cash and Cash Equivalents -				
Petty Cash	\$ 1,000	\$ -	\$ -	\$ 1,000
Cash in Checking/Money Market	20,866	-	-	20,866
Cash in Savings/Certificate of Deposits	144,888	-	-	144,888
Investment Trust Funds	<u>7,080,844</u>	<u>2,747,136</u>	<u>582,093</u>	<u>10,410,073</u>
Total Cash and Cash Equivalents	7,247,598	2,747,136	582,093	10,576,827
Reported as Investments -				
Certificates of Deposits	<u>1,090,621</u>	-	<u>1,085,621</u>	<u>2,176,242</u>
	<u>\$ 8,338,219</u>	<u>\$ 2,747,136</u>	<u>\$ 1,667,714</u>	<u>\$12,753,069</u>

Deposits –

The Township’s investment policy and Act 217 PA 1982, as amended, authorizes the Township to deposit in certificates of deposit, savings accounts, depository accounts or depository receipts of a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.146 of the Michigan Compiled Laws.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured institution for savings and demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000.

As of December 31, 2007, the bank balance of the Township’s deposits were \$2,686,919, of which \$405,000 was FDIC insured with the balance \$2,281,919 exposed to credit risk because they are uninsured and uncollateralized.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):

The Township's investment policy primary objectives, in order of priority, are safety liquidity, diversification and return on investment. The Township Treasurer is responsible for the investment program.

Investments –

Act 20 PA 1994 as amended by Act 1997 PA 1999 authorizes the Township to invest surplus funds in bonds, securities and other direct obligations or repurchase agreements consisting of these financial instruments of the United States government or an agency or instrumentality of the United States; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of the political subdivisions that at the time of purchase are rated as investment grades by not less than one standard rating service, mutual funds registered under the investment company Act of 1940, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation, investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 3657, 129.111 to 129.118; investment pools organized under the local government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

As of December 31, 2007, the Township held investments in the following investment trust, which invested primarily in securities of the U.S. Government or its agencies, certificates of deposit, commercial paper, banker acceptance, etc:

<u>Account Name</u>	<u>Fair Market Value</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
Bank One – Governmental Operating Money Market	<u>\$ 10,410,073</u>	Not Rated	23 days
Certificates of Deposit	<u>\$ 2,176,242</u>		< 1 year

The investment trust has been reported in the financial statements as a cash equivalent since it has the general characteristics of demand deposit accounts in that the Township may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty.

Custodial Credit Risk – is the risk that in the event of a bank failure, the Township's deposit or investments may not be returned. The Township investment policy does not address credit risk.

Interest Rate Risk – is the risk that in the event that the market value of securities in the Township portfolio will fall due to changes in the market interest increases. The Township attempts to minimize interest rate by maintaining liquidity to meet all operating requirements without the need to sell securities prior to maturity and investing operating funds primarily in short-term securities, money markets mutual funds, or similar public investment pools.

Credit Risk – is the risk that in an issuer or other counterparty to an investment will not fulfill its obligation. State laws and Township policy limit the types of investments the Township can purchase.

Concentration of Credit Risk – is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. The Township's policy specifies that investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio, to the extent practicable.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 4 - TAXES:

The Township property taxes are levied each December on the assessed valuation of the property located in the Township as of the preceding December 31. On December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the following February.

Assessed values are established annually by the Township and are equalized by the State at an estimated percentage of the current market value. Real and personal property in the Township for the 2007 and 2006 have a taxable value of \$281,151,637 and \$267,551,549, respectively.

The 2006 Levy, (2007 Revenue), the Township levied 2.0 mills for General Operations, 1.0 mill for Road Repairs, .50 mill for Fire Protection, .7617 mill for Public Bus Transportation and 1.8 mill for Police Protection. In addition, the Component Unit, Downtown Development Authority captures the increase in taxable value of property within the DDA District.

Taxes that are collected by the Township from the date of the levy to December 31 are retained in the Current Tax Collection Fund.

The County of St. Clair has established a Tax Collection Revolving Fund whereby all local units of government are paid for the delinquent real property taxes each year.

NOTE 5 - RECEIVABLES:

Receivables in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Taxes	\$ 1,761,314	\$ -
Special Assessments	138,374	337,699
Accounts and Interest	30,312	1,150,089
Intergovernmental	212,215	-
Due From Fiduciary Funds	<u>30,065</u>	<u>7,429</u>
	<u>\$ 2,172,280</u>	<u>\$ 1,495,217</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are 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 earned or are received in advance of the period they are intended to finance. At the end of the current fiscal year the component of deferred revenue and unearned revenue reported in the governmental funds was as follows:

Governmental Type Activities -	<u>Unavailable</u>	<u>Unearned</u>
General Fund -		
Property Taxes	\$ -	\$ 683,584
Special Assessments	<u>5,400</u>	<u>-</u>
	<u>5,400</u>	<u>683,584</u>
Road Fund -		
Property Taxes	-	265,365
Special Assessments	<u>79,657</u>	<u>-</u>
	<u>79,657</u>	<u>265,365</u>

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 5 - RECEIVABLES - (cont'd):

	<u>Unavailable</u>	<u>Unearned</u>
Police Fund – Property Taxes	-	<u>477,667</u>
Park Fund – Tower Lease	-	<u>11,400</u>
Fire Fund – Property Taxes	-	<u>132,673</u>
Blue Water Area Transportation Fund – Property Taxes	-	<u>202,117</u>
Total Governmental Activities	84,661	1,772,806
Business Type Activities -		
Refuse Fund – Refuse Fees	-	<u>88,251</u>
	<u>\$ 84,661</u>	<u>\$ 1,861,057</u>

NOTE 6 - INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS:

The composition of interfund balances as of December 31, 2007:

Due To/From Other Funds –

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Fund	\$ 177,747
	Road Fund	9,979
	Park Fund	42,694
	Cemetery Fund	2,660
	Fishing Derby Fund	1,264
	Museum Fund	63
	Liquor Fund	10
	Sewer Fund	52,016
	Water Fund	31,007
	Refuse Fund	548
	Tax Fund	50,064
Police Fund	General Fund	86,099
Cemetery Fund	Park Fund	1,403
	Museum Fund	723
	Perpetual Care Fund	397

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 6 - INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS – (cont'd):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Fishing Derby Fund	Park Fund	\$ 187
Building Inspection Fund	General Fund	60,242
Water Fund	Museum Fund	6,275
	Tax Fund	2,460
Sewer Fund	Water Fund	311,903
	Tax Fund	4,969
Refuse Fund	Water Fund	118,950
Other Tax Collection Fund	General Fund	<u>19,999</u>
		<u>\$ 981,659</u>

Due From/To Primary Government and Component Units –

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Brownfield Development Authority	\$ 41,420
	Economic Development Corporation	21,309
Building Inspection Fund	Brownfield Development Authority	1,200
Sewer Fund	Downtown Development Authority	207,669
Downtown Development Authority	General Fund	749
	Current Tax Fund	<u>17,787</u>
		<u>\$ 290,134</u>

Transfers From/To Primary Government and Component Units –

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Primary Government –		
General Fund	Park Fund	\$ 15,000
Police Fund	Liquor Fund	3,100
Cemetery Fund	Perpetual Care Fund	1,071
Sewer Fund	Water Fund	10,291
Fire Fund	General Fund	374,120
Sewer Fund	General Fund	<u>6,070</u>
Total Transfers		<u>\$ 409,652</u>

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 7 - CAPITAL ASSETS:

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2007 was as follows:

	Jan. 1, 2007 <u>Balance</u>	<u>Additions</u>	Deletions/ <u>Adjustments</u>	Dec. 31, 2007 <u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 768,031	\$ -	\$ -	\$ 768,031
Works of Art	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>16,000</u>
	<u>784,031</u>	<u>-</u>	<u>-</u>	<u>784,031</u>
Capital assets, being depreciated:				
Land improvements	824,114	22,762	-	846,876
Shared road system	444,524	48,701	-	493,225
Buildings and improvements	1,516,971	22,810	-	1,539,781
Machinery and equipment	<u>1,236,758</u>	<u>92,528</u>	<u>(64,356)</u>	<u>1,264,930</u>
Total capital assets being depreciated	<u>4,022,367</u>	<u>186,801</u>	<u>(64,356)</u>	<u>4,144,812</u>
Less accumulated depreciation for:				
Land improvements	297,795	38,224	-	336,019
Shared road system	22,226	24,661	-	46,887
Building and improvements	778,909	37,776	-	816,685
Machinery and equipment	<u>708,663</u>	<u>94,560</u>	<u>(64,114)</u>	<u>739,109</u>
Total accumulated depreciation	<u>1,807,593</u>	<u>195,221</u>	<u>(64,114)</u>	<u>1,938,700</u>
Total capital assets being depreciated, net	<u>2,214,774</u>	<u>(8,420)</u>	<u>(242)</u>	<u>2,206,112</u>
Governmental activities capital assets, net	<u>\$ 2,998,805</u>	<u>\$(8,420)</u>	<u>\$(242)</u>	<u>\$ 2,990,143</u>
Business Type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 786,272	\$ 1,266,122	\$ 649,982	\$ 1,402,412
Land	<u>82,062</u>	<u>-</u>	<u>-</u>	<u>82,062</u>
	<u>868,334</u>	<u>1,266,122</u>	<u>649,982</u>	<u>1,484,474</u>
Capital assets, being depreciated:				
Land Improvements	139,106	-	-	139,106
Mains and extensions	24,486,642	1,510,433	-	25,997,075
Equipment	<u>682,032</u>	<u>117,880</u>	<u>-</u>	<u>799,912</u>
Total capital assets being depreciated	<u>25,307,780</u>	<u>1,628,313</u>	<u>-</u>	<u>26,936,093</u>
Less accumulated depreciation for:				
Land Improvements	3,478	7,504	1,098	12,080
Mains and extensions	8,450,332	471,236	<u>(1,098)</u>	8,920,470
Equipment	<u>380,171</u>	<u>53,820</u>	<u>-</u>	<u>433,991</u>
Total accumulated depreciation	<u>8,833,981</u>	<u>532,560</u>	<u>-</u>	<u>9,366,541</u>
Total capital assets being depreciated, net	<u>16,473,799</u>	<u>1,095,753</u>	<u>-</u>	<u>17,569,552</u>
Business-type activities capital assets, net	<u>\$ 17,342,133</u>	<u>\$ 2,361,875</u>	<u>\$ 649,982</u>	<u>\$ 19,054,026</u>

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 7 - CAPITAL ASSETS - (cont'd):

Discretely Presented Component Units –

Downtown Development Authority – Activity for the Downtown Development Authority for the year ended December 31, 2007 was as follows:

	Jan. 1, 2007			Dec. 31, 2007
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Capital assets, being depreciated:				
Shared street improvements	\$ 870,127	\$ 465,844	\$ -	\$ 1,335,971
Storm sewer	6,713,770	-	-	6,713,770
Street lighting	446,358	426,099	-	872,457
	<u>8,030,255</u>	<u>891,943</u>	<u>-</u>	<u>8,922,198</u>
Less accumulated depreciation for:				
Shared street improvements	31,772	33,400	-	65,172
Storm sewer	778,641	112,317	-	890,958
Street lighting	14,878	14,541	-	29,419
	<u>825,291</u>	<u>160,258</u>	<u>-</u>	<u>985,549</u>
Downtown Development Authority capital assets, net	<u>\$ 7,204,964</u>	<u>\$ 731,685</u>	<u>\$ -</u>	<u>\$ 7,936,649</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 56,145
Public Safety	72,983
Public Works	35,274
Recreation and Culture	<u>30,819</u>
Total depreciation expense-governmental activities	<u>\$ 195,221</u>
Business-type activities:	
Water	\$ 171,464
Sewer	<u>361,096</u>
Total depreciation expense – business activities	<u>\$ 532,560</u>
Component Units	
Capital assets, being depreciated:	<u>\$ 160,258</u>

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 8 - LONG-TERM DEBT:

Primary Government -

The following is a summary of changes in the long-term debt (including current portion) of the Township for the year ended December 31, 2007:

	<u>Balance</u> <u>Jan. 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Due Within</u> <u>One Year</u>
<u>Business-type Funds -</u>					
General Obligation Bonds -					
1996 Sewage Disposal System	\$ 75,000	-	75,000	-	-
2002 Water System	820,000	-	35,000	785,000	35,000
2003 Water System	700,000	-	60,000	640,000	30,000
2004 Sewage Disposal System	840,000	-	30,000	810,000	30,000
2006 Water System	975,000	-	30,000	945,000	30,000
Revenue Bonds -					
1997 C Revenue Bonds	<u>25,000</u>	<u>-</u>	<u>10,000</u>	<u>15,000</u>	<u>10,000</u>
	<u>\$ 3,435,000</u>	<u>\$ -</u>	<u>\$ 240,000</u>	<u>\$ 3,195,000</u>	<u>\$ 135,000</u>

Bonds Payable -

Sewage Disposal System:

The Charter Township of Port Huron has two Sewage Disposal System General Obligation Bonds issues and one Revenue Bond issue outstanding at December 31, 2007, for which the proceeds were used for construction of a Sewage Collection System.

On March 23, 1989, the Charter Township of Port Huron issued \$270,000 in Special Assessment Refunding Bonds with an average interest rate of 7.290 percent to advance refunding \$442,000 of outstanding 1986 Special Assessment Bonds with an average interest rate of 6.375 percent. The net proceeds of \$264,084 (after payment of \$5,916 in underwriting fees, insurance and other issuance cost) plus an additional \$93,501 of available money and accrued interest was used to retire the 1986 Special Assessment Bonds. The advance refunding resulted in the recognition of an accounting gain of \$85,535 for the year ended December 31, 1989. Also the Township refunded in advance the 1986 Special Assessment Bond to reduce the aggregate debt service payment by \$297,598 over the next 26 years and obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of \$56,876.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 8 - LONG-TERM DEBT - (cont'd):

During 1997 the 1989 Special Assessment Refunding Bond was refunded in advance to reduce the interest rate, therefore obtaining an economic gain of \$10,318 (difference between the present value of debt service payments on the old and new debt). The new issue is a Revenue Bond, Series 1997 dated October 16, 1997.

It is the intention of the Township to pay the Sewage Disposal System Bonds from special assessments, capital charges, and quarterly service charges against benefited customers and to the extent necessary from an at-large tax levy.

The Series 1997C Revenue Sharing Bonds dated October 16, 1997, (original issue \$145,000) are due in annual installments ranging from \$5,000 to \$10,000 through November 1, 2009, with interest ranging from 4.88 to 4.95 percent payable semi-annually. \$ 15,000

The Sewage Disposal System General Obligation Bonds, dated November 1, 2004, (original issue \$900,000) are due in annual installments ranging from \$30,000 to \$70,000 through November 1, 2024, with interest ranging from 3.10 to 4.60 payable semi-annually. 810,000

\$ 825,000

Water Supply System:

The Charter Township of Port Huron has three General Obligation Bonds issue outstanding at December 31, 2007, from which the proceeds were used for water system improvements and expansion.

The General Obligation Limited Tax Bonds, dated November 4, 2002, (Original Issue \$950,000) are due in annual installments ranging from \$35,000 to \$70,000 through November 1, 2022, with interest ranging from 4.0% to 5.25% payable semi-annually. \$ 785,000

The General Obligation Limited Tax Bonds, dated February 1, 2003 (Original Issue \$750,000) are due in annual installments ranging from \$30,000 to \$55,000 through November 1, 2022, with interest ranging from 3.50% to 5.00% payable semi-annually 640,000

The General Obligation Limited Tax Bonds, dated April 20, 2006 (original issue \$975,000) are due in annual installments ranging from \$30,000 to \$75,000 through May 1, 2026, with interest ranging from 4.00% to 5.00% payable semi-annually 945,000

\$ 2,370,000

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 8 - LONG-TERM DEBT - (cont'd):

Annual Debt Requirements:

The annual requirements to pay the debt outstanding at December 31, 2007 are as follows:

<u>Year</u>	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 125,000	\$ 140,883	\$ 10,000	\$ 1,125
2009	140,000	136,202	5,000	375
2010	145,000	130,923	-	-
2011	150,000	125,385	-	-
2012	160,000	119,290	-	-
2013-2017	905,000	490,130	-	-
2018-2022	1,145,000	246,729	-	-
2023-2026	<u>410,000</u>	<u>37,773</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,180,000</u>	<u>\$1,427,315</u>	<u>\$ 15,000</u>	<u>\$ 1,500</u>

COMPONENT UNITS (Downtown Development Authority) -

The following is a summary of changes in the long-term debt (including current portion) of the Component Unit of the Township for the year ended December 31, 2007:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
	<u>Jan. 1, 2007</u>			<u>Dec. 31, 2007</u>	<u>One Year</u>
Bonds Payable -					
1997 Downtown Development Bonds	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ -
1998 Downtown Development Refunding Bonds	<u>1,960,000</u>	<u>-</u>	<u>585,000</u>	<u>1,375,000</u>	<u>645,000</u>
	<u>\$ 2,960,000</u>	<u>\$ -</u>	<u>\$ 585,000</u>	<u>\$ 2,375,000</u>	<u>\$ 645,000</u>

On December 22, 1997 the Township issued \$1,000,000 in State Sharing Revenue Bonds for the purpose of acquiring, constructing and furnishing improvements in the Downtown Development Area of the Township. The bonds are issued in anticipation of the collection of, and are primarily payable from the tax increment revenue. In addition, if the tax increment revenues are insufficient for any reason, the Township shall make such payments from its General Fund. The bonds are due in annual installments ranging from \$125,000 to \$200,000 through November 1, 2015, with interest ranging from 5.0 to 5.3 percent payable semi-annually. Principal payments begin on November 1, 2010.

\$ 1,000,000

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

NOTE 8 - LONG-TERM DEBT - (cont'd):

On June 2, 1998 the Township issued \$4,085,000 in General Obligation Limited Tax Refunding Bonds to advance refund a portion of the 1994 General Obligation Bonds, dated December 1, 1994, of \$3,600,000. The net proceeds after deducting issuance cost were deposited in an escrow account and used to purchase U.S. Government Securities. Accordingly, the trust account assets and liabilities of the defeased bond issue are not included in the Township's financial statements. At December 31, 2007, \$1,350,000 of the debt "in substance" remains outstanding. The advance refunding resulted in an economic gain (difference between present value of the debt service payments on the old and new debt) of \$133,430. The bonds are due in annual installments of \$645,000 to \$730,000 through May 1, 2009, with interest ranging between 4.60 to 4.65 percent, payable semi-annually.

\$ 1,375,000

\$ 2,375,000

Annual Debt Requirements –

The annual requirements to pay the debt outstanding for the Downtown Development Authority are as follows:

<u>Year</u>	<u>1997 Bonds</u>		<u>1998 Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ -	\$ 51,850	\$ 645,000	\$ 48,780
2009	-	51,850	730,000	16,973
2010	125,000	51,850	-	-
2011	125,000	45,600	-	-
2012	150,000	39,225	-	-
2013-2015	<u>600,000</u>	<u>63,200</u>	-	-
	<u>\$1,000,000</u>	<u>\$ 303,575</u>	<u>\$ 1,375,000</u>	<u>\$ 65,753</u>

NOTE 9 - SEWAGE DISPOSAL SYSTEM AGREEMENT:

The Charter Township of Port Huron does not own a sewage disposal plant; however the Township entered into an agreement with the City of Port Huron to acquire sewage disposal services. The agreement provides, among other things, that the City shall reserve 13.35% of its sewage plant capacity for the Township for which the Township has made a lump sum payment. Further, the Township shall reimburse the City for its respective share of the annual operating costs, including capital purchases and debt retirement.

In connection, the City of Port Huron has issued \$10,220,000 of bonds to make improvements and renovations to the plant. As noted above, the cost to repay these bonds are included in the annual operation cost from the City. Should the Township terminate the contract, the Township would be responsible for their share of the outstanding bonds, which at December 31, 2007, would amount to \$1,142,760.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 10 - WATER SUPPLY SYSTEM AGREEMENT:

The Charter Township of Port Huron does not own a water filtration plant; instead the Township has entered into an agreement with the City of Port Huron to provide the Township's water supply. Under an agreement, dated December 31, 1987, the Township agreed to purchase its present and future water requirements from the City of Port Huron. The agreement is for an indefinite period of time but at least for a period of thirty years from April 1, 1991, at such rates as the City may establish and is reasonable, plus a meter service charge.

NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits to substantially all full-time employees through a deferred contribution plan. In a deferred contribution plan, benefits depend solely on amounts contributed to the plan plus any investment earnings. The Township contributes 10% of the employee's base compensation. In addition, each employee can make non-deductible, voluntary contributions of up to 10% of base compensation. All contributions, both employer and employee, become 100% vested at the time of the contribution.

For the year ended December 31, 2007, the Township contributed \$86,311, and the employees contributed \$18,212.

NOTE 12 - RESTRICTED ASSETS:

The restricted assets of \$21,881 in the Cemetery Perpetual Care Fund are for perpetual care. The restricted assets of \$3,599,193 in the Sewer Fund are for capital improvements/debt retirement.

NOTE 13 - RESERVED/DESIGNATED FUND BALANCE/RETAINED EARNINGS:

Reserved Fund Balance/Retained Earnings -

Fund Balance/Retained Earnings has been reserved in the various fund types to indicate that a portion of the Fund Balance/Retained Earnings is not available but reserved for specific purposes:

<u>Fund Type/Fund</u>	<u>Description</u>	<u>Amount</u>
Fund Balance -		
General Fund	Prepaid Expenditures	\$ 16,975
Park Fund	County Millage	187,936
Cemetery Perpetual Care Fund	Perpetual Care	21,484
Building Fund	Prepaid Expenditures	6,091
Fire Fund	Prepaid Expenditures	<u>17,174</u>
		<u>\$ 249,660</u>
Retained Earnings -		
Sewer Fund	Bond Retirement/Construction	<u>\$ 3,577,364</u>

NOTE 14 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, injuries to employees, medical benefits provided to employees, etc. The Township has purchased insurance coverage for each of these types of losses; however, the Township would be responsible should the limit of coverage's be exceeded.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 314,800	\$ 314,800	\$ 688,894	\$ 374,094
Licenses and permits	2,500	2,500	5,425	2,925
Intergovernmental	644,000	644,000	645,498	1,498
Charges for services	112,100	112,100	124,996	12,896
Fines and forfeits	300	300	25	(275)
Interest and rent	211,984	211,984	190,880	(21,104)
Other revenues	14,000	14,000	25,036	11,036
Total Revenues	<u>1,299,684</u>	<u>1,299,684</u>	<u>1,680,754</u>	<u>381,070</u>
Expenditures:				
General Government -				
Legislative	138,990	200,000	233,928	(33,928)
Supervisor	49,884	49,884	43,372	6,512
Manager	87,700	77,700	79,070	(1,370)
Elections	21,400	12,399	12,168	231
Assessor	117,850	117,850	114,926	2,924
Clerk	78,300	68,300	59,056	9,244
Board of review	3,200	3,200	2,621	579
Treasurer	132,125	121,125	118,532	2,593
Township hall	36,350	42,350	48,127	(5,777)
Rental property	1,100	1,100	751	349
Planning commission	50,475	50,475	48,414	2,061
	<u>717,374</u>	<u>744,383</u>	<u>760,965</u>	<u>(16,582)</u>
Public Safety -				
Demolitions	11,100	1,100	241	859
Public Works -				
Department of public works	94,090	89,090	88,553	537
Street Lights	74,000	70,000	60,109	9,891
Drains	5,500	1,500	1,168	332
	<u>173,590</u>	<u>160,590</u>	<u>149,830</u>	<u>10,760</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Expenditures - (cont'd):				
Recreation and Cultural - Parks and recreation	\$ 39,500	\$ 33,500	\$ 33,971	\$(471)
Total Expenditures	<u>941,564</u>	<u>939,573</u>	<u>945,007</u>	<u>(5,434)</u>
Revenues over expenditures	<u>358,120</u>	<u>360,111</u>	<u>735,747</u>	<u>375,636</u>
Other Financing Sources (Uses):				
Transfers In	19,000	19,000	21,070	2,070
Transfers Out	(374,120)	(409,120)	(374,120)	35,000
	<u>(355,120)</u>	<u>(390,120)</u>	<u>(353,050)</u>	<u>37,070</u>
Net Change in Fund Balance	3,000	(30,009)	382,697	412,706
Fund Balance at beginning of year	<u>2,461,703</u>	<u>2,461,703</u>	<u>2,461,703</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 2,464,703</u></u>	<u><u>\$ 2,431,694</u></u>	<u><u>\$ 2,844,400</u></u>	<u><u>\$ 412,706</u></u>

CHARTER TOWNSHIP OF PORT HURON

St. Clair County, Michigan

ROAD FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 235,000	\$ 235,000	\$ 260,996	\$ 25,996
Interest	13,000	13,000	23,830	10,830
Other Revenues				
Special assessments	-	-	55,541	55,541
	<u>248,000</u>	<u>248,000</u>	<u>340,367</u>	<u>92,367</u>
Expenditures:				
Public Works				
Contracted services	<u>248,000</u>	<u>248,000</u>	<u>348,543</u>	<u>(100,543)</u>
Net Change in Fund Balance	-	-	(8,176)	(8,176)
Fund Balance at beginning of year	<u>241,229</u>	<u>241,229</u>	<u>241,229</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 241,229</u></u>	<u><u>\$ 241,229</u></u>	<u><u>\$ 233,053</u></u>	<u><u>\$(8,176)</u></u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

POLICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 480,000	\$ 480,000	\$ 470,156	\$(9,844)
Interest on investment	2,000	2,000	8,231	6,231
	482,000	482,000	478,387	(3,613)
Expenditures:				
Public Safety - Contracted services	482,000	482,000	487,473	(5,473)
Revenues under expenditures	-	-	(9,086)	(9,086)
Other Financing Sources:				
Transfers In	-	-	3,100	3,100
Net Change in Fund Balance	-	-	(5,986)	(5,986)
Fund Balance at beginning of year	66,805	66,805	66,805	-
Fund Balance at end of year	\$ 66,805	\$ 66,805	\$ 60,819	\$(5,986)

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

BLUE WATER AREA TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 170,000	\$ 170,000	\$ 198,698	\$ 28,698
Interest	10,000	10,000	16,795	6,795
	<u>180,000</u>	<u>180,000</u>	<u>215,493</u>	<u>35,493</u>
Expenditures:				
Public Works - Transportation	<u>162,000</u>	<u>162,000</u>	<u>197,775</u>	<u>(35,775)</u>
Net Change in Fund Balance	18,000	18,000	17,718	(282)
Fund Balance at beginning of year	<u>161,936</u>	<u>161,936</u>	<u>161,936</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 179,936</u></u>	<u><u>\$ 179,936</u></u>	<u><u>\$ 179,654</u></u>	<u><u>\$(282)</u></u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

FIRE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 235,000	\$ 235,000	\$ 130,407	\$(104,593)
Intergovernmental -				
Federal/State	-	-	31,308	31,308
Interest	1,000	1,000	18,362	17,362
Other	46,000	46,000	26,335	(19,665)
	<u>282,000</u>	<u>282,000</u>	<u>206,412</u>	<u>(75,588)</u>
Expenditures:				
Public Safety -				
Salaries and wages			287,001	
Fringe benefits and payroll taxes			111,715	
Supplies			50,685	
Professional fees			3,501	
Telephone			3,392	
Utilities			9,555	
Printing and publishing			197	
Repairs and maintenance			30,831	
Gasoline and oil			8,003	
Insurance			39,836	
Capital outlay			24,414	
Other			18,956	
	<u>490,000</u>	<u>525,000</u>	<u>588,086</u>	<u>(63,086)</u>
Revenues under expenditures	<u>(208,000)</u>	<u>(243,000)</u>	<u>(381,674)</u>	<u>(138,674)</u>
Other Financing Sources:				
Gain on sale of asset	-	-	1,500	1,500
Transfers in	208,000	243,000	374,120	131,120
	<u>208,000</u>	<u>243,000</u>	<u>375,620</u>	<u>132,620</u>
Net Change in Fund Balance	-	-	(6,054)	(6,054)
Fund Balance at beginning of year	<u>8,661</u>	<u>8,661</u>	<u>8,661</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 8,661</u>	<u>\$ 8,661</u>	<u>\$ 2,607</u>	<u>\$(6,054)</u>

SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007

ASSETS	Special Revenue Funds			
	Cemetery	Park	Fishing Derby	Liquor Control
Current assets -				
Cash and cash equivalents	\$ 22,295	\$ 270,646	\$ 3,590	\$ 1,848
Receivables -				
Interest	-	254	-	-
Other	12,450	-	-	-
Prepaid expenditures	-	-	-	-
Due from other funds	2,523	-	187	-
Due from component units	-	-	-	-
	37,268	270,900	3,777	1,848
Restricted assets -				
Cash and cash equivalents	-	-	-	-
	-	-	-	-
Total Assets	\$ 37,268	\$ 270,900	\$ 3,777	\$ 1,848
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 7,232	\$ 1,861	\$ -	\$ 170
Accrued liabilities	57	807	-	-
Deposits payable	-	-	-	-
Due to other funds	2,660	44,284	1,264	10
Deferred revenue	-	11,400	-	-
Total Liabilities	9,949	58,352	1,264	180
Fund Balance:				
Reserved -				
Prepaid expenditures	-	-	-	-
County millage	-	187,936	-	-
Perpetual care	-	-	-	-
Unreserved -				
Undesignated	27,319	24,612	2,513	1,668
Total Fund Balance	27,319	212,548	2,513	1,668
Total Liabilities and Fund Balance	\$ 37,268	\$ 270,900	\$ 3,777	\$ 1,848

		Permanent Fund	
Museum	Building Inspection	Cemetery Perpetual Care	Total
\$ 9,361	\$ 194,776	\$ -	\$ 502,516
-	-	-	254
-	-	-	12,450
-	6,091	-	6,091
-	60,242	-	62,952
-	1,200	-	1,200
<u>9,361</u>	<u>262,309</u>	<u>-</u>	<u>585,463</u>
-	-	21,881	21,881
<u>\$ 9,361</u>	<u>\$ 262,309</u>	<u>\$ 21,881</u>	<u>\$ 607,344</u>
\$ 1,718	\$ 3,797	\$ -	\$ 14,778
-	2,590	-	3,454
-	27,562	-	27,562
7,061	-	397	55,676
-	-	-	11,400
<u>8,779</u>	<u>33,949</u>	<u>397</u>	<u>112,870</u>
-	6,091	-	6,091
-	-	-	187,936
-	-	21,484	21,484
<u>582</u>	<u>222,269</u>	<u>-</u>	<u>278,963</u>
<u>582</u>	<u>228,360</u>	<u>21,484</u>	<u>494,474</u>
<u>\$ 9,361</u>	<u>\$ 262,309</u>	<u>\$ 21,881</u>	<u>\$ 607,344</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Special Revenue Funds			
	Cemetery	Parks	Fishing Derby	Liquor Control
Revenues:				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental -				
Federal/State	-	-	-	4,777
Local	-	8,973	-	-
Charges for services	38,400	102,270	-	-
Interest and rent	1,434	47,144	258	151
Other	-	439	1,000	-
Total Revenues	39,834	158,826	1,258	4,928
Expenditures:				
Current -				
General Government	22,001	-	-	-
Public Safety	-	-	-	2,150
Recreation and Cultural	-	122,290	7,852	-
Total Expenditures	22,001	122,290	7,852	2,150
Revenues over (under) expenditures	17,833	36,536	(6,594)	2,778
Other Financing Sources (Uses):				
Transfers In	1,071	-	-	-
Transfers Out	-	(15,000)	-	(3,100)
	1,071	(15,000)	-	(3,100)
Net Change in Fund Balance	18,904	21,536	(6,594)	(322)
Fund Balances at beginning of year	8,415	191,012	9,107	1,990
Fund Balances at end of year	\$ 27,319	\$ 212,548	\$ 2,513	\$ 1,668

		Permanent Fund	
Museum	Building Inspection	Cemetery Perpetual Care	Total
\$ -	\$ 112,397	\$ -	\$ 112,397
-	-	-	4,777
-	-	-	8,973
-	-	-	140,670
662	11,194	1,157	62,000
660	5,402	510	8,011
<u>1,322</u>	<u>128,993</u>	<u>1,667</u>	<u>336,828</u>
-	-	-	22,001
-	145,500	-	147,650
7,568	-	-	137,710
<u>7,568</u>	<u>145,500</u>	<u>-</u>	<u>307,361</u>
<u>(6,246)</u>	<u>(16,507)</u>	<u>1,667</u>	<u>29,467</u>
-	-	-	1,071
<u>-</u>	<u>-</u>	<u>(1,071)</u>	<u>(19,171)</u>
<u>-</u>	<u>-</u>	<u>(1,071)</u>	<u>(18,100)</u>
<u>(6,246)</u>	<u>(16,507)</u>	<u>596</u>	<u>11,367</u>
<u>6,828</u>	<u>244,867</u>	<u>20,888</u>	<u>483,107</u>
<u>\$ 582</u>	<u>\$ 228,360</u>	<u>\$ 21,484</u>	<u>\$ 494,474</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

CEMETERY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Charges for services -				
Sale of lots/niches	\$ 11,000	\$ 11,000	\$ 28,550	\$ 17,550
Grave openings	10,000	10,000	9,850	(150)
Interest and rent -				
Interest	100	100	584	484
Rent	1,000	1,000	850	(150)
	22,100	22,100	39,834	17,734
Expenditures:				
General Government -				
Salaries and wages			5,749	
Fringe benefits and payroll taxes			440	
Supplies			675	
Professional fees			4,250	
Telephone			629	
Utilities			719	
Printing and publishing			609	
Repairs and maintenance			5,038	
Gasoline and oil			865	
Insurance			2,983	
Other			44	
	22,900	22,900	22,001	899
Revenues over (under) expenditures	(800)	(800)	17,833	18,633
Other Financing Sources:				
Operating transfers in	800	800	1,071	271
Net Change in Fund Balance	-	-	18,904	18,904
Fund Balance at beginning of year	8,415	8,415	8,415	-
Fund Balance at end of year	\$ 8,415	\$ 8,415	\$ 27,319	\$ 18,904

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Intergovernmental -				
Local	\$ 34,000	\$ 34,000	\$ 8,973	\$(25,027)
Charges for services -				
Tourist accommodations	100,000	100,000	102,270	2,270
Interest and rent -				
Interest earned	2,500	2,500	19,355	16,855
Rentals	25,500	25,500	27,789	2,289
Other -				
Miscellaneous	-	-	439	439
	162,000	162,000	158,826	(3,174)
Expenditures:				
Recreation and Cultural -				
Salaries and wages			37,696	
Fringe benefits and payroll taxes			4,227	
Telephone			350	
Supplies			14,623	
Professional fees			932	
Utilities			24,325	
Repairs and maintenance			23,357	
Gasoline			3,827	
Capital outlay			5,637	
Insurance			6,335	
Other			981	
	146,000	146,000	122,290	23,710
Revenues over expenditures	16,000	16,000	36,536	20,536
Other Financing Uses:				
Operating transfers out -				
General Fund	(15,000)	(15,000)	(15,000)	-
Fishing Derby Fund	(1,000)	(1,000)	-	1,000
	(16,000)	(16,000)	(15,000)	1,000
Net Change in Fund Balance	-	-	21,536	21,536
Fund Balance at beginning of year	191,012	191,012	191,012	-
Fund Balance at end of year	\$ 191,012	\$ 191,012	\$ 212,548	\$ 21,536

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

FISHING DERBY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Interest and rent -				
Interest earned	\$ -	\$ -	\$ 258	\$ 258
Other	-	-	1,000	1,000
	-	-	1,258	1,258
Expenditures:				
Recreation and Cultural -				
Supplies	3,000	3,000	7,852	(4,852)
Revenues under expenditures	(3,000)	(3,000)	(6,594)	(3,594)
Other Financing Sources:				
Operating transfers in	3,000	3,000	-	(3,000)
Net Change in Fund Balance	-	-	(6,594)	(6,594)
Fund Balance at beginning of year	9,107	9,107	9,107	-
Fund Balance at end of year	\$ 9,107	\$ 9,107	\$ 2,513	\$(6,594)

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

LIQUOR CONTROL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Positive (Negative)</u>
Revenues:				
Intergovernmental -				
State	\$ 4,500	\$ 4,500	\$ 4,777	\$ 277
Interest earned	20	20	151	131
	<u>4,520</u>	<u>4,520</u>	<u>4,928</u>	<u>408</u>
Expenditures:				
Public Safety -				
Salaries and wages			2,140	
Miscellaneous			10	
	<u>2,520</u>	<u>2,520</u>	<u>2,150</u>	<u>370</u>
Revenues over expenditures	2,000	2,000	2,778	778
Other Financing Uses:				
Operating transfers out	(2,000)	(2,000)	(3,100)	(1,100)
Net Change in Fund Balance	-	-	(322)	(322)
Fund Balance at beginning of year	<u>1,990</u>	<u>1,990</u>	<u>1,990</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 1,990</u>	<u>\$ 1,990</u>	<u>\$ 1,668</u>	<u>\$(322)</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

MUSEUM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Interest	\$ 250	\$ 250	\$ 662	\$ 412
Donations	7,500	7,500	660	(6,840)
	<u>7,750</u>	<u>7,750</u>	<u>1,322</u>	<u>(6,428)</u>
Expenditures:				
Recreation and Cultural -				
Supplies			1,173	
Repairs and maintenance			5,376	
Other			1,019	
	<u>7,750</u>	<u>7,750</u>	<u>7,568</u>	<u>182</u>
Net Change in Fund Balance	-	-	(6,246)	(6,246)
Fund Balance at beginning of year	<u>6,828</u>	<u>6,828</u>	<u>6,828</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 6,828</u>	<u>\$ 6,828</u>	<u>\$ 582</u>	<u>\$(6,246)</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

BUILDING INSPECTIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Licenses and permits -				
Building permits	\$ 85,000	\$ 85,000	\$ 67,925	\$(17,075)
Electrical permits	35,000	35,000	17,986	(17,014)
Mechanical permits	25,000	25,000	16,782	(8,218)
Plumbing permits	18,125	18,125	9,704	(8,421)
Interest	8,350	8,350	11,194	2,844
Other	3,000	3,000	5,402	2,402
	<u>174,475</u>	<u>174,475</u>	<u>128,993</u>	<u>(45,482)</u>
Expenditures:				
Public Safety -				
Salaries			89,102	
Fringe benefits and payroll taxes			22,778	
Telephone			2,144	
Supplies			4,018	
Transportation			2,020	
Publishing and printing			1,266	
Professional fees			7,312	
Insurance			3,345	
Capital outlay			10,242	
Other			3,273	
	<u>174,475</u>	<u>174,475</u>	<u>145,500</u>	<u>28,975</u>
Net Change in Fund Balance	-	-	(16,507)	(16,507)
Fund Balance at beginning of year	<u>244,867</u>	<u>244,867</u>	<u>244,867</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 244,867</u>	<u>\$ 244,867</u>	<u>\$ 228,360</u>	<u>\$(16,507)</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

COMBINING SCHEDULE OF SEWER FUNDS NET ASSETS
DECEMBER 31, 2007

	Sewer Operating #570	Sewer Improvement #571	Sewer Debt FMHA #573	Sewer SP Assess #574	Sewer Redemption #576
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 685,812	\$ -	\$ -	\$ -	\$ -
Receivables -					
Utilities	468,751	-	-	-	-
Special assessments	2,511	-	-	-	-
Due from other funds	326,759	-	-	-	-
Due from component unit	231,900	-	-	-	-
Prepaid expenses	12,483	-	-	-	-
	<u>1,728,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted Assets:					
Cash and cash equivalents	-	610,423	278,166	960,296	256,872
Receivables -					
Special assessments/Tap-ins	-	1,580	36,987	-	11,349
Due from other funds	-	1,566,718	32,049	-	37,750
	<u>-</u>	<u>2,178,721</u>	<u>347,202</u>	<u>960,296</u>	<u>305,971</u>
Fixed Assets:					
Construction in progress	522,892	-	-	-	-
Land improvements	139,106	-	-	-	-
Mains and extensions	19,017,499	-	-	-	-
Equipment	569,396	-	-	-	-
	<u>20,248,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less - accumulated depreciation	(6,822,422)	-	-	-	-
	<u>13,426,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Assets:					
Unamortized bond costs	-	-	-	26,642	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,642</u>	<u>-</u>
Total Assets	<u>15,154,687</u>	<u>2,178,721</u>	<u>347,202</u>	<u>986,938</u>	<u>305,971</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	19,659	-	-	-	-
Accrued salaries	2,939	-	-	-	-
Deposits	7,648	-	-	-	-
Due to other governmental units	167,209	-	-	-	-
Due to other funds	313,761	-	-	-	-
	<u>511,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current Liabilities - (Payable from restricted assets):					
Accounts payable	-	-	-	-	-
Bonds payable (current portion)	-	-	10,000	30,000	-
Due to other funds	-	15,000	27,384	36,400	32,487
Due to component units	-	-	11,182	-	-
Accrued interest	-	-	122	5,485	-
	<u>-</u>	<u>15,000</u>	<u>48,688</u>	<u>71,885</u>	<u>32,487</u>
Long Term Liabilities:					
Bonds payable	-	-	5,000	780,000	-
	<u>511,216</u>	<u>15,000</u>	<u>53,688</u>	<u>851,885</u>	<u>32,487</u>
NET ASSETS (DEFICIT)					
Investment in capital assets, net	13,426,471	-	(15,000)	(783,358)	-
Restricted - debt retirement/construction	-	2,163,721	308,514	918,411	273,484
Unrestricted	1,217,000	-	-	-	-
	<u>\$ 14,643,471</u>	<u>\$ 2,163,721</u>	<u>\$ 293,514</u>	<u>\$ 135,053</u>	<u>\$ 273,484</u>

1996 Construction #578	1999 San. Sewer #579	Total	Consolidating Adjustments		Final Balance
			Dr	Cr	
\$ -	\$ -	\$ 685,812	\$ -	\$ 131,600	\$ 554,212
-	-	468,751	-	-	468,751
-	-	2,511	-	-	2,511
-	-	326,759	(9,993)	95,921	220,845
-	-	231,900	-	24,231	207,669
-	-	12,483	-	-	12,483
-	-	1,728,216	(9,993)	251,752	1,466,471
939,257	69,820	3,114,834	131,600	-	3,246,434
-	206,816	256,732	-	-	256,732
-	101,029	1,737,546	(29,562)	1,611,957	96,027
939,257	377,665	5,109,112	102,038	1,611,957	3,599,193
-	-	522,892	-	-	522,892
-	-	139,106	-	-	139,106
-	-	19,017,499	-	-	19,017,499
-	-	569,396	-	-	569,396
-	-	20,248,893	-	-	20,248,893
-	-	(6,822,422)	-	-	(6,822,422)
-	-	13,426,471	-	-	13,426,471
-	-	26,642	-	-	26,642
939,257	377,665	20,290,441	92,045	1,863,709	18,518,777
-	-	19,659	-	-	19,659
-	-	2,939	-	-	2,939
-	-	7,648	-	-	7,648
-	-	167,209	-	-	167,209
-	-	313,761	291,505	29,760	52,016
-	-	511,216	291,505	29,760	249,471
-	16,222	16,222	-	-	16,222
-	-	40,000	-	-	40,000
67,738	1,306,679	1,485,688	1,485,688	-	-
13,049	-	24,231	24,231	-	-
-	-	5,607	-	-	5,607
80,787	1,322,901	1,571,748	1,509,919	-	61,829
-	-	785,000	-	-	785,000
80,787	1,322,901	2,867,964	1,801,424	29,760	1,096,300
-	-	12,628,113	-	-	12,628,113
858,470	(945,236)	3,577,364	-	-	3,577,364
-	-	1,217,000	-	-	1,217,000
\$ 858,470	\$ (945,236)	\$ 17,422,477	\$ 1,893,469	\$ 1,893,469	\$ 17,422,477

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

COMBINING SCHEDULE OF SEWER FUNDS REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
DECEMBER 31, 2007

	Sewer Operating #570	Sewer Improvement #571	Sewer Debt FMHA #573	Sewer SP Assess #574	Sewer Redemption #576
Operating Revenue:					
User charges	\$ 1,150,948	\$ -	\$ -	\$ -	\$ -
Lateral fees	-	-	-	-	-
Other charges	2,025	-	-	-	-
	<u>1,152,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Expenses:					
Salaries and wages	97,469	-	-	-	-
Fringe benefits	79,968	-	-	-	-
Supplies	14,312	-	-	-	-
Professional fees	3,753	-	-	-	-
Sewer charges	724,307	-	-	-	-
Repairs and maintenance	21,403	-	-	-	-
Depreciation/amortization	361,096	-	-	-	-
Utilities	26,822	-	-	-	-
Other	17,285	-	-	-	-
	<u>1,346,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Income (Loss)	<u>(193,442)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-Operating Revenue (Expenses):					
Property taxes	-	-	-	-	-
Special assessments and tap fees	-	38,280	5,348	-	-
Interest earned	61,231	45,437	14,368	49,105	15,221
Interest on bonds	-	-	(1,124)	(35,255)	-
	<u>61,231</u>	<u>83,717</u>	<u>18,592</u>	<u>13,850</u>	<u>15,221</u>
Net Income (Loss) Before Transfers	<u>(132,211)</u>	<u>83,717</u>	<u>18,592</u>	<u>13,850</u>	<u>15,221</u>
Transfers:					
Transfer in	1,167,262	-	-	63,842	-
Transfers out	-	(345,889)	-	-	-
	<u>1,167,262</u>	<u>(345,889)</u>	<u>-</u>	<u>63,842</u>	<u>-</u>
Change in Net Assets	1,035,051	(262,172)	18,592	77,692	15,221
Net Asset (Deficit) at beginning of year	<u>13,608,420</u>	<u>2,425,893</u>	<u>274,922</u>	<u>57,361</u>	<u>258,263</u>
Net Asset (Deficit) at end of year	<u>\$ 14,643,471</u>	<u>\$ 2,163,721</u>	<u>\$ 293,514</u>	<u>\$ 135,053</u>	<u>\$ 273,484</u>

1996 Construction #578	1999 San. Sewer #579	Total	Consolidating Adjustments		Final Balance
			Dr	Cr	
\$ -	\$ 4,816	\$ 1,155,764	\$ -	\$ -	\$ 1,155,764
-	6,000	6,000	-	-	6,000
-	185	2,210	-	-	2,210
-	11,001	1,163,974	-	-	1,163,974
-	-	97,469	-	-	97,469
-	-	79,968	-	-	79,968
-	-	14,312	-	-	14,312
-	-	3,753	-	-	3,753
-	-	724,307	-	-	724,307
-	-	21,403	-	-	21,403
-	-	361,096	-	-	361,096
-	-	26,822	-	-	26,822
-	705	17,990	-	-	17,990
-	705	1,347,120	-	-	1,347,120
-	10,296	(183,146)	-	-	(183,146)
5,625	-	5,625	-	-	5,625
-	-	43,628	-	-	43,628
48,992	31,779	266,133	-	-	266,133
(1,425)	-	(37,804)	-	-	(37,804)
53,192	31,779	277,582	-	-	277,582
53,192	42,075	94,436	-	-	94,436
-	-	1,231,104	1,220,813	-	10,291
-	(880,994)	(1,226,883)	-	1,220,813	(6,070)
-	(880,994)	4,221	1,220,813	1,220,813	4,221
53,192	(838,919)	98,657	1,220,813	1,220,813	98,657
805,278	(106,317)	17,323,820	-	-	17,323,820
\$ 858,470	\$(945,236)	\$ 17,422,477	\$ 1,220,813	\$ 1,220,813	\$ 17,422,477

FIDUCIARY FUNDS

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Balance January 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2007</u>
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 3,114,795	\$ 10,224,186	\$ 10,591,845	\$ 2,747,136
Due from other funds	20,389	-	390	19,999
	<u>\$ 3,135,184</u>	<u>\$ 10,224,186</u>	<u>\$ 10,592,235</u>	<u>\$ 2,767,135</u>
Liabilities:				
Due to other funds	\$ 319,730	\$ -	\$ 262,237	\$ 57,493
Due to component units	17,787	-	-	17,787
Undistributed taxes and interest	<u>2,797,667</u>	<u>10,224,186</u>	<u>10,329,998</u>	<u>2,691,855</u>
	<u>\$ 3,135,184</u>	<u>\$ 10,224,186</u>	<u>\$ 10,592,235</u>	<u>\$ 2,767,135</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Balance January 1, 2007	Additions	Deductions	Balance December 31, 2007
CURRENT TAX COLLECTION FUND				
Assets:				
Cash and cash equivalents	\$ 2,851,550	\$ 10,115,372	\$ 10,221,705	\$ 2,745,217
Liabilities:				
Due to other funds	\$ 319,730	\$ -	\$ 262,237	\$ 57,493
Due to component units	17,787	-	-	17,787
Undistributed taxes and interest	2,514,033	10,115,372	9,959,468	2,669,937
	<u>\$ 2,851,550</u>	<u>\$ 10,115,372</u>	<u>\$ 10,221,705</u>	<u>\$ 2,745,217</u>
OTHER TAX COLLECTION FUND				
Assets:				
Cash and cash equivalents	\$ 263,245	\$ 108,814	\$ 370,140	\$ 1,919
Due from other funds	20,389	-	390	19,999
	<u>\$ 283,634</u>	<u>\$ 108,814</u>	<u>\$ 370,530</u>	<u>\$ 21,918</u>
Liabilities:				
Undistributed taxes	<u>\$ 283,634</u>	<u>\$ 108,814</u>	<u>\$ 370,530</u>	<u>\$ 21,918</u>

COMPONENT UNITS

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2007

	Downtown Development Authority			Total
	Special Revenue	Debt Service	Capital Projects	Downtown Development Authority
ASSETS				
Cash and cash equivalents	\$ 505,545	\$ -	\$ -	\$ 505,545
Investments	1,085,621	-	-	1,085,621
Taxes receivable	1,232,694	-	-	1,232,694
Interest receivable	6,649	-	-	6,649
Due from primary government	18,536	-	-	18,536
	\$ 2,849,045	\$ -	\$ -	\$ 2,849,045
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 558,760	\$ -	\$ -	\$ 558,760
Due to other governmental units	156,000	-	-	156,000
Due to primary government	207,669	-	-	207,669
Deferred revenue	1,232,694	-	-	1,232,694
	2,155,123	-	-	2,155,123
Fund Balance (Deficit):				
Unreserved -				
Undesignated	693,922	-	-	693,922
	\$ 2,849,045	\$ -	\$ -	\$ 2,849,045

<u>Economic Development Corporation</u>	<u>Brownfield Development Authority</u>	<u>Total</u>
\$ 34,709	\$ 41,839	\$ 582,093
-	-	1,085,621
-	-	1,232,694
-	-	6,649
<u>-</u>	<u>-</u>	<u>18,536</u>
<u>\$ 34,709</u>	<u>\$ 41,839</u>	<u>\$ 2,925,593</u>

\$ -	\$ -	\$ 558,760
-	-	156,000
21,309	42,620	271,598
<u>-</u>	<u>-</u>	<u>1,232,694</u>
21,309	42,620	2,219,052

<u>13,400</u>	<u>(781)</u>	<u>706,541</u>
<u>\$ 34,709</u>	<u>\$ 41,839</u>	<u>\$ 2,925,593</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2007

Fund Balances - total governmental funds	\$	706,541
Amounts reported for governmental activities in the statement of net assets are different because:		
<p style="margin-left: 40px;">Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Capital assets		8,922,198
Accumulated depreciation	(985,549)
<p style="margin-left: 40px;">Long - term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Bonds payable	(2,375,000)	
Accrued interest	(19,244)	(2,394,244)
		<u> </u>
Net Assets of governmental activities	\$	<u><u>6,248,946</u></u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Downtown Development Authority			Total
	Special Revenue	Debt Service	Capital Projects	Downtown Development Authority
Revenues:				
Taxes	\$ 1,087,009	\$ -	\$ -	\$ 1,087,009
Intergovernmental - State	-	-	-	-
Interest and rent -				
Rent	-	-	-	-
Interest	80,667	-	-	80,667
Other	5,000	-	-	5,000
	1,172,676	-	-	1,172,676
Expenditures:				
Public Works	926,347	-	-	926,347
Debt Service -				
Principal	-	585,000	-	585,000
Interest	-	129,074	-	129,074
	926,347	714,074	-	1,640,421
Revenues over (under) expenditures	246,329	(714,074)	-	(467,745)
Other Financing Sources (Uses):				
Operating transfers in (out)	(230,987)	714,074	(483,087)	-
Net Change in Fund Balance	15,342	-	(483,087)	(467,745)
Fund Balance (Deficit) at beginning of year	678,580	-	483,087	1,161,667
Fund Balance (Deficit) at end of year	\$ 693,922	\$ -	\$ -	\$ 693,922

<u>Economic Development Corporation</u>	<u>Brownfield Redevelopment Authority</u>	<u>Total</u>
\$ -	\$ -	\$ 1,087,009
-	40,970	40,970
5,900	-	5,900
1,636	173	82,476
-	539	5,539
<u>7,536</u>	<u>41,682</u>	<u>1,221,894</u>
944	1,185	928,476
-	-	585,000
-	-	129,074
<u>944</u>	<u>1,185</u>	<u>1,642,550</u>
6,592	40,497	(420,656)
-	-	-
6,592	40,497	(420,656)
<u>6,808</u>	<u>(41,278)</u>	<u>1,127,197</u>
<u>\$ 13,400</u>	<u>\$(781)</u>	<u>\$ 706,541</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2007**

Net change in fund balances - total governmental funds		\$(420,656)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>			
Capital outlay			891,943
Depreciation expense		(160,258)
<p>Repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however has no effect on net assets.</p>			
Principal payments on long term liabilities	585,000		
Decrease in accrued interest	<u>4,436</u>		<u>589,436</u>
Change in net assets of governmental activities		<u>\$</u>	<u><u>900,465</u></u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

DOWNTOWN DEVELOPMENT AUTHORITY
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 1,150,000	\$ 1,150,000	\$ 1,087,009	\$(62,991)
Interest	15,000	15,000	80,667	65,667
Other	-	-	5,000	5,000
	<u>1,165,000</u>	<u>1,165,000</u>	<u>1,172,676</u>	<u>7,676</u>
Expenditures:				
Public Works-				
Salaries and fringes			44,144	
Supplies			417	
Professional fees			10,520	
Street lighting			41,455	
Capital outlay			826,099	
Other			3,712	
	<u>1,147,350</u>	<u>403,000</u>	<u>926,347</u>	<u>(523,347)</u>
Revenues over expenditures	<u>17,650</u>	<u>762,000</u>	<u>246,329</u>	<u>(515,671)</u>
Other Financing Sources:				
Operating transfers in	-	-	483,087	483,087
Operating transfers out	-	-	(714,074)	(714,074)
	<u>-</u>	<u>-</u>	<u>(230,987)</u>	<u>(230,987)</u>
Net Change in Fund Balance	17,650	762,000	15,342	(746,658)
Fund Balance at beginning of year	<u>678,580</u>	<u>678,580</u>	<u>678,580</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 696,230</u>	<u>\$ 1,440,580</u>	<u>\$ 693,922</u>	<u>\$(746,658)</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

ECONOMIC DEVELOPMENT CORPORATION
SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Interest	\$ 200	\$ 200	\$ 1,636	\$ 1,436
Rentals	8,500	8,500	5,900	(2,600)
	8,700	8,700	7,536	(1,164)
Expenditures:				
Public Works-				
Supplies			60	
Printing and publishing			639	
Other			245	
	8,700	8,700	944	7,756
Net Change in Fund Balance	-	-	6,592	6,592
Fund Balance at beginning of year	6,808	6,808	6,808	-
Fund Balance at end of year	\$ 6,808	\$ 6,808	\$ 13,400	\$ 6,592

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

BROWNFIELD DEVELOPMENT AUTHORITY
SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Positive (Negative)</u>
Revenues:				
Intergovernmental - State	\$ -	\$ -	\$ 40,970	\$ 40,970
Interest	200	200	173	(27)
Other	7,000	7,000	539	(6,461)
	<u>7,200</u>	<u>7,200</u>	<u>41,682</u>	<u>34,482</u>
Expenditures:				
Public Works-				
Professional fees			500	
Construction			570	
Other			115	
	<u>7,200</u>	<u>7,200</u>	<u>1,185</u>	<u>6,015</u>
Net Change in Fund Balance	-	-	40,497	40,497
Fund Balance (Deficit) at beginning of year	<u>(41,278)</u>	<u>(41,278)</u>	<u>(41,278)</u>	<u>-</u>
Fund Balance (Deficit) at end of year	<u><u>\$(41,278)</u></u>	<u><u>\$(41,278)</u></u>	<u><u>\$(781)</u></u>	<u><u>\$ 40,497</u></u>

To the Supervisor and
Members of the Township Board
Charter Township of Port Huron
St. Clair County, Michigan

In planning and performing our audit of the financial statements of governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Port Huron as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Charter Township of Port Huron's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our 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, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

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 a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The following deficiencies in internal control are considered to be material weaknesses:

Preparation of Financial Statements In Accordance with Generally Accepted Accounting Principles.

Management routinely prepares internal financial information to assess operations and the financial position of the Township on an ongoing basis. Although the internal financial information is useful to management, it is not presented in accordance with generally accepted accounting principles. The Township contracts with us, the auditors, to prepare adjustments to convert the financial statements from a modified cash basis to the modified accrual or accrual basis, to record the information necessary for the GASB 34 adjustments, and to draft the financial statements, including all necessary notes, in accordance with generally accepted accounting principles. (During our audit we proposed numerous closing/audit entries (approximately 250), some of which were significant to the financial statements.)

This is considered to be a control deficiency since errors could occur in the preparation of the financial statements that would result in material deviation from generally accepted accounting principles and the Township would not be in a position to detect them.

All funds should be balanced at the end of each month and balance sheet accounts agreed to supporting documentation.

During our audit we noted certain funds did not balance, debits did not equal credits by fund. The double entry accounting system is designed to provide control over the accounting records. As a result of the funds being out of balance, a number of problems can occur and go undetected. We recommend that the funds be balanced before the monthly records are closed.

Also during our audit, we proposed numerous journal entries, many of which were significant to the Township's financial statements. We recommend that each month all significant balance sheet accounts be reconciled to supporting documentation.

Cash accounts should be reconciled to the general ledger on a timely basis.

The Township's common bank account was not reconciled to the general ledger until a number of months after the end of the year. The reconciliation of cash on a timely basis is an integral part of a good internal control system. By not reconciling cash on a timely basis a number of problems can occur and go undetected for an extended period.

We recommend that cash be reconciled in a timely manner, within three to four weeks of month-end.

The utilities accounts receivable should be periodically reconciled to the detailed subsidiary records and all billing adjustments approved with supporting documentation attached.

During our audit we noted that the Township did not reconcile the detailed utilities accounts receivable ledgers to the General Ledger and that billing adjustments were not approved by someone separate from the billing function. By not performing this reconciliation, transactions or adjustments may be posted to the general ledger, but not the detailed accounts receivable ledger and vice versa.

To increase the control over the utility accounts receivable and cash receipts, and increase the accuracy of internally prepared financial statements, the detailed accounts receivable ledger should be reconciled to the general ledger on a periodic basis and billing adjustments should be approved by someone other than the person preparing the billings and supporting documentation should be attached to support the proposed adjustment.

All cash receipts should be recorded into the accounting system at the time of receipt with the cash drawer reconciled at the end of each day.

It is our understanding that cash receipts for most types of receipts are not immediately entered into the cash receipt system but rather stamp paid on the billing and "batched" and recorded in the cash receipt system at the time of banking. The only items that are immediately entered into the system are miscellaneous type items that don't have some sort of billing. Based on discussion with the Treasurer's office the items are "batched" because of the time that would be required to input each and every receipt is impractical. Many of our governmental clients are now utilizing electronic scanning devices to record these payments.

We recommend that the Township investigate if the new software that the Township purchased has a scanning device available that would make it practical to receipt all payments at the time of payment. We also recommend that the amounts received be balanced to the cash drawer at the end of each day.

The following deficiencies in internal control are considered to be significant deficiencies:

All vendor invoices should be presented to the Township Board prior to payment.

During the audit it was noted that there were certain invoices that were paid but not included on the list presented to the Township Board for approval. Michigan Compiled laws and the Township policy's require that all payments be approved by the Board prior to payment unless a penalty will be incurred, at which time the invoice can be paid and subsequently approved by the Board.

To comply with the Michigan Department of Treasury requirements, Township policy and to increase internal controls we recommend that this be strictly adhered to.

Controls over revenues generated at the Township's RV Park could be improved.

At the current time when someone arrives at the Township's RV Park the attendant issues a receipt for the amount collected based on the length of stay and the type of hook-up. Weekly the attendant takes the amount collected and a copy of the prenumbered receipts to the Township Hall for deposit. However, there is no way for the Township to know for certain whether all money collected was receipted by the attendant. We suggest the Township investigate instituting procedures to make sure all money collected is receipted and remitted to the Township.

Payments should only be made from original invoices, all checks written should have the required dual signature and sales tax should not be paid.

We noted during our audit that payments were being made from statements without invoices attached. This, on a few occasions, led to double payments. We recommend that payments be made only from an original invoice and that the invoice number be entered into the accounts payable system to reduce the possibility of double payments.

Also it is our understanding that the Township policy and Michigan Compiled Laws requires one signature from the Clerk's department and one signature from the Treasurer's office. During the audit, it was noted that certain checks were issued with two signatures from the same office. To increase controls and comply with Michigan Compiled laws, we recommend that the policy requiring a signature from the Treasurer's office and one from the Clerks office be adhered to.

We also noted that sales tax was paid on occasion. Local governments are exempt from sales tax due to state regulation. We recommend the Township review invoices for sales tax being charged and make the respective company aware of the Township's exempt status.

Adopt a policy that restricts checks from being cashed out of the cash drawer.

While performing our audit procedures, it was noted that the Township was cashing personal checks from the cash drawer. To increase controls the practice of cashing checks from the cash register should be strictly forbidden.

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

Sincerely,



Stewart, Beauvais & Whipple

June 26, 2008



June 26, 2008

To the Members of the Board
Charter Township of Port Huron
Port Huron, Michigan

We have audited the financial statement of the governmental activities, the business-type activities the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Port Huron for the year ended December 31, 2007, and have issued our report thereon dated June 26, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 21, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

Planned Scope and Timing of Audit

We performed the audit according to the planned scope and timing previously communicated to you in our Preliminary Audit Communication Letter, and discussions with the Supervisor, Treasurer, Clerk, and administration.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the 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 the Charter Township of Port Huron are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007. We noted no transaction entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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. The most sensitive estimates affecting the financial statements were:

Management's estimate for unbilled water and sewer services. The estimate is based on subsequent billings and historical data. We evaluated the key factors and assumptions used to develop the unbilled water and sewer services in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate for depreciation. Management estimates based on historical data and estimated useful lives. We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management (we also proposed and management corrected a number of immaterial and closing entries, approximately 250):

- Reclassifying bond payments as reductions in liability balances
- Balancing due to and due from's
- Balancing funds
- Recording of deposits in transit
- Recording equipment received through a federal grant
- Recording budgeted transfer not made to Fire Fund from General Fund
- Adjusting Enterprise Fund receivables to actual
- Adjust posting of delinquent receivables
- Recording of checks received but not deposited

Assistance with GASB 34 Presentation

As a result of our assistance with the GASB 34 presentation, we proposed several entries to the December 31, 2007 account balances to reflect the difference between the Government Fund and the Government-wide financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 26, 2008.

Management 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 the governmental unit'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 relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

In addition to the Report on Internal Control we noted a few other items that although are not considered significant deficiencies could improve controls, the operational efficiency and or compliance with laws and regulations. These items are discussed in Attachment A.

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

This information is intended solely for the use of the Township Board and management of the Charter Township of Port Huron and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Stewart, Beauvais & Whipple

Attachment A

The following is a list of items that we discussed with administration that are not considered significant deficiencies, however, are items that could improve controls, the operational efficiency of the accounting department and/or compliance with laws and regulations:

To increase controls, all journal entries should have supporting documentation and be approved.

During our audit testing we noted that adjusting journal entries did not always have supporting documentation attached nor were they approved. All journal entries should be accompanied by a full explanation and/or be referenced to adequate supporting data. The Township should also consider having someone other than the person making the entries approve the entries, i.e. a board member, manager, etc.

The Township should consider modifying its investment policy.

During 2006, GASB No. 40 became effective for all governmental units. The Statement requires that the governmental unit disclose additional information regarding the types of investments held, length of maturity, security's rating, any limitation on the amounts that can be invested with any one financial institution or type of investment, etc. In addition, it discusses four types of risk: custodial credit risk, interest rate risk, credit risk and concentration of credit risk. (See Note 3 to the annual financial statements.)

We recommend that the current Township investment policy be reviewed and modified to address each type of risk. During this process, the Board should consider whether they want to limit the amount and/or percentage of cash and investment that can be invested with any financial institution since the Township is only insured for \$100,000 with each financial institution.

The Township should reconcile wages reported per the General Ledger to wages reported on quarterly Federal Form 941's and on the summary W-3.

Wages reported on the quarterly 941 and the summary W-3 are not reconciled to the wages reported on the Township General Ledger. To ensure posting accuracy and proper reporting, a quarterly reconciliation should be performed comparing wages reported per the Township General Ledger to wages reported on the Federal Form 941 filed. Any difference should be investigated, and necessary corrections made.

It was also noted that the W-3 Medicare wages for the year ended December 31, 2007 did not agree with the amounts reported on the quarterly IRS-941's. Although the differences were very insignificant we recommend that these amounts be reconciled before the W-2's and W-3 are issued.

The Township should review the utility charges to neighboring municipalities.

The Township currently receives payment for water and sewer usage from a neighboring municipality without requesting any meter reads or support for the calculation of the amount used and being paid for.

We recommend that a written agreement be approved by the Township Board, which details the rates that the water and sewer usage is to be charged at, and the procedures to determine that the proper amount of usage is calculated correctly.

The engineering fees escrow accounts should be reviewed and reconciled to the general ledger on a monthly basis.

The Township requires developer/contractors to deposit monies in escrow accounts that are utilized by the Township to cover Township costs, including engineering fees, for the development. We recommend that the escrow accounts be reviewed at the end of each month with the developer bill to determine if additional monies are needed, and then once the development is completed at that time, any escrow balance be returned to the developer. We understand that at times this can be a difficult process since the engineer and other individuals do not always provide the required detail on each billing. We recommend that you work with each of the parties involved to get the required detail.

The escrow report should also be reconciled to the general ledger on a monthly basis.

On a periodic basis, a listing should be prepared of performance bonds held by the Township.

At the current time, there is no listing of performance bonds outstanding at any given time.

We recommend that a schedule (listing) be maintained of the performance bonds held, listing name, amount, deposit date and date refunded. This schedule should be reconciled to the general ledger to the general ledger on a monthly basis. The Township should then follow up on all old performance bonds to see if they should be refunded or forfeited.

Original documentation should be maintained and received with each credit card statement.

It was noted during our audit that there were instances of credit card statements not having original receipts attached with a description for the purchase. It was also noted restaurant receipts were not always accompanied by itemized receipts. Internal policy requires proper documentation to be submitted and maintained with each statement.

We recommend that the Township communicate to all Township employees the internal policy for credit card purchases.

Computer controls should be improved.

At the current time, passwords are not utilized to limit access to certain accounting modules to certain individuals and/or departments. For instance, currently, there are no passwords limiting the ability to post journal entries, process checks and create utility bills. Also, passwords are not utilized at each individual's workstation.

We recommend the Township work with their software company to create limited access for individuals to certain functions. Also, the Township should work with a computer specialist to set up passwords for allowing access to each terminal.

Also it was noted during our audit that the Township does not have a plan set in the event of a disaster.

We recommend the Township devise a plan for use of computers and office space in the event of a natural/man-made disaster.

Documentation of pay rates.

It was noted during our audit that several employees' pay rates could not be traced to a board-approved rate. In addition, as noted in the State of Michigan Department of Treasury Agreed-Upon Procedures Report, it was noted that a couple of employees were paid for used vacation or casual days, that appears that appear to be contradictory to the Township employee manual and past practices. Also these payments appear to never have been approved by the Township Board.

We recommend that either a single list of rates be approved by the board annually and maintained by the clerk or each individual's rate be approved and maintained in their file. Also any special payments outside and employees normal pay rate should be formally approved by the Township Board.

Uniform Chart of Accounts.

We noted during our audit that not all of the Township fund and account numbers are in compliance with the State's Chart of Accounts.

Although the differences were insignificant, we recommend the Township review the State Chart of Accounts and modify the Township general ledger fund and account numbers accordingly.

The fire-run invoices should be prenumbered and all payments should be collected by the Township Treasurer's Office.

During the year, the Township started billing non-residents for reimbursement of certain fire-runs. Currently the invoices are manually numbered and payments are directed to be sent to the fire department.

We recommend that all invoices be prenumbered with the sequence of invoices accounted for and that all payments be directed to the Township Treasurer's Office.

Controls should be implemented over the Clerk's signature stamp.

At the present time the Township has one signature stamp with the Clerks signature, which is kept in a closet that is unlocked throughout the day. The intent of this stamp is to not be used for check signing.

Signature stamps are always risky because they allow the signing of checks or documents by someone other than the authorized individual.

Unless absolutely necessary we recommend the stamp be destroyed. If a stamp is going to be utilized it should be maintained and secured by someone that does not have the ability to process payroll or vendor disbursement checks.