

**Charter Township of Ypsilanti
Washtenaw County, Michigan**

FINANCIAL STATEMENTS

December 31, 2007

Charter Township of Ypsilanti

Washtenaw County, Michigan

December 31, 2007

BOARD OF TRUSTEES

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Charter Township of Ypsilanti

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Charter Township of Ypsilanti

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INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Charter Township of Ypsilanti
Ypsilanti, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the Charter Township of Ypsilanti, Michigan as of and for the year ended December 31, 2007, which collectively comprise the Township's financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township'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 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, business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the Charter Township of Ypsilanti, 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, budgetary comparison information, and pension and other postemployment benefit plan disclosures, as identified in the Table of Contents, are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 Ypsilanti's financial statements. The accompanying other supplementary information, as identified in the Table of Contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 27, 2008

Charter Township of Ypsilanti

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

As management of Charter Township of Ypsilanti, we offer readers of Charter Township of Ypsilanti's financial statements this narrative overview and analysis of the financial activities of Charter Township of Ypsilanti for the fiscal year ended December 31, 2007.

Financial Highlights

- The assets of Charter Township of Ypsilanti exceeded its liabilities at the close of the most recent fiscal year by \$45,224,307 (*net assets*). Of this amount, \$16,325,314 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Charter Township of Ypsilanti's governmental funds reported combined ending fund balances of \$19,096,721 an increase of \$1,629,549 in comparison with the prior year. Approximately 84 percent of this amount, \$16,060,900 *is available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, the general fund had an unreserved fund balance of \$5,591,311 to meet future obligations.
- Charter Township of Ypsilanti's "Governmental" total long term debt decreased by \$1,298,780 (approximately 11 percent) during the current fiscal year due to repayments on outstanding debt. No new debt was issued during 2007.
- The General Fund reported a net increase in Fund Balance of \$1,024,303.
- State Shared Revenue for the current year is \$4,381,843 compared to \$4,440,742 for the prior year. This represents a decrease of approximately 1.3%. In the current year, State Shared Revenue represents 38 percent of the total revenue available for the General Fund and 43 percent in the prior year. The state anticipates that the state shared revenue for the 2008 fiscal year will remain constant with 2007, however, the 2008 budget is set at \$4,214,330.
- Property Tax revenues are \$17,812,469. The increase of \$1,796,695 (11 percent) is largely attributable to an increase in taxable value of 7%, with uncapping and increases due to construction.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Charter Township of Ypsilanti's basic financial statements. Charter Township of Ypsilanti's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Charter Township of Ypsilanti's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Charter Township of Ypsilanti's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Charter Township of Ypsilanti is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Charter Township of Ypsilanti

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

Both of the government-wide financial statements distinguish functions of the Charter Township of Ypsilanti that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Charter Township of Ypsilanti include general government, public safety, highways and streets, sanitation, and culture and recreation. The business-type activities of Charter Township of Ypsilanti represent the Golf Course.

The government-wide financial statements include not only the Charter Township of Ypsilanti itself (known as the *primary government*), but also the Local Development Finance Authority and the Ypsilanti Township Economic Development Corporation which are separate legal entities for which Charter Township of Ypsilanti is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government.

The Township participates in a joint venture with the City of Ypsilanti known as the Ypsilanti Community Utilities Authority. The Authority issues bonds that are backed by the full faith and credit (subject to constitutional limitations) of the City and the Township. The Authority provides water and sewer services to residents of the City, Township and other entities and is a separate legal entity with its own financial obligations and independent reporting. There is no expectation that the Township will pay the Authority's financial obligations and therefore the Authority is not included as part of the Township's financial statements.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter Township of Ypsilanti, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Charter Township of Ypsilanti can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Charter Township of Ypsilanti maintains approximately 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, fire department, and law enforcement fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

A budgetary comparison schedule has been provided for the major budgetary funds to demonstrate compliance with their annual appropriated budgets.

Charter Township of Ypsilanti

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

Proprietary funds. The Charter Township of Ypsilanti maintains three (3) proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Charter Township of Ypsilanti uses an enterprise fund to account for its Golf Course. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Charter Township of Ypsilanti's various functions. The Charter Township of Ypsilanti uses internal service funds to account for its fleet of vehicles and its composting activities. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Golf Course, which is not considered to be a major fund of the Charter Township of Ypsilanti.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Charter Township of Ypsilanti's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes begin on page 16 of the report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Charter Township of Ypsilanti's progress in funding its obligation to provide pension and postemployment benefits to its employees. Pension and postemployment funding required supplementary information can be found on pages 42-44 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 45-58 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Charter Township of Ypsilanti, assets exceeded liabilities by \$45,224,307 at the close of the most recent fiscal year.

By far the largest portion of Charter Township of Ypsilanti's net assets (62 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Charter Township of Ypsilanti used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Charter Township of Ypsilanti's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Charter Township of Ypsilanti
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

Net Assets as of December 31, 2007 and December 31, 2006

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and Other Assets	\$43,610,304	\$22,838,934	\$ 51,591	\$ 87,165	\$43,661,895	\$22,926,099
Capital Assets	<u>33,582,013</u>	<u>32,735,199</u>	<u>1,999,605</u>	<u>2,191,983</u>	<u>35,581,618</u>	<u>34,927,182</u>
Total Assets	<u>\$77,192,317</u>	<u>\$55,574,133</u>	<u>\$ 2,051,196</u>	<u>\$ 2,279,148</u>	<u>\$79,243,513</u>	<u>\$57,853,281</u>
Current Liabilities	\$24,159,956	\$ 4,453,644	\$ 14,858	\$ 59,287	\$24,174,814	\$ 4,512,931
Noncurrent Liabilities	<u>9,841,318</u>	<u>11,522,285</u>	<u>3,074</u>	<u>132,341</u>	<u>9,844,392</u>	<u>11,654,626</u>
Total Liabilities	<u>\$34,001,274</u>	<u>\$15,975,929</u>	<u>\$ 17,932</u>	<u>\$ 191,628</u>	<u>\$34,019,206</u>	<u>\$16,167,557</u>
Net Assets						
Invested in Capital Assets (net of related debt)	\$25,768,690	\$22,935,709	\$ 2,084,685	\$ 2,067,848	\$27,853,375	\$25,003,557
Restricted	1,045,618	4,288,353	-	-	1,045,618	4,288,353
Unrestricted	<u>16,376,735</u>	<u>12,374,142</u>	<u>(51,421)</u>	<u>19,672</u>	<u>16,325,314</u>	<u>12,393,814</u>
Total Net Assets	<u>\$43,191,043</u>	<u>\$39,598,204</u>	<u>\$ 2,033,264</u>	<u>\$ 2,087,520</u>	<u>\$45,224,307</u>	<u>\$41,685,724</u>

An additional portion of the Charter Township of Ypsilanti's net assets \$1,045,618 (2.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$16,325,314) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Charter Township of Ypsilanti is able to report positive balances in all three categories of net assets for the governmental activities.

The government's net assets increased by \$3,870,244 during the current fiscal year. This increase represents the degree to which current revenues exceed ongoing expenses.

Governmental Activities. Governmental activities increased the Charter Township of Ypsilanti's net assets by \$3,924,500:

Charter Township of Ypsilanti

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

Changes in Net Assets for the Fiscal Years Ended December 31, 2007 and December 31, 2006

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues						
Program Revenues						
Charges for Services	\$ 3,932,723	\$ 5,001,171	\$ 704,174	\$ 714,803	\$ 4,636,897	\$ 5,715,974
Grants and Contributions	630,775	974,307	-	-	630,775	974,307
General Revenues						
Property Taxes	17,812,469	16,015,774	-	-	17,812,469	16,015,774
State Shared Revenue	4,381,843	4,440,742	-	-	4,381,843	4,440,742
Investment Earnings	1,624,245	1,183,267	2,707	4,135	1,626,952	1,187,402
Miscellaneous	<u>52,379</u>	<u>-</u>	<u>560</u>	<u>-</u>	<u>52,939</u>	<u>-0-</u>
Total Revenues	28,434,434	27,615,261	707,441	718,938	29,141,875	28,334,199
Expenses						
General Government	6,557,187	6,353,170	-	-	6,557,187	6,353,170
Public Safety	11,809,955	10,982,528	-	-	11,809,955	10,982,528
Public Works	4,619,903	4,347,917	-	-	4,619,903	4,347,917
Community & Economic Develop.	356,140	24,445	-	-	356,140	24,445
Recreation & Cultural	1,573,025	2,082,337	-	-	1,573,025	2,082,337
Other	<u>593,324</u>	<u>1,603,027</u>	<u>812,097</u>	<u>823,351</u>	<u>1,405,421</u>	<u>2,426,378</u>
Total Expenses	25,509,534	25,393,424	812,097	823,351	26,321,631	26,216,775
Change in Net Assets before Special Item and Transfers	2,924,900	2,221,837	(104,656)	(104,413)	2,820,244	2,117,424
Special Item Transfers	1,050,000	-	-	-	1,050,000	-0-
	<u>(50,400)</u>	<u>-</u>	<u>50,400</u>	<u>-</u>	<u>-0-</u>	<u>-0-</u>
Change in Net Assets	3,924,500	2,221,837	(54,256)	(104,413)	3,870,244	2,117,424
Prior Period Adjustments	(331,661)				(331,661)	
Net Assets - Beginning	<u>39,598,204</u>	<u>37,376,367</u>	<u>2,087,520</u>	<u>2,191,933</u>	<u>41,685,724</u>	<u>39,568,300</u>
Net Assets - Ending	<u>\$43,191,043</u>	<u>\$39,598,204</u>	<u>\$ 2,033,264</u>	<u>\$ 2,087,520</u>	<u>\$45,224,307</u>	<u>\$41,685,724</u>

Charter Township of Ypsilanti

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

Governmental Activities. Property tax revenues increased by \$1,796,695 to \$17,812,469 during 2007. This is largely attributed to an increase in taxable value of 7%, with uncapping and increases due to construction.

State shared revenue is \$4,381,843 for the current period, similar to the prior year.

Capital grants and contributions are \$200,725. This consists of special assessments for street lights for \$57,574 and a DNR grant for the North Hydro Park of \$143,151. Operating grants and contributions are \$430,050. This consists of various federal, state and local grants and donations.

Investment earnings increased by \$440,978 due to higher interest rates and higher fund balances.

General Government expenses increased by \$116,110 or .05%.

Public Safety was the largest function for the Township during 2007, making up 46% of the total expenses. Public Safety costs increased by \$827,427 or 7.5%.

Business-type Activities. This represents the municipal-owned Green Oaks Golf Course. Business-type activities decreased Charter Township of Ypsilanti's net assets by \$54,256. Key elements of this decrease are as follows:

The revenues at the Golf Course were \$5,609 less than budgeted. The largest variances were primarily in 18 hole fees and 9 hole fees, which were \$15,034 and \$7,548 less than budgeted, respectively, and league fees and season passes which were \$12,318 and \$8,256 more than budgeted, respectively. Expenditures were \$48,646 higher than budgeted primarily due to depreciation of assets.

Financial Analysis of the Government's Funds

As noted earlier, the Charter Township of Ypsilanti used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Charter Township of Ypsilanti's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Charter Township of Ypsilanti's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Charter Township of Ypsilanti's governmental funds reported combined ending fund balances of \$19,096,721 an increase of \$1,629,549 in comparison with the prior year. 84 percent of this total amount (\$16,060,900) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been 1) prepaid (\$240,977) 2) committed for capital projects (\$551,158) 3) committed to pay debt service of the next period (\$583,204) and 4) for other purposes (\$1,660,482).

The general fund is the chief operating fund of the Charter Township of Ypsilanti. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,591,311, while total fund balance is \$6,852,261. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 56 percent of total general fund expenditures, while total fund balance represents 68 percent of that same amount.

The fund balance of the Charter Township of Ypsilanti's general fund increased by \$1,024,303 during the current fiscal year. Key factors in this increase are as follows:

The Net revenues were \$322,086 greater than budgeted, with the largest variance being that interest revenue was \$464,851 higher than budgeted.

Charter Township of Ypsilanti

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

Net Expenditures and transfers-out were \$973,618 less than budgeted, with the primary reduction in overall Operational Expenditures. Department managers succeeded in controlling costs.

Prior year fund balance adjustment of \$421,536.

Proprietary funds. The Charter Township of Ypsilanti's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Golf Course Fund at the end of the year amounted to (\$51,421); net assets decreased by \$54,256. Other factors concerning the finances of this fund have already been addressed in the discussion of the Charter Township of Ypsilanti's business-type activities.

General Fund Budgetary Highlights

Differences between the original expenditures budget and final amended expenditure budget, exclusive of transfer to other Funds, are \$253,627, shown as a net decrease in appropriation. The most significant change was a decrease in the debt service budget of \$380,000.

Capital Asset and Debt Administration

Capital assets. The Charter Township of Ypsilanti's investment in capital assets for its governmental and business type activities as of December 31, 2007, amounts to \$35,581,618 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and roads and streets. New assets total \$2,829,470 with depreciation expense of \$1,957,742 for a net increase of \$871,728 (2.6 percent). Assets with a book value of \$109,994 were disposed of during 2007.

Major capital asset events during the current fiscal year included the following:

Infrastructure Improvements on Seaver Farm land - \$1,107,720
Additions and building improvements to fire station #3 - \$99,420
Firefighter turnout gear - \$32,912
Air Compressor system for the Fire fund - \$33,777
North Hydro Park improvements - \$430,000
Computer Equipment and Software - \$114,911
Lakeside Park Renovation and Equipment - \$75,000
Community Center Park and Building improvements - \$136,076
Harris Road Park Equipment - \$49,175

Long-term debt. At the end of the current fiscal year, the Charter Township of Ypsilanti had long term indebtedness of \$10,680,377. This represents \$1,500,000 of notes payable, \$830,000 of Act 99 installment loans payable, \$2,395,377 of compensated absences and \$5,955,000 of general obligation debt. All of Charter Township of Ypsilanti's debt represents general obligation debt backed by the full faith and credit of Charter Township of Ypsilanti.

Additional information on the Charter Township of Ypsilanti's long-term debt can be found in Note G on pages 27-28 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

Economic Factors and Next Year's Budgets and Rates

The State Shared Revenues remained relatively constant with a small decrease in 2007 of \$99,077. The state's economy remains dreary and the unemployment rate high. The State of Michigan expects the State Shared Revenue to remain relatively constant for 2008. The revenues may be slightly lower than the 2007 levels as there is concern that the revenues may be cut if the state's economy does not improve. The State Shared Revenue for 2008 was budgeted at \$4,214,330, down slightly from the 2007 actual of \$4,381,843 by \$167,513.

The 2008 General Fund Budget was approved for \$10,012,505, with an addition of \$46,045 to finish 2007 projects. The 2008 revised budget is slightly more than the 2007 actual expenditures and transfers out of \$10,050,938 by \$22,389.

The original 2007 budget for all funds included increases for employee health insurance totaling \$1,481,165; however the increases were less than expected by \$304,251 with the 2007 actual of \$1,176,914. The employee health insurance costs for 2008 are expected to be less than the original budget of \$1,463,260. The 2008 insurance rates had a small decrease over 2007 actual.

The Township and County entered into an agreement for police services through 2009, which contained substantial increases in cost for calendar year 2007-2009. While both parties reserved the right to pursue their claims presented in the lawsuit initiated by the Township, and the County's counter claim, the costs contained in the contract increase as follows:

*The rates increase by 6% for 2007. With overtime costs, the actual anticipated increase is 16.6%.

*In 2008, the rate will increase by 24.2% plus overtime estimates of \$500,000 netting a 34.6% increase.

*Rates for 2009 will increase by 4% including overtime compared to 2008.

The voted tax levy to fund law enforcement costs were based on the original information given at a 6% increase per year, thus if the Township is unable to prevail in the lawsuit, significant shortfalls are expected between the revenue generated and the abovementioned costs. The Township Board is reviewing a number of options should this occur. The controversy remains unsettled at this date.

Requests for Information

This financial report is designed to provide a general overview of the Charter Township of Ypsilanti's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Supervisor, 7200 South Huron River Drive, Ypsilanti, Michigan 48197.

BASIC FINANCIAL STATEMENTS

Charter Township of Ypsilanti

STATEMENT OF NET ASSETS

December 31, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 24,981,402	\$ 79,414	\$ 25,060,816	\$ 65,768
Restricted cash	693,997	-	693,997	-
Investments	5,820,393	-	5,820,393	-
Receivables	10,400,052	100	10,400,152	37,878
Internal balances	44,377	(44,377)	-0-	-
Due from other governmental units	1,409,828	-	1,409,828	-
Inventories	17,421	13,595	31,016	-
Prepays	242,834	2,859	245,693	-
Total current assets	43,610,304	51,591	43,661,895	103,646
Noncurrent assets				
Internal balances	85,080	(85,080)	-0-	-
Capital assets not being depreciated	9,563,804	1,244,172	10,807,976	-
Capital assets, net of accumulated depreciation	23,933,129	840,513	24,773,642	-
Total noncurrent assets	33,582,013	1,999,605	35,581,618	-0-
TOTAL ASSETS	77,192,317	2,051,196	79,243,513	103,646
LIABILITIES				
Current liabilities				
Accounts payable	929,733	6,144	935,877	-
Accrued payroll	186,784	3,605	190,389	-
Other accrued liabilities	273,862	2,036	275,898	-
Accrued interest payable	88,744	-	88,744	-
Due to other governmental units	86,107	-	86,107	-
Deferred revenue	19,988,830	-	19,988,830	-
Unearned revenue	1,083,214	-	1,083,214	37,878
Current portion of MTT refunds payable	373,805	-	373,805	-
Current portion of compensated absences	658,877	3,073	661,950	-
Current portion of long-term debt	490,000	-	490,000	-
Total current liabilities	24,159,956	14,858	24,174,814	37,878
Noncurrent liabilities				
Judgments payable	250,000	-	250,000	-
Noncurrent portion of MTT refunds payable	65,965	-	65,965	-
Noncurrent portion of compensated absences	1,730,353	3,074	1,733,427	-
Noncurrent portion of long-term debt	7,795,000	-	7,795,000	-
Total noncurrent liabilities	9,841,318	3,074	9,844,392	-0-
TOTAL LIABILITIES	34,001,274	17,932	34,019,206	37,878
NET ASSETS				
Invested in capital assets, net of related debt	25,768,690	2,084,685	27,853,375	-
Restricted for debt retirement	494,460	-	494,460	-
Restricted for capital projects	551,158	-	551,158	-
Unrestricted	16,376,735	(51,421)	16,325,314	65,768
TOTAL NET ASSETS	\$ 43,191,043	\$ 2,033,264	\$ 45,224,307	\$ 65,768

See accompanying notes to financial statements.

Charter Township of Ypsilanti

STATEMENT OF ACTIVITIES

Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 6,557,187	\$ 1,789,038	\$ 106,210	\$ -	\$ (4,661,939)	\$ -	\$ (4,661,939)	\$ -
Public safety	11,809,955	737,989	103,836	-	(10,968,130)	-	(10,968,130)	-
Public works	4,619,903	867,996	201,286	200,725	(3,349,896)	-	(3,349,896)	-
Community and economic development	356,140	106,583	16,050	-	(233,507)	-	(233,507)	-
Recreation and cultural	1,573,025	431,117	2,668	-	(1,139,240)	-	(1,139,240)	-
Interest expense	593,324	-	-	-	(593,324)	-	(593,324)	-
Total governmental activities	25,509,534	3,932,723	430,050	200,725	(20,946,036)	-0-	(20,946,036)	-0-
Business-type activities								
Golf Course	812,097	704,174	-	-	-	(107,923)	(107,923)	-
Total primary government	<u>\$ 26,321,631</u>	<u>\$ 4,636,897</u>	<u>\$ 430,050</u>	<u>\$ 200,725</u>	(20,946,036)	(107,923)	(21,053,959)	-0-
Component units								
Local Development Finance Authority	\$ -	\$ -	\$ -	\$ -	-	-	-0-	-0-
Economic Development Corporation	-	-	-	-	-	-	-0-	-0-
Total component units	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	-0-	-0-	-0-
General revenues								
Property taxes					17,812,469	-	17,812,469	-
State shared revenue					4,381,843	-	4,381,843	-
Investment earnings					1,624,245	2,707	1,626,952	2,890
Miscellaneous					52,379	560	52,939	-
Special item					1,050,000	-	1,050,000	-
Transfers					(50,400)	50,400	-0-	-
Total general revenues, special item, and transfers					<u>24,870,536</u>	<u>53,667</u>	<u>24,924,203</u>	<u>2,890</u>
Change in net assets					3,924,500	(54,256)	3,870,244	2,890
Restated net assets, beginning of the year					<u>39,266,543</u>	<u>2,087,520</u>	<u>41,354,063</u>	<u>62,878</u>
Net assets, end of the year					<u>\$ 43,191,043</u>	<u>\$ 2,033,264</u>	<u>\$ 45,224,307</u>	<u>\$ 65,768</u>

See accompanying notes to financial statements.

Charter Township of Ypsilanti

GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2007

	General	Fire Department	Law Enforcement
ASSETS			
Cash and cash equivalents	\$ 15,433,691	\$ 1,974,074	\$ 1,831,205
Restricted cash	137,240	-	-
Investments	2,308,840	1,731,618	-
Receivables			
Accounts	196,319	164,158	18
Interest	39,850	29,885	-
Taxes	8,478,570	-	-
Special assessments	864,968	-	-
Leases	527,251	-	-
Due from other funds	72,781	-	24,662
Advance to other funds	124,135	-	-
Due from other governmental units			
State	773,861	-	330
Local	685	-	500,574
Prepays	201,983	32,969	1,589
TOTAL ASSETS	\$ 29,160,174	\$ 3,932,704	\$ 2,358,378
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 438,002	\$ 43,987	\$ 22,319
Accrued payroll	71,086	88,314	6,293
Other accrued liabilities	217,039	9,430	3,800
Due to other funds	76,782	44,262	873
Due to other governmental units	59,698	-	-
Deferred revenue	21,445,306	-	-
TOTAL LIABILITIES	22,307,913	185,993	33,285
FUND BALANCES			
Reserved for			
Prepays	201,983	32,969	1,589
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	1,058,967	72,725	147,630
Unreserved			
Designated for			
Debt retirement	750,000	-	-
Capital outlay	2,000,000	750,000	-
OPEB funding	1,000,000	330,000	-
Undesignated, reported in			
General fund	1,841,311	-	-
Special revenue funds	-	2,561,017	2,175,874
TOTAL FUND BALANCES	6,852,261	3,746,711	2,325,093
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,160,174	\$ 3,932,704	\$ 2,358,378

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,101,797	\$ 23,340,767
556,757	693,997
1,779,935	5,820,393
69,891	430,386
23,908	93,643
-	8,478,570
-	864,968
-	527,251
84,619	182,062
-	124,135
43,271	817,462
88,000	589,259
4,436	240,977
<u>\$ 6,752,614</u>	<u>\$ 42,203,870</u>

\$ 407,841	\$ 912,149
19,310	185,003
43,593	273,862
67,805	189,722
26,409	86,107
15,000	21,460,306
579,958	23,107,149
4,436	240,977
583,204	583,204
551,158	551,158
381,160	1,660,482
-	750,000
-	2,750,000
-	1,330,000
-	1,841,311
<u>4,652,698</u>	<u>9,389,589</u>
<u>6,172,656</u>	<u>19,096,721</u>
<u>\$ 6,752,614</u>	<u>\$ 42,203,870</u>

Charter Township of Ypsilanti

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

December 31, 2007

Total fund balance - governmental funds **\$ 19,096,721**

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 53,025,662	
Accumulated depreciation is	<u>(19,528,729)</u>	
Capital assets, net		33,496,933

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Government-wide Statement of Net Assets.

Net assets of governmental activities accounted for in Internal Service Funds	2,485,639	
Net capital assets of Internal Service Funds included in total capital assets above	(824,880)	
Net compensated absences of Internal Service Funds included in total compensated absences below	<u>1,112</u>	
		1,661,871

Long-term receivables are not available to pay for current period expenditures and are therefore deferred in the funds. These consist of:

Deferred revenue		388,262
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Long-term or unmatured liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.

Long-term and unmatured liabilities at year-end consist of:

Judgments payable	(250,000)	
MTT Refunds payable	(439,770)	
Bonds and notes payable	(8,285,000)	
Accrued interest payable	(88,744)	
Compensated absences	<u>(2,389,230)</u>	
		<u>(11,452,744)</u>

Net assets of governmental activities **\$ 43,191,043**

See accompanying notes to financial statements.

Charter Township of Ypsilanti

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2007

	General	Fire Department	Law Enforcement
REVENUES			
Taxes	\$ 2,411,633	\$ 4,558,784	\$ 5,691,830
Licenses and permits	17,105	6,448	-
Intergovernmental	4,515,214	84,867	18,399
Charges for services	2,342,283	12,265	-
Fines and forfeits	38,064	-	-
Interest and rents	997,001	245,308	138,429
Other	1,149,768	3,824	1,230
TOTAL REVENUES	11,471,068	4,911,496	5,849,888
EXPENDITURES			
Current			
General government	5,728,457	-	-
Public safety	-	4,268,097	5,012,164
Public works	189,028	-	-
Community and economic development	342,414	-	-
Recreation and cultural	999,498	-	-
Other	1,008,403	-	-
Capital outlay	144,804	219,733	4,375
Debt service	190,443	-	-
TOTAL EXPENDITURES	8,603,047	4,487,830	5,016,539
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,868,021	423,666	833,349
OTHER FINANCING SOURCES (USES)			
Transfers in	25,709	-	-
Transfers out	(1,447,891)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,422,182)	-0-	-0-
NET CHANGE IN FUND BALANCES	1,445,839	423,666	833,349
Fund balances, beginning of year	5,827,958	3,250,320	1,299,569
Prior period adjustments	(421,536)	72,725	192,175
Fund balances, end of year	<u>\$ 6,852,261</u>	<u>\$ 3,746,711</u>	<u>\$ 2,325,093</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,150,221	\$ 17,812,468
552,978	576,531
333,326	4,951,806
373,379	2,727,927
-	38,064
445,450	1,826,188
8,366	1,163,188
<hr/>	<hr/>
6,863,720	29,096,172
-	5,728,457
1,603,044	10,883,305
3,632,619	3,821,647
-	342,414
6,377	1,005,875
-	1,008,403
2,216,439	2,585,351
1,828,627	2,019,070
<hr/>	<hr/>
9,287,106	27,394,522
<hr/>	<hr/>
(2,423,386)	1,701,650
1,684,341	1,710,050
(493,059)	(1,940,950)
<hr/>	<hr/>
1,191,282	(230,900)
<hr/>	<hr/>
(1,232,104)	1,470,750
7,089,325	17,467,172
315,435	158,799
<hr/>	<hr/>
\$ 6,172,656	\$ 19,096,721
<hr/>	<hr/>

Charter Township of Ypsilanti

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

Year Ended December 31, 2007

Net change in fund balances - total governmental funds **\$ 1,470,750**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 2,829,470	
Depreciation expense	<u>(1,957,742)</u>	
Excess of capital outlay over depreciation expense		871,728

Governmental funds report revenue from sale of assets. However, an adjustment is needed to reflect loss on sale of capital assets. (109,994)

Internal service funds are used by management to charge the costs of certain activities to individual funds.

Increase in net assets of Internal Service Funds	426,354	
Capital outlay of the Internal Service Fund included in the total above	(244,098)	
Depreciation expense of Internal Service Funds included in the total above	93,725	
Loss on sale of capital assets of Internal Service Funds included in the total above	15,935	
Increase in compensated absences of Internal Service Funds included in the total below	<u>1,112</u>	
		293,028

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 388,262

Items resulting from the repayment of long-term debt and borrowing of long-term debt is reported as expenditures, other financing uses, and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings and other liabilities increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Principal retirement		1,514,490
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in MTT refunds payable	(199,310)	
(Increase) in accrued interest payable	(88,744)	
(Increase) in compensated absences	<u>(215,710)</u>	
		<u>(503,764)</u>

Change in net assets of governmental activities **\$ 3,924,500**

See accompanying notes to financial statements.

Charter Township of Ypsilanti
Proprietary Funds
STATEMENT OF NET ASSETS
December 31, 2007

	Business-type Activities (Nonmajor fund) Golf Course	Governmental Activities Internal Service
ASSETS		
Current assets		
Cash and cash equivalents	\$ 79,414	\$ 1,640,635
Accounts receivable	100	5,234
Due from other funds	-	13,956
Due from other governmental units	-	3,107
Inventories	13,595	17,421
Prepays	2,859	1,857
Total current assets	95,968	1,682,210
Noncurrent assets		
Capital assets not being depreciated	1,244,172	-
Capital assets, net of accumulated depreciation	840,513	824,880
Total noncurrent assets	2,084,685	824,880
TOTAL ASSETS	2,180,653	2,507,090
LIABILITIES		
Current liabilities		
Accounts payable	6,144	17,584
Accrued payroll	3,605	1,781
Other accrued liabilities	2,036	-
Due to other funds	5,322	974
Advance from other funds	39,055	-
Current portion of compensated absences	3,073	1,112
Total current liabilities	59,235	21,451
Noncurrent liabilities		
Advance from other funds	85,080	-
Noncurrent portion of compensated absences	3,074	-
Total noncurrent liabilities	88,154	-0-
TOTAL LIABILITIES	147,389	21,451
NET ASSETS		
Invested in capital assets	2,084,685	824,880
Unrestricted	(51,421)	1,660,759
TOTAL NET ASSETS	\$ 2,033,264	\$ 2,485,639

See accompanying notes to financial statements.

Charter Township of Ypsilanti

Proprietary Funds

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

Year Ended December 31, 2007

	Business-type Activities (Nonmajor fund) Golf Course	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Charges for services	\$ 704,174	\$ 612,687
Other	560	-
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	704,734	612,687
OPERATING EXPENSES		
Salaries and wages	378,749	105,953
Fringe benefits	51,113	10,386
Fuel and utilities	46,465	121,531
Operating supplies	141,331	6,438
Contractual services	2,343	66,487
Insurance	16,278	5,445
Repairs and maintenance	13,228	9,054
Administrative	38,160	7,218
Other	7,585	1,793
Depreciation	107,298	93,725
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	802,550	428,030
OPERATING INCOME (LOSS)	(97,816)	184,657
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	2,707	61,197
Interest expense	(9,547)	-
	<hr/>	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	(6,840)	61,197
INCOME (LOSS) BEFORE TRANSFERS	(104,656)	245,854
TRANSFERS IN	50,400	180,500
	<hr/>	<hr/>
CHANGE IN NET ASSETS	(54,256)	426,354
Net assets, beginning of year	2,087,520	2,059,285
	<hr/>	<hr/>
Net assets, end of year	<u>\$ 2,033,264</u>	<u>\$ 2,485,639</u>

See accompanying notes to financial statements.

Charter Township of Ypsilanti

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended December 31, 2007

	Business-type Activities (Nonmajor fund) Golf Course	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 704,634	\$ 625,091
Cash receipts from other funds	24	11,794
Cash paid to suppliers	(273,097)	(226,384)
Cash paid for employee benefits	(53,172)	(10,386)
Cash paid to employees	(375,144)	(105,099)
Cash paid to other funds	(38,164)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(34,919)	295,016
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	50,400	180,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital purchases	-	(244,098)
Loss on disposal of capital assets	-	15,935
Interest expense	(9,547)	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(9,547)	(228,163)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest revenue	2,707	61,197
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING YEAR	8,641	308,550
Cash and cash equivalents, beginning of year	70,773	1,332,085
Cash and cash equivalents, end of year	<u>\$ 79,414</u>	<u>\$ 1,640,635</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ (97,816)	\$ 184,657
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	107,298	93,725
(Increase) decrease in receivables	(100)	15,511
Decrease in prepaids	196	189
(Increase) decrease in inventories	(282)	6,479
Decrease in due from other funds	24	11,206
(Increase) in due from other governmental units	-	(3,107)
(Decrease) in accounts payable	(6,679)	(15,086)
Increase (decrease) in accrued payroll	3,605	(258)
(Decrease) in other accrued liabilities	(942)	-
Increase (decrease) in compensated absences	(2,059)	1,112
Increase (decrease) in due to other funds	(38,164)	588
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (34,919)</u>	<u>\$ 295,016</u>

See accompanying notes to financial statements.

Charter Township of Ypsilanti

Fiduciary Funds

STATEMENT OF FIDUCIARY NET ASSETS

December 31, 2007

	Pension and Employee Benefit Trusts	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 2,947,516	\$ 4,242,008
Investments	26,691,888	-
Interest receivable	147,120	-
Due from individuals and agencies	-	108,396
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 29,786,524</u>	<u>\$ 4,350,404</u>
LIABILITIES		
Accounts payable	\$ 179,283	\$ -
Due to other governmental units	-	3,356,054
Due to individuals and agencies	-	994,350
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>179,283</u>	<u>\$ 4,350,404</u>
NET ASSETS		
Held in trust for pension and employee benefits	<u>29,607,241</u>	
	<u> </u>	
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 29,786,524</u>	

See accompanying notes to financial statements.

Charter Township of Ypsilanti

Fiduciary Funds

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended December 31, 2007

	<u>Pension and Employee Benefit Trusts</u>
ADDITIONS	
Investment income	
Interest and dividends	\$ 1,732,692
Net decrease in fair value of investments	<u>(989,229)</u>
Net investment income	743,463
Contributions	
Employer	1,059,798
Employee	<u>193,330</u>
Net contributions	1,253,128
Other	<u>22,320</u>
TOTAL ADDITIONS	2,018,911
DEDUCTIONS	
Benefit payments	1,016,607
Retirees insurance	435,419
Administrative expenses	<u>52,019</u>
TOTAL DEDUCTIONS	<u>1,504,045</u>
CHANGE IN NET ASSETS	514,866
Net assets, beginning of year	<u>29,092,375</u>
Net assets, end of year	<u>\$ 29,607,241</u>

See accompanying notes to financial statements.

Charter Township of Ypsilanti

Component Units

COMBINING STATEMENT OF NET ASSETS

December 31, 2007

	Local Development Finance Authority	Economic Development Corporation	Total Component Units
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	\$ 65,768	\$ 65,768
Receivables	37,878	-	37,878
TOTAL ASSETS	37,878	65,768	103,646
LIABILITIES			
Deferred revenue	37,878	-	37,878
NET ASSETS			
Unrestricted	-	65,768	65,768
TOTAL NET ASSETS	\$ -0-	\$ 65,768	\$ 65,768

See accompanying notes to financial statements.

Charter Township of Ypsilanti

Component Units

COMBINING STATEMENT OF ACTIVITIES

Year Ended December 31, 2007

Program expenses	
Local Development Finance Authority	\$ -
Economic Development Corporation	-
	<hr/>
TOTAL PROGRAM EXPENSES	-0-
General revenues	
Investment earnings	<hr/> 2,890
CHANGE IN NET ASSETS	2,890
Net assets, beginning of the year	<hr/> 62,878
Net assets, end of the year	<hr/> <hr/> \$ 65,768

See accompanying notes to financial statements.

Charter Township of Ypsilanti

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter Township of Ypsilanti, Michigan was organized as a Township under provisions of the constitution and general law of the State of Michigan. Ypsilanti Township became a Charter Township on May 15, 1979 by Board Resolution. The Township is one of twenty (20) townships in Washtenaw County. The Township operates under an elected Township Supervisor and an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four (4) Trustees and provides services to its residents as permitted by law: public safety (police and fire), community development, recreation and culture, public improvements, planning and zoning, and general administrative services.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, *The Financial Reporting Entity* (as amended by GASB Statement 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of the Charter Township of Ypsilanti (primary government) and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the Charter Township of Ypsilanti contain all the funds controlled by the Township Board.

2. Discretely Presented Component Units

The component units are reported in a separate column to emphasize that, while legally separate, the Charter Township of Ypsilanti remains financially accountable for these entities.

The governing body of the Local Development Finance Authority (LDFA) is appointed by the Township Board. The Authority's purpose is the collection of tax increment revenues, the issuance and repayment of debt, the construction of public facilities, and the promotion and facilitation of economic growth in the development district. The Authority's budget and debt issuance is subject to the approval of the Township Board. The LDFA fund financial statements are presented as part of Other Supplementary Information and are not audited separately.

The Economic Development Corporation (EDC) was established pursuant to the provisions of Public Act 338 of 1974, as amended. The governing body of the EDC is a nine (9) member Board appointed by the Township Board. The EDC may not issue debt without approval from the Township Board. Additionally, the annual operating budget and any amendments must be approved by the Township Board. The Township Board must approve all developmental and financing plans of the EDC. The EDC fund financial statements are presented as part of Other Supplementary Information and are not audited separately.

3. Joint Venture

The Township is a participant in the Ypsilanti Community Utilities Authority (Y.C.U.A.) which was created under Act 233, P.A. of 1955 by the City of Ypsilanti and the Charter Township of Ypsilanti, in 1974. All activities necessary to provide water and sewer services to residents of the City, Township, and other communities serviced by Y.C.U.A., are accounted for by the Authority. The Township has financial responsibility as follows:

Charter Township of Ypsilanti

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Joint Venture - continued

- Township Board has the ability to reject or approve water rates for customers in its service district.
- Some obligations of the Authority are supported by pledges of the Township's full faith and credit, subject to constitutional limitations. These obligations are described in more detail further in these notes.
- Summarized financial information from the Authority's latest audited financial statements is presented below.

	Fiscal Year Ended <u>August 31, 2007</u>
Assets	\$ 284,454,593
Liabilities	<u>(78,413,547)</u>
Net Assets	<u>\$ 206,041,046</u>
Operating Revenues	\$ 35,857,683
Operating Expenses	<u>(37,263,570)</u>
Operating (Loss)	(1,405,887)
Nonoperating Expense	<u>(803,786)</u>
Net (Loss)	(2,209,673)
Capital Contributions/Special Items	<u>4,308,471</u>
Change in Net Assets	2,098,798
Net Assets Beginning of Year	<u>203,942,248</u>
Net Assets End of Year	<u>\$ 206,041,046</u>

4. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component units as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of 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 presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

Charter Township of Ypsilanti
NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds and aggregated nonmajor funds. 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 the major individual enterprise fund are reported as separate columns in the fund financial statements.

The major funds of the Township are:

- a. The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Fire Department Fund is used to account for the voter approved property taxes used to support fire protection, and related services.
- c. The Law Enforcement Fund is used to account for the voter approved property taxes for law enforcement activities.

5. Measurement Focus

The government-wide, proprietary, and non-agency fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for Agency Funds since assets equal liabilities.

6. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental and similar trust funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and similar trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Basis of Accounting - continued

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

7. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the fund financial statements. The Township employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. Prior to September 1, the Supervisor submits a proposed operating budget for the fiscal year commencing the following January 1 to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
- c. Prior to November 1, the budget is adopted through passage of an ordinance. After the budget is adopted all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.
- d. Formal budgetary integration is employed as a management control device during the year.
- e. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at December 31 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year.

8. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, savings, investment trust fund accounts, and cash on hand. The cash and cash equivalents are recorded at cost, which approximates market value. Restricted cash in the governmental activities relates to debt proceeds unspent as of December 31, 2007 and restricted for use in the ongoing capital project under the 2006 Capital Improvement Fund as well as interest received from the University of Michigan and held in accordance with an agreement related to the Willow Run Creek clean up project.

Investments consist of certificates of deposit and U.S. Government Securities with original maturities of greater than 90 days. Investments are recorded at market value in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Charter Township of Ypsilanti
NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Receivables

Receivables consist of amounts due from various individuals and businesses related to charges for services, amounts owed to the Township from special assessments, and taxes levied that have not been collected.

10. Capital Assets

Capital assets include buildings and equipment and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and business-type activities columns. Capital assets are those with an initial individual cost of \$1,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	7 - 40 years
Machinery and equipment	5 - 25 years
Vehicles	3 - 15 years
Infrastructure	20 - 50 years

11. Inventories

Inventories are valued at cost. Cost is determined using the first-in, first-out method. Inventory consists of expendable supplies held for consumption. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used.

12. Accrued Interest Payable

Accrued interest is presented for long-term obligations in the government-wide financial statements.

13. Compensated Absences

Township employees are granted sick and vacation leave in varying amounts. In the event of termination, an employee is paid for accumulated sick and vacation time. The current obligations of all funds and the long-term obligations of proprietary funds are recorded in the respective funds. In accordance with GAAP, for the governmental funds, the non-current portion of the compensated absences is considered long-term and therefore, is not a fund liability and represents a reconciling item between the fund level and government-wide presentations.

14. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Charter Township of Ypsilanti

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

15. Deferred Revenue

Governmental funds report deferred revenues in connection with receivables for revenue that is not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Government-wide financial statements report deferred revenues for amounts that are related to property taxes for which there is an enforceable claim as of December 31, 2007, but which are levied to finance subsequent year operations and unearned revenue for amounts received but not yet earned.

16. Property Tax

The Charter Township of Ypsilanti bills and collects its own property taxes and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied on December 1. The tax levies are due February 14. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Washtenaw County Treasurer on March 1 of the year following the levy. The Washtenaw County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection.

The Township's property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Although the Township's 2007 tax is levied and collectible on December 1, 2007, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of Township operations.

The Township is permitted by charter to levy taxes up to 1.116 mills (\$1.116 per \$1,000 of taxable valuation) for general governmental services. For the year ended December 31, 2007, the Township levied .9871 mills per \$1,000 of taxable valuation for general governmental services. In addition, the Township levied 2.7930 mills for fire protection, 1.6202 mills for solid waste services, 3.4912 mills for police, .9025 mills for recreational services, and .6060 mills for fire pension. The total taxable value for the 2007 levy for property within the Township was \$1,592,477,508.

17. Restricted Net Assets

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes.

18. Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

19. Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

Charter Township of Ypsilanti

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit 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 the 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 belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

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 bank for savings deposits and \$100,000 for 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. Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits

There is a custodial credit risk as it related to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2007, the carrying amount of the Township's deposits was \$37,848,604 and the bank balance was \$34,030,658.

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of December 31, 2007, the Township accounts were insured by the FDIC for \$697,180 and the amount of \$33,333,478 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of the uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Charter Township of Ypsilanti

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Investments

As of December 31, 2007, the carrying amounts and market values for the investment are as follows:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Weighted Average Maturity</u>	<u>Rating</u>
Insured or registered for which the securities are held by the Township's agent in the Township's name			
U.S. Treasury Securities	\$ 6,315,066	4-5 years	Not Rated
Federal Home Loan Bank	415,000	3-4 years	AAA
Federal Home Loan Mortgage Association	428,124	3-4 years	AAA
Federal National Mortgage Association	421,624	3-4 years	AAA
Corporate obligations	890,729	1-2 years	Various
Foreign obligations	206,770	4-5 years	N/A
Corporate stocks	9,475,653	N/A	N/A
Foreign equities	1,200,760	N/A	N/A
Uncategorized pooled investment funds	<u>7,581,185</u>	N/A	Not Rated
	<u>\$26,934,911</u>		

The Township has investments purchased for the Township officials' Retirement Trust Fund through John Hancock Insurance Company. Michigan Compiled Law, Section 38.1121, authorizes the Township to invest pension assets in a wide variety of investments including: stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types. As of December 31, 2007, the market value, which is the carrying amount of the pension trust plans assets, is \$736,385. The pension trust fund assets include uninsured and unregistered investments for which the securities are held, by the insurance carrier's trust departments but not in the Township's name.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2007, the Township investment in the U.S. Treasury Securities and U.S. Agency obligations investments were rated AAA by Standard and Poor's.

Interest rate risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics.

Concentration of credit risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio by security type to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions in the basic financial statements, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of December 31, 2007:

Charter Township of Ypsilanti

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$25,060,816	\$ 65,768	\$ 7,189,524	\$32,316,108
Restricted cash	693,997	-	-	693,997
Investments	<u>5,820,393</u>	<u>-</u>	<u>26,691,888</u>	<u>32,512,281</u>
	<u>\$31,575,206</u>	<u>\$ 65,768</u>	<u>\$33,881,412</u>	<u>\$65,522,386</u>

The cash and cash equivalents captions in the basic financial statements include \$2,486 in petty cash.

NOTE C: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds, business-type funds, and component units have been eliminated.

Transfers to General Fund from:	
Nonmajor governmental funds	<u>\$ 25,709</u>
Transfers to nonmajor governmental funds from:	
General Fund	\$ 1,397,491
Nonmajor governmental funds	<u>286,850</u>
	<u>\$ 1,684,341</u>
Transfers to enterprise fund from:	
General Fund	<u>\$ 50,400</u>
Transfers to internal service funds from:	
Nonmajor governmental funds	<u>\$ 180,500</u>

NOTE D: INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables related to the primary government at December 31, 2007:

Due to General Fund from:	
Fire Department Fund	\$ 42,163
Nonmajor governmental funds	24,532
Enterprise fund	5,322
Internal service funds	<u>764</u>
	<u>\$ 72,781</u>
Due to Law Enforcement Fund from:	
General Fund	<u>\$ 24,662</u>

Charter Township of Ypsilanti
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2007

NOTE D: INTERFUND RECEIVABLES AND PAYABLES - CONTINUED

Due to nonmajor governmental funds from:	
General Fund	\$ 48,657
Fire Department Fund	2,099
Other nonmajor governmental funds	<u>33,863</u>
	<u>\$ 84,619</u>
Due to internal service funds from:	
General Fund	\$ 3,463
Law Enforcement Fund	873
Nonmajor governmental funds	9,410
Other internal service funds	<u>210</u>
	<u>\$ 13,956</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTE E: ADVANCES RECEIVABLE AND PAYABLES

The following schedule details advances receivable and payable between funds of the primary government at December 31, 2007:

Advance from General Fund to:	
Enterprise fund	<u>\$ 124,135</u>

The advance to the enterprise fund was made for the purpose of financing golf course equipment.

NOTE F: CAPITAL ASSETS

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

	<u>Balance</u> <u>Jan. 1, 2007</u>	<u>Additions/</u> <u>Reclassifications</u>	<u>Deletions/</u> <u>Reclassifications</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 9,563,804	\$ -	\$ -	\$ 9,563,804
Capital assets being depreciated				
Buildings	11,091,663	205,545	(14,373)	11,282,835
Machinery and equipment	5,968,219	303,845	(337,031)	5,935,033
Infrastructure	22,886,607	2,075,982	(126,319)	24,836,270
Internal service funds				
Motor pool	419,187	47,662	-	466,849
Compost	<u>873,815</u>	<u>196,436</u>	<u>(129,380)</u>	<u>940,871</u>
Total capital assets being depreciated	41,239,491	2,829,470	(607,103)	43,461,858

Charter Township of Ypsilanti

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE F: CAPITAL ASSETS - CONTINUED

	<u>Balance</u> <u>Jan. 1, 2007</u>	<u>Additions/</u> <u>Reclassifications</u>	<u>Deletions/</u> <u>Reclassifications</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
Governmental activities - continued				
Less accumulated depreciation for:				
Buildings	\$(4,816,396)	\$(374,458)	\$ 14,373	\$(5,176,481)
Machinery and equipment	(3,696,349)	(480,114)	337,031	(3,839,432)
Infrastructure	(8,952,791)	(1,009,445)	32,260	(9,929,976)
Internal service funds				
Motor pool	(347,574)	(26,220)	-	(373,794)
Compost	<u>(254,986)</u>	<u>(67,505)</u>	<u>113,445</u>	<u>(209,046)</u>
Total accumulated depreciation	<u>(18,068,096)</u>	<u>(1,957,742)</u>	<u>497,109</u>	<u>(19,528,729)</u>
Net capital assets being depreciated	<u>23,171,395</u>	<u>871,728</u>	<u>(109,994)</u>	<u>23,933,129</u>
Net capital assets	<u>\$ 32,735,199</u>	<u>\$ 871,728</u>	<u>\$(109,994)</u>	<u>\$ 33,496,933</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 480,751
Public safety	357,641
Public works	592,480
Recreation and cultural	<u>526,870</u>
	<u>\$ 1,957,742</u>

	<u>Balance</u> <u>Jan. 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 1,244,172	\$ -	\$ -	\$ 1,244,172
Capital assets being depreciated				
Land and building improvements	1,503,601	-	-	1,503,601
Machinery and equipment	<u>720,893</u>	<u>-</u>	<u>(120,957)</u>	<u>599,936</u>
Total capital assets being depreciated	2,224,494	-0-	(120,957)	2,103,537
Less accumulated depreciation for:				
Land and building improvements	(789,722)	(56,623)	-	(846,345)
Machinery and equipment	<u>(486,961)</u>	<u>(50,675)</u>	<u>120,957</u>	<u>(416,679)</u>
Total accumulated depreciation	<u>(1,276,683)</u>	<u>(107,298)</u>	<u>120,957</u>	<u>(1,263,024)</u>
Net capital assets being depreciated	<u>947,811</u>	<u>(107,298)</u>	<u>-0-</u>	<u>840,513</u>
Net capital assets	<u>\$ 2,191,983</u>	<u>\$(107,298)</u>	<u>\$ -0-</u>	<u>\$ 2,084,685</u>

Charter Township of Ypsilanti

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE G: LONG-TERM DEBT

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

	Balance Jan. 1, 2007	Additions	Deletions	Balance Dec. 31, 2007	Amount Due Within One Year
PRIMARY GOVERNMENT					
Governmental activities					
General Obligation Bonds	\$ 7,015,000	\$ -	\$ 1,060,000	\$ 5,955,000	\$ 35,000
2002 Transportation notes	1,800,000	-	300,000	1,500,000	300,000
Land contract	984,490	-	154,490	830,000	155,000
Accumulated compensated absences	<u>2,173,520</u>	<u>767,934</u>	<u>552,224</u>	<u>2,389,230</u>	<u>658,877</u>
	11,973,010	767,934	2,066,714	10,674,230	1,148,877
Business-type activities					
Accumulated compensated absences	<u>8,206</u>	<u>2,306</u>	<u>4,365</u>	<u>6,147</u>	<u>3,073</u>
TOTAL PRIMARY GOVERNMENT	<u>\$11,981,216</u>	<u>\$ 770,240</u>	<u>\$ 2,071,079</u>	<u>\$10,680,377</u>	<u>\$ 1,151,950</u>

Significant details regarding outstanding long-term debt (including current portion) are presented below:

PRIMARY GOVERNMENT

General Obligation Bonds

\$2,280,000 General Obligation Limited Tax Capital Improvement Bonds, Series 2005B, dated February 17, 2005, due in annual installments ranging from \$300,000 to \$540,000 starting December 31, 2015 through December 31, 2019, with an interest rate of 5.60 percent, payable semi-annually. \$ 2,280,000

\$475,000 General Obligation Limited Tax Capital Improvement Bonds, Series 2005A, dated February 17, 2005, due in annual installments ranging from \$35,000 to \$50,000 through April 1, 2019, with interest ranging from 2.75 percent to 4.00 percent, payable semi-annually. 475,000

\$3,200,000 General Obligation Limited Tax Capital Improvement Bonds, Series 2006, dated August 30, 2006, due in annual installments ranging from \$30,000 to \$250,000 starting May 1, 2010 through May 1, 2029, with interest ranging from 3.65 percent to 4.50 percent, payable semi-annually. 3,200,000

Total General Obligation Bonds \$ 5,955,000

2002 Transportation Notes

\$3,000,000 Michigan Transportation Fund Notes, Series 2002, dated April 1, 2002, due in annual installments of \$300,000 through August 1, 2012, with interest ranging from 4.25 percent to 4.50 percent, payable semi-annually. \$ 1,500,000

Land Contract

\$1,500,000 Land contract dated December 10, 2002, due in annual installments ranging from \$155,000 to \$180,000 through December 1, 2012, with interest at 4.15 percent, payable semi-annually. \$ 830,000

Charter Township of Ypsilanti
 NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE G: LONG-TERM DEBT - CONTINUED

PRIMARY GOVERNMENT - CONTINUED

The annual requirements to pay the debt principal and interest outstanding for bonds, notes, and contracts payable are as follows:

Year Ending December 31,	General Obligation Bonds		2002 Transportation Notes		Land Contract	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 35,000	\$ 279,837	\$ 300,000	\$ 65,100	\$ 155,000	\$ 34,445
2009	35,000	278,730	300,000	52,350	160,000	28,013
2010	65,000	277,209	300,000	39,600	165,000	21,373
2011	85,000	274,651	300,000	26,700	170,000	14,525
2012	115,000	271,135	300,000	13,500	180,000	7,470
2013-2017	2,015,000	1,171,888	-	-	-	-
2018-2022	1,995,000	505,113	-	-	-	-
2023-2027	1,110,000	240,083	-	-	-	-
2028-2029	500,000	22,500	-	-	-	-
	<u>\$ 5,955,000</u>	<u>\$ 3,321,146</u>	<u>\$ 1,500,000</u>	<u>\$ 197,250</u>	<u>\$ 830,000</u>	<u>\$ 105,826</u>

Accrued Compensated Absences - Governmental Activities

Individual employees have vested rights upon termination of employment to receive payments for unused sick and vacation time. The dollar amount of these vested rights including related payroll taxes, which have been accrued on the financial statements in the fund and government-wide financial statements, amounted to approximately \$2,389,230 at December 31, 2007. The amounts of \$658,877 and \$1,730,353 have been reported as current and noncurrent liabilities, respectively.

Accrued Compensated Absences - Business-Type Activities

Individual employees have vested rights upon termination of employment to receive payments for unused sick and vacation time. The dollar amount of these vested rights including related payroll taxes, which have been accrued on the financial statements in the government-wide financial statements, amounted to approximately \$6,147 at December 31, 2007. The amounts of \$3,073 and \$3,074 have been reported as current and noncurrent liabilities, respectively.

NOTE H: RETIREMENT PLANS

PRIMARY GOVERNMENT (EXCEPT ELECTED OFFICIALS AND FIREFIGHTERS)

Plan Description

The Township participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all eligible full-time employees (other than elected officials and firefighters) of the Township. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. MERS is authorized and operated under State law, Act 135 of Public Acts of 1945, as amended. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Charter Township of Ypsilanti

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE H: RETIREMENT PLANS - CONTINUED

PRIMARY GOVERNMENT (EXCEPT ELECTED OFFICIALS AND FIREFIGHTERS) - CONTINUED

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units and personnel policy. The Township is required to contribute at an actuarially determined rate; the current rate was a percentage of annual compensation at December 31, 2006 as follows:

AFSCME and Management	7.83%
District Court 14B	5.99%

Covered employees are required to contribute 6% of their pay.

Annual Pension Cost

For the year ended December 31, 2007, the Township's annual pension cost of \$333,813 for the plan was equal to the Township's required contribution. The estimated annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry age normal cost method. Actual required contributions are based on actual reported monthly payroll. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0%, (2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (3) additional projected salary increases ranging from 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 29 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

Three (3) Year Trend Information

	Year Ended December 31,		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Actuarial value of assets	\$ 9,857,507	\$10,556,735	\$11,496,625
Actuarial accrued liability (AAL) (entry age)	11,349,056	12,442,438	13,390,091
Unfunded (overfunded) AAL	1,491,549	1,885,703	1,893,466
Funded ratio	87 %	85 %	86 %
Covered payroll	4,087,121	4,353,010	4,397,332
UAAL as a percentage of covered payroll	36 %	43 %	43 %

	Year Ended December 31,		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
Annual pension cost	\$ 286,373	\$ 333,846	\$ 333,813
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

Charter Township of Ypsilanti

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE H: RETIREMENT PLANS - CONTINUED

FIREFIGHTERS

Plan Description

Substantially all full time employees of the Fire Department are covered by the Charter Township Police and Firefighters Retirement System (a public employee retirement system or P.E.R.S.). The P.E.R.S. is the administrator of a single employer pension plan that was established by the Township in accordance with Township ordinance and state law (P.A. 345 of 1937 as amended). The P.E.R.S. is presented as a fiduciary fund in the Township's financial statements.

The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by a certain percentage based on the benefit program in effect as of the date of termination of membership times the final average compensation (FAC). The most recent period for which actuarial data was available was for the actuarial valuation as of December 31, 2007.

Membership in the plan at December 31, 2007 is as follows:

Retires and Beneficiaries receiving benefits	42
Active plan members	<u>34</u>
	76

Summary of Significant Accounting Policies and Plan Asset Matters

The Charter Township of Ypsilanti's P.E.R.S. financial statements are prepared on the accrual basis of accounting. Contributions from the Township and the employees are recognized as revenue in the period in which employees provide services to the Township. Investment income is recognized as earned by the pension plan. Investments in securities are valued at fair market value. Investments in corporate stock represent 48% of the plan assets, and U.S. government obligations represent 28%, and foreign and international obligations represent 17%.

There are no investments in, loans to, or leases with parties related to the pension plan.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units and personnel policy. The Township is required to contribute at an actuarially determined rate; the current rate was 5.79% of annual compensation based on the December 31, 2005 actuarial valuation.

Covered employees are required to contribute 6% of their pay.

Annual Pension Cost

During the fiscal year ended December 31, 2007, the Township's contributions totaling \$149,851 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2005, and the amounts necessary to pay post retirement health care and plan administrative costs. The employer contribution rate has been determined based on the individual entry age funding method. Under the individual entry age funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 15 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 7.5% and annual salary increases of 5.5-9.0% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Charter Township of Ypsilanti

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE H: RETIREMENT PLANS - CONTINUED

FIREFIGHTERS - CONTINUED

Pension Reserves

Guidelines issued pursuant to the provisions of Act No. 2 of the Public Acts of 1968 require a maintenance of a reserve for pensions in payment status. The reserves at December 31, 2007 are as follows:

Reserve for Employees' Contributions	\$ 1,568,703
Reserve for Employer Contributions	14,793,638
Reserved for Retired Benefit Payments	10,959,266
Valuation Adjustment	(148,276)
	<u>\$ 27,173,331</u>

ELECTED OFFICIALS

Plan Description

Ypsilanti Township's Group Pension Plan is a single employer P.E.R.S. that administers the Township's defined contribution pension plan for its Elected Officials. The Township's financial statements include the pension plan as a fiduciary fund. The Township is the only non-employee contributor to the plan. Only elected officials are eligible for the plan. As of December 31, 2007 the plan's membership was 8 officials. The Plan was established by Township ordinance, which may be amended by amendment of the ordinance. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. As established by Township policy, all elected officials are eligible for the plan on the date of commencement of their employment (following election) and officials may waive participation upon written notification.

Voluntary contributions made by participants and employer contributions vest immediately as provided by the plan, the Township contributes 20% of the employees gross earnings; the employee may make voluntary contributions up to 10% of his or her gross earnings. During 2007, total Township contributions of \$50,190 and total employee contributions of \$672 were made to the plan.

Summary of Significant Accounting Policies and Plan Asset Matters

The Township's elected officials pension plan financial statements are prepared on the accrual basis of accounting. Contributions from the Township and the Township employees are recognized as revenue in the period in which employees provide services to the Township. Investment income is recognized as earned by the pension plan.

Investments in securities are valued at cost which approximates market. All funds are invested in 10 year retirement annuities through the John Hancock Financial Services Plan sponsored by the Michigan Township Association.

There are no investments in, loans to, or leases with parties related to the pension plan.

Charter Township of Ypsilanti
NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE I: POSTEMPLOYMENT HEALTH CARE BENEFITS

FIREFIGHTER'S HEALTH CARE PLAN

Plan Description

The Township Board established by resolution the Firefighter's Health Care Plan, a single-employer defined benefit postemployment health care plan. The plan is designed to accumulate resources to pay for postemployment health and dental insurance for retired firefighters. The plan is included in the Township's financial statements as a fiduciary fund. The plan was established under the authority of P.A. 169 of 1999.

Membership in the plan at December 31, 2007 (latest actuarial report) is as follows:

Retires and Beneficiaries receiving benefits	36
Terminated plan members entitled to but not yet receiving benefits	4
Active plan members	<u>34</u>
	74

Summary of Significant Accounting Policies

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Healthcare premiums are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Contributions

The Plan's funding policy provides for periodic contributions by the Township at actuarially determined rates expressed as a percentage of annual covered payroll. The Township contributes at a rate of 17% of annual covered payroll. Plan members are required to contribute 6-7% of their annual covered salary. Administrative costs of the plan are financed through investment earnings.

GENERAL TOWNSHIP EMPLOYEES PLAN

In addition to providing pension benefits, the Township provides certain health care insurance benefits to all full time employees of the Township. The basis for these payments are the agreements with employee groups through collective bargaining as well as the Township's personnel policy. All eligible full time employees who retire at normal retirement age are entitled to receive these benefits during their retirement. These benefits are expensed in the year paid, on a pay-as-you-go basis. The costs of providing these benefits for twenty-six (26) retirees for the year ended December 31, 2007 was \$261,091.

Membership in the plan at December 31, 2007 (latest actuarial report) is as follows:

Retires and Beneficiaries receiving benefits	26
Terminated plan members entitled to but not yet receiving benefits	4
Active plan members	<u>90</u>
	120

Charter Township of Ypsilanti
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE I: POSTEMPLOYMENT HEALTH CARE BENEFITS - CONTINUED

UPCOMING REPORTING CHANGE

The Governmental Accounting Standards Board has recently release Statement Number 45, *Accounting and Reporting By Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

NOTE J: RISK MANAGEMENT

The Township participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy period exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required.

The Township also participates in a pool, the Michigan Municipal League Liability and Property pool, with other municipalities for property, liability, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Township has not been informed of any special assessments being required.

NOTE K: CONTINGENCIES

Consent Judgment

The Township entered into a settlement agreement, dated December 6, 1989, with the City of Ypsilanti relative to dissolution of the Joint Ypsilanti Recreation Organization (JYRO). Under the settlement, all properties previously owned and managed by JYRO were conveyed to the Township in exchange for the following contingent payments from the Township to the City:

- 10% of gross revenues, for fifty years, from the operation of the Ford Lake Dam. Gross revenues are defined as revenues from dam operations less 20% reserve for capital improvements, until \$300,000 is accumulated.
- 50% of residual funds available after Dam, Park Operations, royalties and reserve requirements are paid from Dam revenues.

During 2007, the Township paid the City of Ypsilanti \$27,968 under this agreement.

Ypsilanti Community Utility Debt

As discussed in the "Reporting Entity" the Township participates in a joint venture with the City of Ypsilanti, known as the Ypsilanti Community Utilities Authority. The Authority issues bonds that are backed by the full faith and credit (subject to constitutional limitations) of the City or Township. The proceeds of these bonds are used to construct the various infrastructure projects, and the recipient of these obligations has been made by the revenues of the Authority. As of August 31, 2007, (the latest audited information of the Authority) the total amount of these obligations was \$33,933,405.

Charter Township of Ypsilanti
NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE K: CONTINGENCIES - CONTINUED

Law Enforcement Contracts

On January 1, 2006, the Township's contract for law enforcement services with the County expired. The Township initiated litigation over the cost structure used to pay for past, current and future services. The County asserted through a counter claim, that the Township owes additional sums above the amounts paid for services rendered in 2006, due to the failure of the Township to sign a contract. Additionally, both parties agree that the Township is owed credits for services not performed estimated to be \$200,000, for 2006.

The Township estimates the amount which may be due the County on its counter claim to be approximately \$1.7 million dollars. In addition, if the County prevails, contract costs in 2008 and 2009 are expected to rise significantly (approximately 36%). The litigation between the parties remains unsettled, and the Township is unable to determine the probable outcome or a reasonable estimate of the potential liability, if any.

Other Matters

There are various other legal actions pending against the Township. Due to the inconclusive nature of many of the actions, it is not possible to determine the probable outcome or a reasonable estimate of the Township's potential liability, if any.

NOTE L: MTT REFUNDS PAYABLE

Various taxpayers have commenced litigation regarding property valuation issues, and the Township believes that losses are likely. While the exact amount of these losses is not known, a reasonable estimate based on information currently available is approximately \$439,770. This amount has been recognized as a loss and is recorded as MTT (Michigan Tax Tribunal) Refunds Payable in the governmental activities.

NOTE M: JUDGMENT PAYABLE

In March 1995, the Township settled a lawsuit regarding the Willow Run Creek Site Settlement. The settlement will be paid in one (1) installment of \$250,000 to GM and Ford for the site development costs. However, the installment is not due until the DEQ approves the certification of completion of design and construction. As of December 31, 2007, the Township has reserved fund balance in the Environmental Cleanup Fund and Judgments Payable in the government-wide Statement of Net Assets of \$250,000.

NOTE N: LEASE AGREEMENT WITH Y.C.U.A.

On January 21, 1992 the Township entered into a lease agreement with the Ypsilanti Community Utilities Authority (Y.C.U.A.) for the Service Center facility owned by the Township. This lease is classified as a direct financing lease and is recorded as a receivable and deferred revenue in the General Fund. The terms of the lease are as follows:

The effective date of the lease was October 1, 1990 with a term of twenty (20) years. The annual lease payment is \$220,000 and the total minimum lease payment is \$4,400,000. At the end of the lease term, the title reverts back to the Township.

The following summary lists the components of the "net investments" in direct financing lease as of December 31:

Charter Township of Ypsilanti
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2007

NOTE N: LEASE AGREEMENT WITH Y.C.U.A. - CONTINUED

	<u>2007</u>
Total minimum lease payments to be received	\$ 330,000
Less: Amounts representing estimated executory costs	<u> -</u>
Minimum lease payments receivable	330,000
Less: Allowance for uncollectible	<u> -</u>
Net minimum lease payments receivable	330,000
Estimated residual value of leased property	<u> -</u>
	330,000
Less: Unearned finance income	<u> 30,255</u>
Net investment in direct financing lease	<u>\$ 299,745</u>

No contingent rentals were included in the lease provisions. At December 31, 2007, minimum lease payments for the next two succeeding fiscal years are as follows:

<u>Year Ended</u> <u>December 31,</u>	
2008	\$ 220,000
2009	<u> 110,000</u>
	<u>\$ 330,000</u>

NOTE O: FUND BALANCE RESERVES AND DESIGNATIONS

Reserved fund balance is used to earmark a portion of fund balance to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use. Designated fund equity indicates that portion of fund balance or net assets which the Township has set aside for specific purposes. These reserves and designations are recorded at the fund level to indicate management plans for these funds.

The following are the various fund balance reserves as of December 31, 2007:

General Fund	
Reserved for prepaids	\$ 201,983
Reserved for other purposes:	
MTT claims	24,300
Hydro station	300,000
Land sales	182,752
Bike path construction	163,653
Street light	<u> 388,262</u>
	<u>\$ 1,260,950</u>
Fire Department Fund	
Reserved for prepaids	\$ 32,969
Reserved for other purposes:	
MTT claims	<u> 72,725</u>
	<u>\$ 105,694</u>

Charter Township of Ypsilanti

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE O: FUND BALANCE RESERVES AND DESIGNATIONS - CONTINUED

Law Enforcement Fund	
Reserved for prepaids	\$ 1,589
Reserved for other purposes:	
MTT claims	<u>147,630</u>
	<u>\$ 149,219</u>
 Nonmajor governmental funds	
Reserved for prepaids	\$ 4,436
Reserved for debt service	583,204
Reserved for capital projects	551,158
Reserved for other purposes:	
MTT claims	131,160
Accounts payable	<u>250,000</u>
	<u>\$ 1,519,958</u>

The following are the various fund balance designations as of December 31, 2007:

General Fund	
Designated for debt retirement	\$ 750,000
Designated for capital outlay	2,000,000
Designated for OPEB funding	<u>1,000,000</u>
	<u>\$ 3,750,000</u>
 Fire Department	
Designated for capital outlay	\$ 750,000
Designated for OPEB funding	<u>330,000</u>
	<u>\$ 1,080,000</u>

NOTE P: PRIOR PERIOD ADJUSTMENTS AND RESTATED NET ASSETS

The following prior period adjustments were made during the current period, which was a result of corrections of accounting errors. These adjustments were reported as changes to beginning fund balance. The effect on operations and other affected balances for the current year and prior period are as follows:

	December 31,		
	<u>2007</u>	<u>2006</u>	
General Fund			
Special assessment revenue	\$ 57,574	\$ -	To correct understated special assessment revenue and related deferred revenue
Deferred revenue	-	388,262	
Fund balance - beginning	(445,836)	-	
 Accrued liabilities	-	(24,300)	To correct overstated liability
Fund balance - beginning	24,300	-	
 Fire Department			
Accrued liabilities	-	(72,725)	To correct overstated liability
Fund balance - beginning	72,725	-	

Charter Township of Ypsilanti
 NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE P: PRIOR PERIOD ADJUSTMENTS AND RESTATED NET ASSETS - CONTINUED

	December 31,		
	<u>2007</u>	<u>2006</u>	
Law Enforcement			
Accrued liabilities	\$ -	\$(78,000)	To correct overstated accrued
Accounts payable	-	(114,175)	liability and accounts payable
Fund balance - beginning	192,175	-	
Nonmajor governmental funds			
Accrued liabilities	-	(65,435)	To correct overstated accrued
Accounts payable	-	(250,000)	liability and accounts payable
Fund balance - beginning	315,435	-	

Based on the above prior period adjustments, the beginning net assets were decreased by \$331,661 in the governmental activities.

NOTE Q: SPECIAL ITEM

Starting in 1997 through 2001, the Township made annual payments to the University of Michigan totaling \$1,050,000. These payments were for the environmental clean up of the Willow Run Creek area. In August of 2007, the University of Michigan refunded these monies to the Township plus interest of \$135,000. Accordingly, \$1,050,000 is shown as a special item on the government-wide Statement of Activities and \$137,240 (which includes interest accrued to date) is shown as restricted cash and unearned (deferred) revenue in the financial statements.

In accordance with the agreement, the interest amount was deposited into its own separate bank account and will be held there until the environmental clean-up is resolved.

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Ypsilanti

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,327,730	\$ 2,327,730	\$ 2,411,633	\$ 83,903
Licenses and permits	14,000	14,000	17,105	3,105
Intergovernmental	4,529,240	4,540,251	4,515,214	(25,037)
Charges for services	2,598,851	2,598,851	2,342,283	(256,568)
Fines and forfeits	54,500	54,500	38,064	(16,436)
Interest and rents	481,750	532,150	997,001	464,851
Other	31,500	1,081,500	1,149,768	68,268
TOTAL REVENUES	10,037,571	11,148,982	11,471,068	322,086
EXPENDITURES				
Current				
General government				
Legislative	150,410	150,410	141,868	8,542
District court	1,616,915	1,654,915	1,514,662	140,253
Executive	183,695	183,695	181,769	1,926
Clerk	342,075	342,575	323,263	19,312
Treasurer	300,255	280,855	231,453	49,402
Assessor	640,535	770,435	739,654	30,781
Board of Review	3,615	3,615	2,552	1,063
Elections	159,315	169,962	159,475	10,487
Accounting department	282,860	282,860	275,813	7,047
Human resources	278,755	280,755	192,525	88,230
Purchasing department	73,410	27,310	24,982	2,328
Building and grounds	1,018,715	1,018,715	887,687	131,028
Legal services	741,885	741,885	697,326	44,559
Computer support	272,765	269,265	179,979	89,286
General services	197,500	196,000	175,449	20,551
Total general government	6,262,705	6,373,252	5,728,457	644,795
Public works				
Highways and streets	240,000	225,000	189,028	35,972
Community and economic development				
Community development	342,545	342,545	330,194	12,351
Planning commission	15,405	15,405	10,291	5,114
Zoning board of appeals	4,915	4,915	1,929	2,986
Total community and economic development	362,865	362,865	342,414	20,451

Charter Township of Ypsilanti

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES - CONTINUED				
Recreation and cultural				
Recreation	\$ 908,350	\$ 908,350	\$ 876,696	\$ 31,654
Administration	124,250	124,250	122,802	1,448
Total recreation and cultural	1,032,600	1,032,600	999,498	33,102
Other				
Fringe benefit and insurance	15,625	15,625	14,059	1,566
Other	1,055,355	1,109,831	994,344	115,487
Total other	1,070,980	1,125,456	1,008,403	117,053
Capital outlay	280,700	257,050	144,804	112,246
Debt service	573,700	193,700	190,443	3,257
TOTAL EXPENDITURES	9,823,550	9,569,923	8,603,047	966,876
EXCESS OF REVENUES OVER EXPENDITURES	214,021	1,579,059	2,868,021	1,288,962
OTHER FINANCING SOURCES (USES)				
Transfers in	-	25,709	25,709	-0-
Transfers out	(8,600)	(1,454,633)	(1,447,891)	6,742
TOTAL OTHER FINANCING SOURCES (USES)	(8,600)	(1,428,924)	(1,422,182)	6,742
NET CHANGE IN FUND BALANCE	205,421	150,135	1,445,839	1,295,704
Fund balance, beginning of year	5,827,958	5,827,958	5,827,958	-0-
Prior period adjustments	-	-	(421,536)	(421,536)
Fund balance, end of year	<u>\$ 6,033,379</u>	<u>\$ 5,978,093</u>	<u>\$ 6,852,261</u>	<u>\$ 874,168</u>

Charter Township of Ypsilanti

Fire Department Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,513,700	\$ 4,513,700	\$ 4,558,784	\$ 45,084
Licenses and permits	-	-	6,448	6,448
Intergovernmental	-	91,481	84,867	(6,614)
Charges for services	-	-	12,265	12,265
Interest and rents	100,000	100,000	245,308	145,308
Other	-	-	3,824	3,824
TOTAL REVENUES	4,613,700	4,705,181	4,911,496	206,315
EXPENDITURES				
Current				
Public safety	4,350,260	4,570,284	4,268,097	302,187
Capital outlay	261,900	355,879	219,733	136,146
TOTAL EXPENDITURES	4,612,160	4,926,163	4,487,830	438,333
NET CHANGE IN FUND BALANCE	1,540	(220,982)	423,666	644,648
Fund balance, beginning of year	3,250,320	3,250,320	3,250,320	-0-
Prior period adjustment	-	-	72,725	72,725
Fund balance, end of year	\$ 3,251,860	\$ 3,029,338	\$ 3,746,711	\$ 717,373

Charter Township of Ypsilanti

Law Enforcement Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,642,050	\$ 5,642,050	\$ 5,691,830	\$ 49,780
Intergovernmental	18,000	18,000	18,399	399
Interest and rents	30,000	30,000	138,429	108,429
Other	-	-	1,230	1,230
TOTAL REVENUES	5,690,050	5,690,050	5,849,888	159,838
EXPENDITURES				
Current				
Public safety	5,597,895	5,593,520	5,012,164	581,356
Capital outlay	-	4,375	4,375	-0-
TOTAL EXPENDITURES	5,597,895	5,597,895	5,016,539	581,356
NET CHANGE IN FUND BALANCE	92,155	92,155	833,349	741,194
Fund balance, beginning of year	1,299,569	1,299,569	1,299,569	-0-
Prior period adjustment	-	-	192,175	192,175
Fund balance, end of year	<u>\$ 1,391,724</u>	<u>\$ 1,391,724</u>	<u>\$ 2,325,093</u>	<u>\$ 933,369</u>

Charter Township of Ypsilanti

SCHEDULES OF FUNDING PROGRESS

December 31, 2007

Fire Department Employees' Defined Benefit Pension Plan

<u>Actuarial Valuation Date</u>	<u>Value of Assets (a)</u>	<u>Liability (AAL) Entry Age (b)</u>	<u>AAL (Overfunded) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Percentage of Covered Payroll [(b-a)/c]</u>
12/31/2007	\$27,173,331	\$23,911,443	(\$3,261,888)	114%	\$2,752,251	(119%)
12/31/2006	\$25,338,997	\$21,766,018	(\$3,572,979)	116%	\$2,422,211	(148%)
12/31/2005	\$24,105,951	\$20,780,318	(\$3,325,633)	116%	\$2,449,553	(136%)

General Township Employees' Other Postemployment Benefits Plan

<u>Actuarial Valuation Date</u>	<u>Value of Assets (a)</u>	<u>Liability (AAL) Entry Age (b)</u>	<u>AAL (Underfunded) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Percentage of Covered Payroll [(b-a)/c]</u>
12/31/2007	\$0	\$12,836,732	\$12,836,732	0%	\$4,479,499	287%
12/31/2005	\$0	\$12,225,691	\$12,225,691	0%	\$5,273,663	232%

Fire Department Employees' Other Postemployment Benefits Plan

<u>Actuarial Valuation Date</u>	<u>Value of Assets (a)</u>	<u>Liability (AAL) Entry Age (b)</u>	<u>AAL (Underfunded) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Percentage of Covered Payroll [(b-a)/c]</u>
12/31/2007	\$1,549,249	\$11,509,097	\$9,959,848	13.5%	\$2,545,433	391%
12/31/2005	\$722,655	\$12,047,464	\$11,324,809	6.0%	\$2,449,264	462%

Charter Township of Ypsilanti

SCHEDULES OF EMPLOYER CONTRIBUTIONS

December 31, 2007

Fire Department Employees' Defined Benefit Pension Plan

<u>Year Ended Dec. 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2007	\$ 149,851	100%
2006	72,708	100%
2005	-	100%

General Township Employees' Other Postemployment Benefits Plan

<u>Year Ended Dec. 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2007	\$ 914,635	28.5%

* Actuarial information prior to 2007 is not available.

Fire Department Employees' Other Postemployment Plan

<u>Year Ended Dec. 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2007	\$ 839,308	100%
2006	723,202	100%
2005	723,202	100%

Charter Township of Ypsilanti

NOTE TO THE SCHEDULES OF FUNDING PROGRESS
AND SCHEDULES OF EMPLOYER CONTRIBUTIONS

December 31, 2007

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, healthcare cost trends and other factors. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the plan by the employer in comparison to the Annual Required Contribution (ARC), an amount that is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuations follows:

Fire Department Employees' Defined Benefit Pension Plan

Actuarial cost method	Individual entry age
Amortization method	Level percent open
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases (includes inflation at 4.50%)	4.50 - 8.00%
Cost of living adjustments	None

General Township Employees & Fire Department Employees Other Postemployment Benefit Plans

Actuarial Valuation:	
Frequency	Biennial
Latest valuation date	12/31/2007
Actuarial cost method	Individual Entry Age
Amortization method	Level percent open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rates of return	
General Township Employees	4.0%
Fire Department Employees	7.0%
Healthcare cost trend rates	
Medical	11% initial, 4.5% ultimate
Dental	6% initial, 4.5% ultimate
Vision	3% ultimate
Projected salary increases	4.5% - 12.9%
Includes inflation at:	4.0%

OTHER SUPPLEMENTARY INFORMATION

Charter Township of Ypsilanti
 Nonmajor Governmental Funds
 COMBINING BALANCE SHEET

December 31, 2007

	Parks	Special Recreation, Bike Path, Sidewalk Repair	Bike Path, Sidewalk, Recreation, Roads & General Operations
ASSETS			
Cash and cash equivalents	\$ 25,753	\$ 221,812	\$ 352,096
Restricted cash	-	-	-
Investments	-	-	-
Accounts receivable	-	14	-
Interest receivable	-	-	-
Due from other funds	-	3,658	22,749
Due from other governmental units	-	-	78,000
Prepays	-	-	-
TOTAL ASSETS	\$ 25,753	\$ 225,484	\$ 452,845
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 3,434	\$ 103,758
Accrued payroll	300	-	4,214
Other accrued liabilities	-	-	3,501
Due to other funds	-	-	4,291
Due to other governmental units	-	-	-
Deferred revenue	-	-	15,000
TOTAL LIABILITIES	300	3,434	130,764
FUND BALANCES			
Reserved for			
Prepays	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	685	37,070
Unreserved			
Undesignated, reported in Special revenue funds	25,453	221,365	285,011
TOTAL FUND BALANCES	25,453	222,050	322,081
TOTAL LIABILITIES AND FUND BALANCES	\$ 25,753	\$ 225,484	\$ 452,845

Revenue

Environmental Cleanup	Environmental Services	Public Improvement	Building Rental Inspect	Building Department	Hydro Station
\$ 431,533	\$ 1,112,391	\$ 416,285	\$ 1,947	\$ 496,450	\$ 183,273
-	-	-	-	-	-
-	1,385,284	-	-	-	-
-	6,109	-	-	-	59,371
-	23,908	-	-	-	-
-	9,906	28,971	4,360	4,220	3,883
-	-	-	-	-	-
-	3,701	-	-	-	735
<u>\$ 431,533</u>	<u>\$ 2,541,299</u>	<u>\$ 445,256</u>	<u>\$ 6,307</u>	<u>\$ 500,670</u>	<u>\$ 247,262</u>
\$ -	\$ 168,947	\$ 29,250	\$ 83	\$ 468	\$ 28,925
-	4,222	-	-	8,850	1,724
-	2,900	-	-	3,872	33,320
-	4,012	-	4,220	13,159	-
-	-	-	-	-	26,409
-	-	-	-	-	-
-0-	180,081	29,250	4,303	26,349	90,378
-	3,701	-	-	-	735
-	-	-	-	-	-
-	-	-	-	-	-
250,000	67,735	-	-	-	-
<u>181,533</u>	<u>2,289,782</u>	<u>416,006</u>	<u>2,004</u>	<u>474,321</u>	<u>156,149</u>
<u>431,533</u>	<u>2,361,218</u>	<u>416,006</u>	<u>2,004</u>	<u>474,321</u>	<u>156,884</u>
<u>\$ 431,533</u>	<u>\$ 2,541,299</u>	<u>\$ 445,256</u>	<u>\$ 6,307</u>	<u>\$ 500,670</u>	<u>\$ 247,262</u>

Charter Township of Ypsilanti

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2007

	Special Revenue Funds - continued		
	State Grants	Noxious Weeds	Nuisance Abatement
ASSETS			
Cash and cash equivalents	\$ 75,328	\$ 643	\$ 24,877
Restricted cash	-	-	-
Investments	-	-	-
Accounts receivable	-	-	2,408
Interest receivable	-	-	-
Due from other funds	-	-	530
Due from other governmental units	43,271	10,000	-
Prepays	-	-	-
TOTAL ASSETS	\$ 118,599	\$ 10,643	\$ 27,815
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 56,814	\$ -	\$ 9,413
Accrued payroll	-	-	-
Other accrued liabilities	-	-	-
Due to other funds	31,484	10,639	-
Due to other governmental units	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	88,298	10,639	9,413
FUND BALANCES			
Reserved for			
Prepays	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Unreserved			
Undesignated, reported in Special revenue funds	30,301	4	18,402
TOTAL FUND BALANCES	30,301	4	18,402
TOTAL LIABILITIES AND FUND BALANCES	\$ 118,599	\$ 10,643	\$ 27,815

General Obligation	Debt Service Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Series A Debt Service	Series B Debt Service	2006 Capital Improvement	2006 Capital Improvement	
\$ 455,412	\$ 10,550	\$ 70,092	\$ 223,355		\$ 4,101,797
-	-	-	-	556,757	556,757
115,444	-	279,207	-	-	1,779,935
1,989	-	-	-	-	69,891
-	-	-	-	-	23,908
6,342	-	-	-	-	84,619
-	-	-	-	-	131,271
-	-	-	-	-	4,436
<u>\$ 579,187</u>	<u>\$ 10,550</u>	<u>\$ 349,299</u>	<u>\$ 223,355</u>	<u>\$ 556,757</u>	<u>\$ 6,752,614</u>
\$ 1,150	\$ -	\$ -	\$ -	\$ 5,599	\$ 407,841
-	-	-	-	-	19,310
-	-	-	-	-	43,593
-	-	-	-	-	67,805
-	-	-	-	-	26,409
-	-	-	-	-	15,000
1,150	-0-	-0-	-0-	5,599	579,958
-	-	-	-	-	4,436
-	10,550	349,299	223,355	-	583,204
-	-	-	-	551,158	551,158
25,670	-	-	-	-	381,160
552,367	-	-	-	-	4,652,698
578,037	10,550	349,299	223,355	551,158	6,172,656
<u>\$ 579,187</u>	<u>\$ 10,550</u>	<u>\$ 349,299</u>	<u>\$ 223,355</u>	<u>\$ 556,757</u>	<u>\$ 6,752,614</u>

Charter Township of Ypsilanti

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2007

		Special	
	Parks	Recreation, Bike Path, Sidewalk Repair	Bike Path, Sidewalk, Recreation, Roads & General Operations
REVENUES			
Taxes	\$ -	\$ 3,981	\$ 1,464,713
Licenses and permits	-	-	15,553
Intergovernmental	-	-	190,175
Charges for services	9,325	-	-
Interest and rents	887	10,307	43,882
Other	2,668	12	-
TOTAL REVENUES	12,880	14,300	1,714,323
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	-	-	953,255
Recreation and cultural	6,377	-	-
Capital outlay	-	18,641	290,743
Debt service	-	-	378,100
TOTAL EXPENDITURES	6,377	18,641	1,622,098
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,503	(4,341)	92,225
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	15,000
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	15,000
NET CHANGE IN FUND BALANCES	6,503	(4,341)	107,225
Fund balances, beginning of year	18,950	218,541	207,681
Prior period adjustments	-	7,850	7,175
Fund balances, end of year	\$ 25,453	\$ 222,050	\$ 322,081

Revenue

Environmental Cleanup	Environmental Services	Public Improvement	Building Rental Inspect	Building Department	Hydro Station
\$ -	\$ 2,642,415	\$ -	\$ -	\$ -	\$ -
-	-	-	1,945	535,480	-
-	-	-	-	-	-
-	65,457	-	-	-	264,087
19,953	173,961	22,890	2	24,331	5,912
-	1,462	-	-	34	4,190
19,953	2,883,295	22,890	1,947	559,845	274,189
-	-	-	4,943	607,982	-
-	2,392,629	-	-	-	197,110
-	-	-	-	-	-
-	-	41,583	-	-	29,629
-	-	-	-	-	-
-0-	2,392,629	41,583	4,943	607,982	226,739
19,953	490,666	(18,693)	(2,996)	(48,137)	47,450
-	-	-	5,000	-	4,371
-	(180,500)	(286,850)	-	-	-
-0-	(180,500)	(286,850)	5,000	-0-	4,371
19,953	310,166	(305,543)	2,004	(48,137)	51,821
161,580	2,012,927	721,549	-	522,458	105,063
250,000	38,125	-	-	-	-
<u>\$ 431,533</u>	<u>\$ 2,361,218</u>	<u>\$ 416,006</u>	<u>\$ 2,004</u>	<u>\$ 474,321</u>	<u>\$ 156,884</u>

Charter Township of Ypsilanti

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2007

	Special Revenue Funds - continued		
	State Grants	Noxious Weeds	Nuisance Abatement
REVENUES			
Taxes	\$ -	\$ -	\$ 50,566
Licenses and permits	-	-	-
Intergovernmental	143,151	-	-
Charges for services	-	10,000	24,510
Interest and rents	3,596	604	1,168
Other	-	-	-
TOTAL REVENUES	146,747	10,604	76,244
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	-	-	89,625
Recreation and cultural	-	-	-
Capital outlay	728,122	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	728,122	-0-	89,625
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(581,375)	10,604	(13,381)
OTHER FINANCING SOURCES (USES)			
Transfers in	584,970	-	25,000
Transfers out	-	(25,709)	-
TOTAL OTHER FINANCING SOURCES (USES)	584,970	(25,709)	25,000
NET CHANGE IN FUND BALANCES	3,595	(15,105)	11,619
Fund balances, beginning of year	26,706	15,109	6,783
Prior period adjustments	-	-	-
Fund balances, end of year	\$ 30,301	\$ 4	\$ 18,402

General Obligation	Debt Service Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Series A Debt Service	Series B Debt Service	2006 Capital Improvement	2006 Capital Improvement	
\$ 988,546	\$ -	\$ -	\$ -	\$ -	\$ 5,150,221
-	-	-	-	-	552,978
-	-	-	-	-	333,326
-	-	-	-	-	373,379
36,871	848	24,607	13,590	62,041	445,450
-	-	-	-	-	8,366
1,025,417	848	24,607	13,590	62,041	6,863,720
990,119	-	-	-	-	1,603,044
-	-	-	-	-	3,632,619
-	-	-	-	-	6,377
-	-	-	-	1,107,721	2,216,439
-	16,838	1,274,461	159,228	-	1,828,627
990,119	16,838	1,274,461	159,228	1,107,721	9,287,106
35,298	(15,990)	(1,249,854)	(145,638)	(1,045,680)	(2,423,386)
-	-	1,050,000	-	-	1,684,341
-	-	-	-	-	(493,059)
-0-	-0-	1,050,000	-0-	-0-	1,191,282
35,298	(15,990)	(199,854)	(145,638)	(1,045,680)	(1,232,104)
530,454	26,540	549,153	368,993	1,596,838	7,089,325
12,285	-	-	-	-	315,435
<u>\$ 578,037</u>	<u>\$ 10,550</u>	<u>\$ 349,299</u>	<u>\$ 223,355</u>	<u>\$ 551,158</u>	<u>\$ 6,172,656</u>

Charter Township of Ypsilanti

Internal Service Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2007

	Motor Pool	Compost Center	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 864,732	\$ 775,903	\$ 1,640,635
Accounts receivable	-	5,234	5,234
Due from other funds	10,370	3,586	13,956
Due from other governmental units	-	3,107	3,107
Inventories	17,421	-	17,421
Prepays	-	1,857	1,857
	<u>892,523</u>	<u>789,687</u>	<u>1,682,210</u>
Total current assets			
Noncurrent assets			
Capital assets, net of accumulated depreciation	<u>93,055</u>	<u>731,825</u>	<u>824,880</u>
	<u>985,578</u>	<u>1,521,512</u>	<u>2,507,090</u>
TOTAL ASSETS			
LIABILITIES			
Current liabilities			
Accounts payable	11,178	6,406	17,584
Accrued payroll	-	1,781	1,781
Due to other funds	-	974	974
Current portion of compensated absences	-	1,112	1,112
	<u>11,178</u>	<u>10,273</u>	<u>21,451</u>
TOTAL LIABILITIES			
NET ASSETS			
Invested in capital assets	93,055	731,825	824,880
Unrestricted	<u>881,345</u>	<u>779,414</u>	<u>1,660,759</u>
	<u>\$ 974,400</u>	<u>\$ 1,511,239</u>	<u>\$ 2,485,639</u>
TOTAL NET ASSETS			

Charter Township of Ypsilanti

Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2007

	Motor Pool	Compost Center	Total
OPERATING REVENUES			
Charges for services	\$ 223,275	\$ 389,412	\$ 612,687
OPERATING EXPENSES			
Salaries and wages	-	105,953	105,953
Fringe benefits	-	10,386	10,386
Fuel and utilities	98,513	23,018	121,531
Operating supplies	1,802	4,636	6,438
Contractual services	33,293	33,194	66,487
Insurance	-	5,445	5,445
Repairs and maintenance	-	9,054	9,054
Administrative	-	7,218	7,218
Other	281	1,512	1,793
Depreciation	26,220	67,505	93,725
TOTAL OPERATING EXPENSES	<u>160,109</u>	<u>267,921</u>	<u>428,030</u>
OPERATING INCOME	63,166	121,491	184,657
NONOPERATING REVENUES			
Interest revenue	<u>37,667</u>	<u>23,530</u>	<u>61,197</u>
INCOME BEFORE TRANSFERS	100,833	145,021	245,854
TRANSFERS IN	<u>-</u>	<u>180,500</u>	<u>180,500</u>
CHANGE IN NET ASSETS	100,833	325,521	426,354
Net assets, beginning of year	<u>873,567</u>	<u>1,185,718</u>	<u>2,059,285</u>
Net assets, end of year	<u>\$ 974,400</u>	<u>\$ 1,511,239</u>	<u>\$ 2,485,639</u>

Charter Township of Ypsilanti

Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2007

	Motor Pool	Compost Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 237,840	\$ 387,251	\$ 625,091
Cash receipts from other funds	5,879	5,915	11,794
Cash paid to suppliers	(142,228)	(84,156)	(226,384)
Cash paid for employee benefits	-	(10,386)	(10,386)
Cash paid to employees	-	(105,099)	(105,099)
NET CASH PROVIDED BY OPERATING ACTIVITIES	101,491	193,525	295,016
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	180,500	180,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital purchases	(47,662)	(196,436)	(244,098)
Loss on disposal of capital assets	-	15,935	15,935
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(47,662)	(180,501)	(228,163)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest revenue	37,667	23,530	61,197
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING YEAR	91,496	217,054	308,550
Cash and cash equivalents, beginning of year	773,236	558,849	1,332,085
Cash and cash equivalents, end of year	<u>\$ 864,732</u>	<u>\$ 775,903</u>	<u>\$ 1,640,635</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 63,166	\$ 121,491	\$ 184,657
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	26,220	67,505	93,725
Decrease in receivables	14,565	946	15,511
Decrease in prepaids	-	189	189
Decrease in inventories	6,479	-	6,479
Decrease in due from other funds	5,879	5,327	11,206
(Increase) in due from other governmental units	-	(3,107)	(3,107)
(Decrease) in accounts payable	(14,818)	(268)	(15,086)
(Decrease) in accrued payroll	-	(258)	(258)
Increase in compensated absences	-	1,112	1,112
Increase in due to other funds	-	588	588
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 101,491</u>	<u>\$ 193,525</u>	<u>\$ 295,016</u>

Charter Township of Ypsilanti

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2007

	General Tax Collection	Current Tax Collection	Bonds and Escrow Fund	Total
ASSETS				
Cash and cash equivalents	\$ 4,035	\$ 3,382,393	\$ 855,580	\$ 4,242,008
Due from individuals and agencies	-	-	108,396	108,396
TOTAL ASSETS	\$ 4,035	\$ 3,382,393	\$ 963,976	\$ 4,350,404
LIABILITIES				
Due to other governmental units	\$ -	\$ 3,356,054	\$ -	\$ 3,356,054
Due to individuals and agencies	4,035	26,339	963,976	994,350
TOTAL LIABILITIES	\$ 4,035	\$ 3,382,393	\$ 963,976	\$ 4,350,404

Charter Township of Ypsilanti

Pension and Employee Benefit Trust Funds

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

December 31, 2007

	Firefighters' Healthcare Trust Fund	Police and Firefighters' Pension Trust Fund	Officials' Retirement Trust Fund	Total
ASSETS				
Cash	\$ 1,713,407	\$ 1,234,109	\$ -	\$ 2,947,516
Investments	-	25,955,503	736,385	26,691,888
Interest receivable	-	147,120	-	147,120
TOTAL ASSETS	\$ 1,713,407	\$ 27,336,732	\$ 736,385	\$ 29,786,524
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 164,158	\$ 15,125	\$ -	\$ 179,283
NET ASSETS				
Held in trust for pension and employee benefits	1,549,249	27,321,607	736,385	29,607,241
TOTAL LIABILITIES AND NET ASSETS	\$ 1,713,407	\$ 27,336,732	\$ 736,385	\$ 29,786,524

Charter Township of Ypsilanti

Pension and Employee Benefit Trust Funds

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended December 31, 2007

	Firefighters' Healthcare Trust Fund	Police and Firefighters' Pension Trust Fund	Officials' Retirement Trust Fund	Total
ADDITIONS				
Investment income				
Interest and dividends	\$ 70,598	\$ 1,638,405	\$ 23,689	\$ 1,732,692
Net increase (decrease) in fair value of investments	-	(990,834)	1,605	(989,229)
Net investment income	70,598	647,571	25,294	743,463
Contributions				
Employer	859,757	149,851	50,190	1,059,798
Employee	27,526	165,132	672	193,330
Net contributions	887,283	314,983	50,862	1,253,128
Other	-	22,320	-	22,320
TOTAL ADDITIONS	957,881	984,874	76,156	2,018,911
DEDUCTIONS				
Benefit payments	-	1,016,607	-	1,016,607
Retirees insurance	435,419	-	-	435,419
Administrative expenses	2,250	48,595	1,174	52,019
TOTAL DEDUCTIONS	437,669	1,065,202	1,174	1,504,045
TOTAL CHANGE IN NET ASSETS	520,212	(80,328)	74,982	514,866
Net assets, beginning of year	1,029,037	27,401,935	661,403	29,092,375
Net assets, end of year	<u>\$ 1,549,249</u>	<u>\$ 27,321,607</u>	<u>\$ 736,385</u>	<u>\$ 29,607,241</u>

Charter Township of Ypsilanti

Component Unit Fund

BALANCE SHEET - LOCAL DEVELOPMENT FINANCE AUTHORITY

December 31, 2007

ASSETS	
Taxes receivable	\$ <u>37,878</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Deferred revenue	\$ 37,878
FUND BALANCE	
Unreserved - undesignated	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 37,878</u>

Note: Reconciliation of the component unit governmental fund balance sheet to the statement of net assets for this component unit is not required as the component unit's fund balance was equal to the component unit's net assets as of December 31, 2007.

Charter Township of Ypsilanti

Component Unit Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - LOCAL DEVELOPMENT FINANCE AUTHORITY

Year Ended December 31, 2007

REVENUES	\$	-
EXPENDITURES		-
NET CHANGE IN FUND BALANCE		-0-
Fund balance, beginning of year		-
Fund balance, end of year	\$	-0-

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance of this component unit's governmental fund to the statement of activities for the component unit is not required as the net change in fund balance of the component unit governmental fund was equal to the change in net assets of the component unit for the year ended December 31, 2007.

Charter Township of Ypsilanti

Component Unit Fund

BALANCE SHEET - ECONOMIC DEVELOPMENT CORPORATION

December 31, 2007

ASSETS

Cash and cash equivalents

\$ 65,768

FUND BALANCE

Unreserved - undesignated

\$ 65,768

Note: Reconciliation of the component unit governmental fund balance sheet to the statement of net assets for this component unit is not required as the component unit's fund balance was equal to the component unit's net assets as of December 31, 2007.

Charter Township of Ypsilanti

Component Unit Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ECONOMIC DEVELOPMENT CORPORATION

Year Ended December 31, 2007

REVENUES	
Interest	\$ 2,890
EXPENDITURES	<u>-</u>
NET CHANGE IN FUND BALANCE	2,890
Fund balance, beginning of year	<u>62,878</u>
Fund balance, end of year	<u><u>\$ 65,768</u></u>

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance of this component unit's governmental fund to the statement of activities for the component unit is not required as the net change in fund balance of the component unit governmental fund was equal to the change in net assets of the component unit for the year ended December 31, 2007.

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA



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MANAGEMENT LETTER

To the Members of the Township Board
Charter Township of Ypsilanti
Ypsilanti, Michigan

As you know, we have recently completed our audit of the records of the Charter Township of Ypsilanti, Michigan as of and for the year ended December 31, 2007. In connection with the audit, we feel that certain changes in your accounting and administrative procedures would be helpful in improving management's control and the operational efficiency of the accounting and administrative functions. These suggestions are a result of our evaluation of the internal control and our discussions with management.

1. The Township should review the status of individual fund net assets (deficits) near year-end.

Public Act 275 of 1980 requires local units of government with funds that end the fiscal year in a deficit condition to formulate and file a financial plan within 90 days after the beginning of the fiscal year to correct the condition. The local unit of government shall file the financial plan with the Department of Treasury for evaluation and certification that the plan ensures that the deficit condition is corrected. Upon certification by the Department of Treasury, the local unit of government shall institute the plan.

As noted in the basic financial statements, the Golf Course Fund ended the year with a deficit in unrestricted net assets of \$51,421. This was due, in part to the fund sustaining an operating loss of \$97,816 in 2007. While there is not technically a deficit because there are net assets invested in capital assets sufficient to cover this amount, we are aware that the Department of Treasury has been asking for deficit elimination plans in this situation.

We suggest the Township review the status of individual funds near year-end and make appropriate adjustments to eliminate deficits. We also suggest the Township review the Golf Course rates and fees being charged to determine if they are sufficient to support the operations of this fund. The Township may also need to evaluate the possibilities of reducing expenses in this fund.

2. The Township should adopt and implement a formal fraud risk management program.

During our discussions with management, we noted that while the Township has some fraud risk related policies in place (for example the purchasing and investment policies address ethics and conflicts of interest), there is no comprehensive, formal fraud risk management program. A fraud risk management program would include the definition of fraud, consequences for committing fraud (which the Township already has some in its Personnel policy), and a chain of command for employees to report fraud or suspected fraud. Lack of policies and procedures related to fraud risk could potentially allow fraud to occur and be unreported or undetected.

We suggest the Township adopt a formal fraud risk management program. The program should include policies and procedures on ways for management to prevent, detect, and deter fraudulent activities.

3. The Township should prepare for implementation of GASB Statement No. 45.

The Governmental Accounting Standards Board has recently issued Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the new employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the Charter Township of Ypsilanti the year ended December 31, 2008.

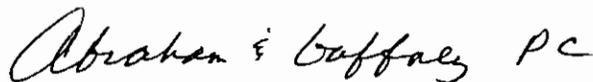
The Township is subject to this new standard in that it pays for health care benefits through the Firefighter's Healthcare Trust Fund and the general Township employees who retire under the Township's pension plans.

We would like the Board to be aware of this upcoming change and begin to evaluate the required contributions to the plans as they relate to the December 31, 2008 financial statements.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the financial statements. These conditions did not affect our report on the financial statements dated June 27, 2008.

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

We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these suggestions with you and to provide assistance in the implementation of improvements.

Handwritten signature in cursive script that reads "Abraham & Gaffney PC".

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 27, 2008

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS

To the Members of the Township Board
Charter Township of Ypsilanti
Ypsilanti, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the Charter Township of Ypsilanti as of and for the year ended December 31, 2007, and have issued our report thereon dated June 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Charter Township of Ypsilanti's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or 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 controls. We consider the following control deficiencies to be significant deficiencies in internal control over financial reporting.

SEGREGATION OF DUTIES - DISTRICT COURT

During the course of our audit, we noted that there is not adequate segregation of duties in the District Court. The Magistrate has the ability to process cash receipts, balance daily receipts, void receipts, alter or delete case files, prepare deposits, enter deposits into the computerized system, and reconcile the checking account. Additionally, the Magistrate is an authorized check signer on the depository account and the sole check signer on the escrow account.

Paragraph D1 of section 6-05, Michigan Court Administration Reference Guide, states: "Duties and responsibilities for handling receipts and disbursements should be arranged and separated so that an employee does not perform more than one of the following functions:

- a. Opening the mail.
- b. Receipting payments.
- c. Balancing receipts to the accounting records.
- d. Performing the bank reconciliation.

SEGREGATION OF DUTIES - DISTRICT COURT - CONTINUED

"Court management must realize that a greater risk in safeguarding receipts will exist if duties and responsibilities are not appropriately arranged and separated. In smaller courts, where the number of employees is limited and duties cannot be adequately separated, court management must provide a greater review and supervision of employee functions and procedures."

We recommend that the court appropriately arrange and separate duties and responsibilities so that an adequate internal control system exists to safeguard receipts. If the court cannot separate duties within the office to provide an adequate internal control system, management must realize that a greater risk in safeguarding receipts will exist.

PREPARATION OF FINANCIAL STATEMENTS

Governmental entities are required to issue financial statements that are prepared in accordance with GAAP. Statement on Auditing Standards No. 112 (SAS 112), *Communicating Internal Control Related Matters Identified in an Audit*, emphasizes that responsibility for the financial statements rests with the Township's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal accounting records), and (2) reporting government-wide and fund financial statements, including the related note disclosures (i.e., external financial reporting).

The Township relies, in part, on the independent auditors for assistance with the preparation of annual financial statements and related notes to the financial statements in accordance with GAAP. This reliance makes the independent auditors effectively part of the Township's internal controls. By definition, independent auditors cannot be part of the Township's internal controls.

We recommend the Township consider providing applicable employees with training that would allow them to attain the qualifications required to fully understand the GAAP financial statement preparation process. Should the Township choose not to address this issue, management and the Board of Trustees should realize that an increased risk is present.

This recommendation is not intended to imply that the Township's contractual arrangement with the independent auditors, which includes preparation of the financial statements, is improper or should be changed. SAS 112 does not require that management actually prepare the financial statements, but it requires the independent auditors to comment when the applicable internal controls are not in place.

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

MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Material journal entries were proposed by the auditors. These misstatements were not detected by the Township's internal control over financial reporting. Statement of Auditing Standards No. 112 (SAS 112), *Communicating Internal Control Related Matters Identified in an Audit*, emphasizes that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (when applicable), including the notes to financial statements, in conformity with U.S. generally accepted accounting principles. The auditor cannot be a part of internal controls.

Material journal entries for the adjustment of taxes receivable, special assessments receivable and the related deferred revenues, accrued interest receivable, depreciation expense, and beginning fund balances were proposed by the auditors. These misstatements were not detected by the Township's internal control over financial reporting.

Through the identification of material journal entries that were not otherwise identified by management, the auditors are effectively part of the Township's internal controls.

We recommend that the Township take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that also are considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with other provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance:

UNCLAIMED PROPERTY SHOULD BE ESCHEATED TO THE STATE OF MICHIGAN

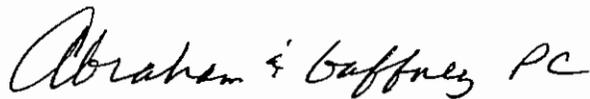
During our audit, it was noted that the District Court had six (6) outstanding checks listed on their bank reconciliations that were over two (2) years old. The Michigan Public Act 29 of 1995 provides that governments report and escheat unclaimed property to the State of Michigan in the year after they have been outstanding for more than one year.

Also, Paragraph E6 of section 6-05, Michigan Court Administration Reference Guide, states: "Old outstanding checks should be periodically reviewed and escheated to the State of Michigan. The Unclaimed Property Division of the Michigan Department of Treasury requires that all uncashed checks unclaimed for a period of one year, including undeliverable and outstanding checks, should be escheated as prescribed in Treasury regulations."

We recommend the management of the Township work with management of the District Court and attempt to contact the payees in an effort to clear old outstanding checks. In the event that the rightful property owners cannot be located the funds should be escheated to the State of Michigan as necessary.

We noted certain matters that we reported to management of the Charter Township of Ypsilanti, in a separate letter dated June 27, 2008.

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



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 27, 2008