

CITY OF WOODHAVEN

WAYNE COUNTY, MICHIGAN

**Report on Financial Statements
(With required supplementary and additional information)
For the Fiscal Year Ended
June 30, 2007**

Auditing Procedures Report

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

Local Unit of Government Type				Local Unit Name		County	
<input type="checkbox"/> County	<input checked="" type="checkbox"/> City	<input type="checkbox"/> Twp	<input type="checkbox"/> Village	<input type="checkbox"/> Other	City of Woodhaven		Wayne
Fiscal Year End		Opinion Date		Date Audit Report Submitted to State			
June 30, 2007		December 11, 2007		December 13, 2007			

We affirm that:

We are certified public accountants licensed to practice in Michigan.

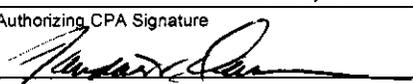
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

Check each applicable box below. (See instructions for further detail.)

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

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

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

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input checked="" type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>		
Certified Public Accountant (Firm Name)			Telephone Number	
Darnell & Meyering, P.C.			(734) 246-9240	
Street Address			City	State
20600 Eureka Road, Suite 900			Taylor	MI
			Zip	
			48180	
Authorizing CPA Signature		Printed Name		License Number
		Randall H. Darnell		13139

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MEMBERS
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CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Mayor and Elected Officials of the Council
City of Woodhaven
Woodhaven, Michigan 48183

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Woodhaven as of and for the year ended June 30, 2007 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Woodhaven's management. Our responsibility is to express opinions on these financial statements based on our audit.

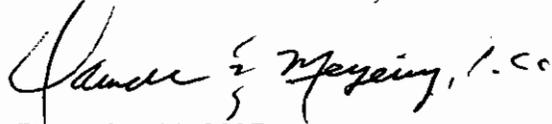
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Woodhaven, as of June 30, 2007 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages vii through xv and 39 through 45, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinions in it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Woodhaven's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statement taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

DARNELL & MEYERING, P.C.

A handwritten signature in black ink, appearing to read "Darrell E. Meyering, P.C.", written over a horizontal line.

December 11, 2007

City of Woodhaven
Management's Discussion and Analysis (MD&A)
Year ended June 30, 2007

The management of the City of Woodhaven presents this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2007. The City encourages readers to consider the information presented here in conjunction with the additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The assets of the City of Woodhaven exceeded its liabilities at the close of the most recent fiscal year by \$83,719,297 (net assets). Of this amount \$13,416,871 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$133,727.
- As of the close of the current fiscal year, the City of Woodhaven's governmental funds reported combined ending fund balances of \$9,650,642 an increase of \$287,917 in comparison of the prior year. Approximately \$6,836,119 is available for spending at the government's discretion.
- The City of Woodhaven total debt decreased by \$307,888 (7.4%).
- State-shared revenue, our second largest revenue source, was reduced by the State of Michigan by approximately \$51,365 this year, which resulted in a percentage decline of 2.7% over the previous year. To offset this reduction in State-shared revenue, the City has left vacant positions unfilled, made cuts to departmental budgets, and put several major projects on hold. The cumulative decrease in State Shared Revenue since 2000 is approximately 13% with the City receiving \$273,124 less per year than in 2000.
- A concerted effort was focused on holding down other expenditures to balance considerable increases in medical benefits and a 2.25% salary increase pursuant to the various union contracts.
- The balance of the Reserve for Retirees Health, insurance is insufficient to support costs related thereto. However, the City of Woodhaven is funding as current year expense the cost of retirees health care premiums.
- Current bargaining agreements and employment contracts include that employees are to contribute \$40.00 per month to health care premium costs depending on type of coverage in which they are enrolled.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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 the City's finances, in a manner similar to a private-sector business.

The statement of Net Assets presents information on all of the City'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 the City is improving or deteriorating.

The Statement of Activities presents information showing how the City'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.)

Both of the government-wide financial statements distinguished functions of the City of Woodhaven 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 the City of Woodhaven include general government, public safety, public works, health and welfare, community economic development, and recreation and culture. The business-type activities of the City of Woodhaven include Water and Sewer, and Recreational Vehicle Storage.

The government-wide financial statements include not only the City of Woodhaven itself (known as the primary government), but also a legally separate Downtown Development Authority for which the City of Woodhaven is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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 City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into seven categories. They are:

- A. General Government.
- B. Special Revenue – major and local streets, community activities center, community development block grant, building inspection, and police forfeitures.
- C. Debt Service – 1991 SRF bonds, 1998 expansion bonds, 2002 general bonds, 2004 expansion bonds, Honeywell and animal shelter notes payable, capitalized lease, and compensated absences. The expansion and SRF bonds represent the City's obligation to the South Huron Valley Utility Authority.
- D. Capital Projects – capital improvements (general) fund.
- E. Enterprise – water & sewer, recreational vehicle storage.
- F. Internal Service - motor pool.
- G. Trust and Agency – employee retirement funds, tax receiving fund, court fund, payroll fund, bond compliance fund, tree planting fund, engineering fees fund, and interest fund.

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 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 City of Woodhaven maintains nine 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, major highway, and local highway funds, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Woodhaven adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-4 of this report.

Proprietary funds. The City of Woodhaven maintains three proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Woodhaven uses enterprise funds to account for its Water and Sewer operations and Recreational Vehicle Storage operations. The City's other proprietary fund, the Motor Pool, is an internal service fund. An internal service fund is an accounting device used to accumulate and allocate costs internally among the City of Woodhaven's various functions. The City of Woodhaven uses an internal service fund to account for its fleet of vehicles.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Water and Sewer fund is considered to be a major fund of the City of Woodhaven. The internal service fund is presented as a governmental fund within the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 6-9 of this report.

Fiduciary Funds. The trust and agency funds are fiduciary funds 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 City of Woodhaven's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 10-11 of this report.

Notes to the financial statements. The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-38 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is the budgetary comparison schedule of the major funds. Required supplementary information can be found on pages 39-45 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 46-59 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$83,719,297 as of June 30, 2007 as compared to \$83,853,024 at June 30, 2006.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's financial position is the product of a number of transactions including the net results of its activities, the payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Assets for the two periods ended June 30, 2006 & 2007:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2007	2006	2007	2006	2007
Assets						
Current and Other Assets	\$10,988,774	\$11,545,005	\$ 6,259,640	\$ 6,045,872	\$17,248,414	\$17,590,877
Noncurrent Assets	66,946,824	66,305,272	6,386,991	6,253,351	73,333,815	72,558,623
Total Assets	\$77,935,598	\$77,850,277	\$12,646,631	\$12,299,223	\$90,582,229	\$90,149,500
Liabilities And Net Assets						
Current Liabilities	1,625,063	1,913,452	1,019,098	808,970	2,644,161	2,722,422
Noncurrent Liabilities	4,069,987	3,693,434	15,057	14,347	4,085,044	3,707,781
Total Liabilities	5,695,050	5,606,886	1,034,155	823,317	6,729,205	6,430,203
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	46,106,872	45,610,997	6,316,021	6,253,351	52,422,893	51,864,348
Invested in Joint Venture						
Net of Related Debt	16,755,034	16,846,275	-	-	16,755,034	16,846,275
Restricted	2,377,896	1,160,392	1,320,002	1,461,485	3,697,898	2,621,877
Unrestricted	7,000,746	8,625,727	3,976,453	3,761,070	10,977,199	12,386,797
Total Net Assets	\$72,240,548	\$72,243,391	\$11,612,476	\$11,475,906	\$83,853,024	\$83,719,297

Total Net Assets for the FYE 6/30/07 were \$83,719,297, representing a decrease of \$133,727.

Changes in Net Assets for the two periods ended June 30, 2006 & 2007:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2007	2006	2007	2006	2007
Revenues						
Charges for Services	\$ 2,205,905	\$ 1,275,729	\$ 2,420,587	\$ 2,357,025	\$ 4,626,492	\$ 3,632,754
Grants & Contributions	263,953	197,309	-	-	263,953	197,309
Property taxes	9,790,169	10,134,817	-	-	9,790,169	10,134,817
State-Shared Revenues	1,872,333	1,820,968	-	-	1,872,333	1,820,968
Unrestricted Investment Earnings	477,730	705,863	228,809	287,668	706,539	993,531
Franchise Fees	134,995	169,101	-	-	134,995	169,101
Miscellaneous	244,456	499,265	-	59,956	244,456	559,221
Total Revenues	14,989,541	14,803,052	2,649,396	2,704,649	17,638,937	17,507,701
Program Expenses						
Including Indirect Expenses						
General Government	4,111,098	5,089,764	-	-	4,111,098	5,089,764
Public Safety	5,951,225	5,926,330	-	-	5,951,225	5,926,330
Public Works	3,474,927	2,087,691	-	-	3,474,927	2,087,691
Health and Welfare	-	-	-	-	-	-
Comm. and Econ. Dev.	89,924	24,122	-	-	89,924	24,122
Recreation and Culture	792,199	813,178	-	-	792,199	813,178
Unallocated Depreciation Interest Expense	186,186	964,647	-	-	186,186	964,647
Water and Sewer	-	-	2,705,098	2,832,981	2,705,098	2,832,981
Rec. Vehicle Storage	-	-	7,555	8,238	7,555	8,238
Total Expenses	14,605,559	14,905,732	2,712,653	2,841,219	17,318,212	17,746,951
Change in Net Assets						
Before Transfers & Special Items (Deficit)						
	383,982	(102,680)	(63,257)	(136,570)	320,725	(239,250)
Special Items						
Change in Joint Venture Investment	198,500	91,241	-	-	198,500	91,241
Gain on Sale of Assets	1,556	14,282	-	-	1,556	14,282
Change in Net Assets						
After Transfers & Special Items (Deficit)						
	\$ 584,038	\$ 2,843	\$ (63,257)	\$ (136,570)	\$ 520,781	\$ (133,727)

Comments on Budget Comparison

- General fund budget expenditures compared to actual varied slightly from line item to line item with the ending actual balance being \$410,310 less than budget or approximately 3.3%.

General Fund Revenue

The majority of revenue was derived from tax collections and state shared revenues. Some miscellaneous revenue is received from interest income, recreation fees, district court revenue, licenses and fees, rents and royalties.

Business-Type Activities. Business-type activities had a decrease in net assets of \$136,570. Key elements of this decrease are as follows:

- Revenues were \$2,704,649.
- Expenses were \$2,841,219.
- An increase in usage by customers of the City's water and sewer department was to a degree offset by a decrease permits and fees. The decrease in permits and fees is due to reduced construction activity in the downtown area.

Financial Analysis of the Government's Funds

As noted earlier, the City of Woodhaven uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Woodhaven's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Woodhaven'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 City of Woodhaven's governmental funds reported combined ending fund balances of \$9,650,642 an increase of \$287,917 in comparison with the prior year. \$6,836,119 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 committed 1) the subsequent year budget, 2) prepaid expenditures, 3) other various restrictions and designations.

The general fund is the chief operating fund of the City of Woodhaven. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,100,113, while total fund balance reached \$5,914,636. 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.

Proprietary funds. The City of Woodhaven'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 Water and Sewer fund at the end of the year amounted to \$3,698,664. Other factors concerning the finances of this fund has already been addressed in the discussion of the City of Woodhaven's business-type activities.

Budget Allocation

The General Fund pays for most of the City's governmental services. The most significant are police and fire, which incurred expenses of approximately \$6.2 million in 2007, not including health insurance and retirement contributions. Other government services accounted for in the General Fund includes general government (City Clerk, Administration, Treasurer) Department of Public Service and Recreation. General Fund expenditures increased by approximately \$1,113,348 due to increased costs for the general government, public safety, highways and streets, community & economic development, and recreation & culture.

61% of the City's General Fund is devoted to the wages and benefits, while 35.6% of the General Fund is allocated to the current operating expenditures. The remainder of the budget, approximately 3.4%, was expended for debt service of the South Huron Valley Utility Authority.

Budgetary Implications

The budget is impacted by a number of factors that are outside the City's control. The City in recent years has experienced a decline in the State Shared Revenues received by the State of Michigan. Those State Shared revenues have a significant impact on the ability of the City to provide much needed services to its citizens. Additionally, the City has experienced an increase in the health care premiums for its employee's as well as its eligible retiree's.

Due to Proposal A limitations and the Headlee Amendment, the growth of tax revenues other than property transfers is limited to the consumer Price Index (CPI) for the corresponding year. Lastly, the City has experienced a 3% increase in employee wages due to present Union Contracts that are presently in place.

Capital Asset and Debt Administration

Capital assets. The City of Woodhaven's investment in capital assets for its governmental and business type activities as of June 30, 2007 amounts to \$55,712,348 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, furniture and fixtures, park facilities, roads, highways, and bridges. The total decrease in the City of Woodhaven's investment in capital assets for the current fiscal year was 2 percent, which resulted primarily from the current year depreciation expense.

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

- Installations of water meters amounting to \$134,704 were installed in the city to improve the efficiency of the water distribution system.
- New vehicles and equipment were purchased in the amount of \$354,100.

The following information represents data about capital assets net of depreciation. More detailed information about capital assets can be found in Note 4 to the financial statements. Total depreciation expense for the year was \$1,117,979 for governmental activities and \$283,214 for business-type activities.

	Governmental Activities	Business-Type Activities	2007 Total	2006 Total
Land	\$ 31,615,955	\$ 11,500	\$31,627,455	\$31,627,455
Buildings	8,281,672	380,461	8,662,133	9,042,000
Site Improvements	188,418	16,434	204,852	222,833
Vehicles & Equipment	1,286,163	-	1,286,163	1,247,028
Furniture & Fixtures	52,719	4,011	56,730	48,668
Infrastructure	8,034,070	5,840,945	13,875,015	14,390,797
Totals	\$ 49,458,997	\$ 6,253,351	\$ 55,712,348	\$ 56,578,781

The following table presents information regarding the outstanding debt:

	Governmental Activities	Business-Type Activities	2007 Total	2006 Total
General Obligation Bonds	\$ 2,750,000	\$ -	\$ 2,750,000	\$ 2,850,000
Notes Payable	1,098,000	-	1,098,000	1,305,888
Compensated Absences	360,181	15,941	376,122	517,900
Totals	<u>\$ 4,208,181</u>	<u>\$ 15,941</u>	<u>\$ 4,224,122</u>	<u>\$ 4,673,788</u>

Economic Factors and Next Year’s Budget

General Fund budget expenditures are expected to increase 7.74% to \$13,967,597. The incremental increases in wages, benefits, and debt repayment will have the most significant impact on the 2006 - 2007 budget as well as future operating budgets. The City is currently negotiating with three labor unions, completion of which should take place in fiscal 2006 - 07. Emphasis of such negotiations is on wages and fringe benefits.

The City is obligated with seven other local communities for the construction of an equalization basin as part of the South Huron Valley Utility Authority to control excess sewage flow during peak water events. The City's obligation to this project in 2007 - 2008 is \$431,624 for payments on the Authority's outstanding bonds. Additionally, the City has agreed to a joint venture with the City of Trenton to operate an animal shelter.

The City is anticipating further reductions to State shared revenue, due to the State of Michigan attempting to reduce their budget deficits. If further reductions take place, the City is prepared to make necessary adjustments in its general fund budget to offset the reduction.

Commercial development proposals have been received and approved which should provide an increase in various fees during fiscal 2006 - 07 while gradually increasing tax revenue beginning in fiscal 2008.

The City will maintain its millage rate 18.33 for 2006 - 2007. The City will maintain the water and sewer rates at \$3.87 per thousand gallons

Contacting the City’s Management

This financial report is intended to provide citizens, taxpayers, customers and investors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. For additional questions about this report or additional information, requests should be directed to the City Administrator (734) 675-4932 or mail to 21869 West Road, Woodhaven, MI 48183.

City of Woodhaven
Statement of Net Assets
June 30, 2007

	Primary Government			Component Unit
	Business-type		Total	
	Governmental Activities	Business-type Activities		
Assets				
Current Assets:				
Cash	\$ 1,489,709	\$ 263,183	\$ 1,752,892	\$ 281,960
Cash Equivalents	6,040,481	4,010,798	10,051,279	3,943,257
Receivables				
Taxes Receivable	472,491	-	472,491	-
Accounts Receivable	110,719	277,513	388,232	-
Accrued Interest	51,011	4,250	55,261	16,933
Intergovernmental	487,655	-	487,655	-
Due From Agency Funds	57,306	-	57,306	-
Inventory	3,294	95,900	99,194	-
Prepaid Expenditures	47,023	5,582	52,605	-
Total Current Assets	8,759,689	4,657,226	13,416,915	4,242,150
Restricted Assets:				
Cash and Cash Equivalents	2,785,316	1,388,646	4,173,962	-
Total Restricted Assets	2,785,316	1,388,646	4,173,962	-
Noncurrent Assets:				
Capital Assets Not Being Depreciated	31,615,955	11,500	31,627,455	-
Capital Assets Being Depreciated	54,934,013	12,192,594	67,126,607	-
Less Accumulated Depreciation	(37,090,971)	(5,950,743)	(43,041,714)	-
Investment in Joint Venture - SHVUA	16,336,464	-	16,336,464	-
Investment in Joint Venture - 33rd District Court	509,811	-	509,811	-
Total Noncurrent Assets	66,305,272	6,253,351	72,558,623	-
Total Assets	\$ 77,850,277	\$ 12,299,223	\$ 90,149,500	\$ 4,242,150

	Primary Government			Unit
	Governmental Activities	Business-type Activities	Total	Downtown Dev. Authority
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 215,043	\$ 253,682	\$ 468,725	\$ 12,858
Accrued Salaries Payable	268,713	8,681	277,394	-
Due to Retirement Fund	886,146	77,162	963,308	-
Accrued Interest Payable	28,803	-	28,803	-
Deposits Payable	-	467,851	467,851	-
Current Portion of Compensated Absences	120,060	1,594	121,654	-
Current Portion of Notes Payable	294,687	-	294,687	-
Current Portion of Bonds Payable	100,000	-	100,000	-
Total Current Liabilities	1,913,452	808,970	2,722,422	12,858
Noncurrent Liabilities:				
Compensated Absences	240,121	14,347	254,468	-
Notes Payable	803,313	-	803,313	-
Bonds Payable	2,650,000	-	2,650,000	-
Total Noncurrent Liabilities	3,693,434	14,347	3,707,781	-
Total Liabilities	5,606,886	823,317	6,430,203	12,858
Net Assets:				
Invested in Capital Assets Net of Related Debt	45,610,997	6,253,351	51,864,348	-
Invested in Joint Ventures Net of Related Debt	16,846,275	-	16,846,275	-
Restricted for:				
Debt Service	19,239	-	19,239	-
Capital Projects	183,918	1,388,646	1,572,564	-
Healthcare	957,235	72,839	1,030,074	-
Unrestricted	8,625,727	3,761,070	12,386,797	4,229,292
Total Net Assets	72,243,391	11,475,906	83,719,297	4,229,292
Total Liabilities and Net Assets	\$ 77,850,277	\$ 12,299,223	\$ 90,149,500	\$ 4,242,150

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

General Revenues:					
Property taxes	10,134,817	-	10,134,817		1,196,253
State-Shared Revenues	1,820,968	-	1,820,968		-
Unrestricted Investment Earnings	705,863	287,668	993,531		195,319
Franchise Fees	169,101	-	169,101		-
Miscellaneous	499,265	59,956	559,221		2,900
Special Item - Change in SHVUA Joint Ventu	70,632	-	70,632		-
Special Item - Change in 33rd D.C. Joint Ven	20,609	-	20,609		-
Special Item - Gain on Sale of Assets	14,282	-	14,282		-
Total General Revenues	<u>13,435,537</u>	<u>347,624</u>	<u>13,783,161</u>		<u>1,394,472</u>
Change in Net Assets	2,843	(136,570)	(133,727)		1,300,756
Net Assets, Beginning of Year	72,240,548	11,612,476	83,853,024		2,928,536
Net Assets, End of Year	<u>\$ 72,243,391</u>	<u>\$ 11,475,906</u>	<u>\$ 83,719,297</u>		<u>\$ 4,229,292</u>

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

City of Woodhaven
Balance Sheet
Governmental Funds
June 30, 2007

	General Fund	Major Highway Fund	Local Highway Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash	\$ 778,009	\$ 253,903	\$ 162,453	\$ 278,318	\$ 1,472,683
Cash Equivalents	2,552,641	1,825,110	115,748	1,034,362	5,527,861
Receivables:					
Taxes Receivable	472,491	-	-	-	472,491
Accounts Receivable	110,719	-	-	-	110,719
Accrued Interest	43,296	6,905	-	-	50,201
Intergovernmental	383,505	65,322	32,212	6,616	487,655
Due From Other Funds	71,300	-	16,330	786	88,416
Prepaid Expenses	29,207	-	-	-	29,207
Restricted Assets:					
Cash & Cash Equivalents	2,785,316	-	-	-	2,785,316
Total Assets	\$ 7,226,484	\$ 2,151,240	\$ 326,743	\$ 1,320,082	\$ 11,024,549

Liabilities and Fund Balances:

Liabilities:					
Accounts Payable	\$ 169,581	\$ 17,480	\$ 510	\$ 6,466	\$ 194,037
Accrued Payroll	254,687	514	1,555	5,210	261,966
Due To Other Funds	887,580	16,330	-	13,994	917,904
Total Liabilities	1,311,848	34,324	2,065	25,670	1,373,907

Fund Balances:

Reserve For:					
Prepaid Expenditures	29,207	-	-	-	29,207
Restricted Reserves	3,728,401	-	-	-	3,728,401
Designated - General Obligation Debt	755,887	-	-	-	755,887
Designated - Subsequent Years	349,485	-	-	-	349,485
Undesignated	1,051,656	2,116,916	324,678	1,294,412	4,787,662
Total Fund Balances	5,914,636	2,116,916	324,678	1,294,412	9,650,642

Total Liabilities and Fund Balances

Total Liabilities and Fund Balances	\$ 7,226,484	\$ 2,151,240	\$ 326,743	\$ 1,320,082	\$ 11,024,549
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Total Governmental Fund Balances \$ 9,650,642

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

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

The cost of capital assets is

\$ 86,549,968
(37,090,971)

Accumulated depreciation is

49,458,997

Internal service fund assets and liabilities are included in governmental activities in the statement of net assets.

Internal service fund assets, excluding net capital assets

552,214

Internal service fund liabilities

(174,036)
378,178

Investments in Joint Ventures, SHVUA & 33rd District Court

16,846,275

Long term liabilities are not due and payable in the current period and are not reported in the funds

Compensated absences and severance benefits, excluding internal service fund

Long term obligations

Accrued interest payable is not included as a liability in governmental funds

(333,744)
(3,730,278)
(26,679)

Net assets of governmental activities

\$ 72,243,391

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

City of Woodhaven
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
June 30, 2007

	General Fund	Major Highway Fund	Local Highway Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 10,134,817	\$ -	\$ -	\$ -	\$ 10,134,817
Interest Income	527,193	91,130	10,035	52,558	680,916
Federal Grants	-	-	-	18,943	18,943
State Sources	1,226,993	397,802	196,173	-	1,820,968
Program Fees	-	-	-	302,164	302,164
Licenses	25,946	-	-	-	25,946
Franchise Fees	169,101	-	-	-	169,101
Other Revenues	1,237,685	-	-	193,145	1,430,830
Total Revenues	13,321,735	488,932	206,208	566,810	14,583,685
Expenditures:					
Current:					
General Government	3,076,617	-	-	354,705	3,431,322
Public Safety	6,159,266	-	-	74,133	6,233,399
Highways & Streets	2,195,957	84,654	954,354	-	3,234,965
Community & Economic Devel.	24,007	-	-	18,943	42,950
Recreation & Culture	757,730	-	-	-	757,730
Capital Outlay:					
Community Activities	-	-	-	34,556	34,556
Police Forfeitures	-	-	-	30,653	30,653
Debt Payments:					
Principal	-	-	-	354,640	354,640
Interest	-	-	-	175,553	175,553
Total Expenditures	12,213,577	84,654	954,354	1,043,183	14,295,768

	General Fund	Major Highway Fund	Local Highway Fund	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	1,108,158	404,278	(748,146)	(476,373)	287,917
Other Financing Sources (Uses):					
Transfer from Major Highway	-	-	99,451	-	99,451
Transfer from General Fund	-	-	811,259	529,191	1,340,450
Transfer to Local Highway	(811,259)	(99,451)	-	-	(910,710)
Transfer to Debt Service	(529,191)	-	-	-	(529,191)
Total Other Financing Sources (Uses)	(1,340,450)	(99,451)	910,710	529,191	-
Net Change in Fund Balances	(232,292)	304,827	162,564	52,818	287,917
Fund Balances:					
Beginning of Year	6,146,928	1,812,089	162,114	1,241,594	9,362,725
End of Year	\$ 5,914,636	\$ 2,116,916	\$ 324,678	\$ 1,294,412	\$ 9,650,642

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

City of Woodhaven
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 Year Ended June 30, 2007

Net change in fund balances total governmental funds \$ 287,917

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

Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation. Losses and gains on disposals of assets are not used in governmental funds.

Depreciation expense, excluding internal service depreciaton	(905,321)
Capital outlay	72,987

Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)

Repayments of SHVUA debt principal	354,640
Accrued interest payable beginning of the year	44,337
Accrued interest payable end of the year	(26,680)

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when the financial resources are used in the governmental funds:

Accrued compensated absences beginning of the year	466,817
Accrued compensated absences end of the year	(333,744)

Net revenue of internal service fund reported in governmental activities	(49,351)
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Change in joint venture investments	91,241
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Change in net assets of governmental activities	<u>\$ 2,843</u>
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City of Woodhaven
Statement of Net Assets
Proprietary Funds
June 30, 2007

	Business-type Activities Enterprise Funds			Governmental Activities
	Recreational			Internal Service
	Water & Sewer	Vehicle Storage	Total	
Assets				
Current Assets:				
Cash	\$ 214,589	\$ 48,594	\$ 263,183	\$ 17,026
Cash equivalents	3,923,987	86,811	4,010,798	512,620
Accounts receivable - net of allowances	277,513	-	277,513	-
Accrued interest receivable	4,250	-	4,250	810
Inventory	95,900	-	95,900	3,294
Prepaid expenses	5,582	-	5,582	17,816
Due from other funds	-	-	-	648
Total Current Assets	4,521,821	135,405	4,657,226	552,214
Restricted Assets:				
Restricted cash equivalents	1,388,646	-	1,388,646	-
Total Restricted Assets	1,388,646	-	1,388,646	-
Noncurrent Assets:				
Capital assets	12,171,189	32,905	12,204,094	3,896,947
Less accumulated depreciation	5,943,274	7,469	5,950,743	3,061,634
Total Noncurrent Assets	6,227,915	25,436	6,253,351	835,313
Total Assets	\$ 12,138,382	\$ 160,841	\$ 12,299,223	\$ 1,387,527

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

City of Woodhaven
Statement of Net Assets
Proprietary Funds
June 30, 2007

	Business-type Activities Enterprise Funds			Governmental Activities
	Recreational			Internal Service
	Water & Sewer	Vehicle Storage	Total	
Liabilities				
Current Liabilities:				
Accounts payable	\$ 253,682	-	\$ 253,682	\$ 21,006
Accrued payroll	8,521	160	8,681	6,747
Accrued interest payable	-	-	-	2,124
Due to retirement fund	77,162	-	77,162	-
Deposits payable	467,851	-	467,851	-
Note payable-current portion	-	-	-	27,587
Compensated absences-current portion	1,594	-	1,594	-
Total Current Liabilities	<u>808,810</u>	<u>160</u>	<u>808,970</u>	<u>57,464</u>
Noncurrent Liabilities				
Note payable	-	-	-	\$ 90,135
Compensated absences payable	14,347	-	14,347	26,437
Total Noncurrent Liabilities	<u>14,347</u>	<u>-</u>	<u>14,347</u>	<u>116,572</u>
Total Liabilities	<u>823,157</u>	<u>160</u>	<u>823,317</u>	<u>174,036</u>
Net Assets				
Invested in capital assets, net of related debt	6,227,915	25,436	6,253,351	717,591
Restricted for depreciation and super sewer	1,388,646	-	1,388,646	-
Restricted for healthcare	72,839	-	72,839	14,150
Unrestricted	3,625,825	135,245	3,761,070	481,750
Total Net Assets	<u>11,315,225</u>	<u>160,681</u>	<u>11,475,906</u>	<u>1,213,491</u>
Total Liabilities & Net Assets	<u>\$ 12,138,382</u>	<u>\$ 160,841</u>	<u>\$ 12,299,223</u>	<u>\$ 1,387,527</u>

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

City of Woodhaven
Statement of Revenues, Expenses
And Changes in Net Assets
Proprietary Funds
June 30, 2007

	Business-type Activities Enterprise Funds			Governmental Activities
	Water & Sewer	Recreational Vehicle Storage	Total	Internal Service
Operating Revenues:				
Charges for services	\$ 2,338,982	\$ 18,043	\$ 2,357,025	\$ 680,160
Miscellaneous	59,956	-	59,956	51,514
Total Operating Revenues	<u>2,398,938</u>	<u>18,043</u>	<u>2,416,981</u>	<u>731,674</u>
Operating Expenses:				
Wages and benefits	560,095	7,123	567,218	291,645
Operations and maintenance	1,989,356	18	1,989,374	310,641
Depreciation	282,117	1,097	283,214	212,657
Interest	1,413	-	1,413	5,311
Total Operating Expenses	<u>2,832,981</u>	<u>8,238</u>	<u>2,841,219</u>	<u>820,254</u>
Net Operating Income (Loss)	<u>(434,043)</u>	<u>9,805</u>	<u>(424,238)</u>	<u>(88,580)</u>
Nonoperating Revenue:				
Gain on disposal of equipment	-	-	-	14,282
Interest on investments	283,027	4,641	287,668	24,947
Total Nonoperating Revenue	<u>283,027</u>	<u>4,641</u>	<u>287,668</u>	<u>39,229</u>
Change in Net Assets	<u>(151,016)</u>	<u>14,446</u>	<u>(136,570)</u>	<u>(49,351)</u>
Total Net Assets, beginning of year	<u>11,466,241</u>	<u>146,235</u>	<u>11,612,476</u>	<u>1,262,842</u>
Total Net Assets, end of year	<u>\$ 11,315,225</u>	<u>\$ 160,681</u>	<u>\$ 11,475,906</u>	<u>\$ 1,213,491</u>

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

City of Woodhaven
Proprietary Fund Type Statements of Cash Flows
For the Year Ended June 30, 2007

	Business-type Activities Enterprise Funds			Governmental Activities
	Recreational			Internal Service
	Water & Sewer	Vehicle Storage	Total	
Cash flows from operating activities:				
Cash received from customers	\$ 2,247,248	\$ 18,043	\$ 2,265,291	\$ 51,514
Cash paid to suppliers	(1,768,101)	(18)	(1,768,119)	(293,950)
Cash paid to employees	(568,632)	(7,105)	(575,737)	(286,958)
Cash received from interfund services provided	-	-	-	733,007
Cash paid for internal services used	(167,288)	-	(167,288)	-
Net cash provided by operating activities	<u>(256,773)</u>	<u>10,920</u>	<u>(245,853)</u>	<u>203,613</u>
Cash flows from capital and related financing activities:				
Transfer from other funds	(6,994)	-	-	-
Proceeds from sale of assets	-	-	-	17,751
Purchases of capital assets	(149,574)	-	(149,574)	(315,670)
Proceeds from issuance of debt	-	-	-	147,219
Principal paid on capital debt	(70,970)	-	(70,970)	(29,497)
Interest paid on capital debt	(1,413)	-	(1,413)	(3,185)
Net cash (used) for capital and related financing activities	<u>(228,951)</u>	<u>-</u>	<u>(221,957)</u>	<u>(183,382)</u>
Cash flows from investing activities:				
Proceeds from sale of investments	389,652	-	-	-
Purchase of investments	(96,822)	(4,242)	-	(39,943)
Interest and dividends	291,545	4,641	296,186	24,792
Net cash provided (used) by investing activities	<u>584,375</u>	<u>399</u>	<u>296,186</u>	<u>(15,151)</u>
Net increase (decrease) in cash and cash equivalents	98,651	11,319	109,970	5,080
Cash at beginning of year	115,938	37,275	153,213	11,946
Cash at end of year	<u>\$ 214,589</u>	<u>\$ 48,594</u>	<u>\$ 263,183</u>	<u>\$ 17,026</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (434,043)	\$ 9,805	\$ (424,238)	\$ (88,580)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	282,117	1,097	283,214	212,657
Interest paid on capital debt	1,413	-	1,413	5,311
Changes in assets and liabilities:				
Accounts receivable	5,498	-	5,498	-
Inventory	23,002	-	23,002	52,847
Prepaid expenses	(1,867)	-	(1,867)	(1,917)
Accounts and other payables	57,214	-	57,214	18,608
Accrued payroll / taxes	1,176	18	1,194	6,747
Deposits payable	(157,188)	-	(157,188)	-
Due to other funds	(27,450)	-	(27,450)	-
Compensated absences payable	(6,645)	-	(6,645)	(2,060)
Net cash provided by operating activities	<u>\$ (256,773)</u>	<u>\$ 10,920</u>	<u>\$ (245,853)</u>	<u>\$ 203,613</u>

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

City of Woodhaven
Statement of Net Assets
Fiduciary Funds
June 30, 2007

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash & Cash Equivalents	\$ 469,876	\$ 1,917,894
Investments	19,411,202	-
Accrued Interest & Dividends	84,295	17,086
Due From Other Funds	1,017,333	-
Total Assets	<u>\$ 20,982,706</u>	<u>\$ 1,934,980</u>
 Liabilities and Net Assets		
Liabilities:		
Due to General Fund	-	\$ 57,306
Due to Retirement Fund	-	54,025
Due to other governments	-	54,477
Deferred Revenue	-	10
Taxes Payable	-	560,028
Bond Compliance Deposits	-	464,251
Obligations to Employees		
Retirees Benefits	-	744,883
Total Liabilities	<u>-</u>	<u>\$ 1,934,980</u>
 Net Assets:		
Net Assets Held in Trust	<u>\$ 20,982,706</u>	
Total Net Assets	<u>\$ 20,982,706</u>	

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

City of Woodhaven
Statement of Changes in Net Assets
Fiduciary Funds
Year Ended June 30, 2007

	<u>Pension Trust Funds</u>
ADDITIONS:	
Contributions	
Employer	\$ 982,022
Plan member	<u>235,170</u>
Total contributions	<u>1,217,192</u>
Investment Income	
Net appreciation in fair value of investments	1,000,982
Interest and dividends	752,361
Gain (loss) on sale of investments	346,977
Other Receipts	693
Total investment income	<u>2,101,013</u>
Accrued (contributions)	
Investment expense	<u>(69,432)</u>
Net investment income	<u>2,031,581</u>
TOTAL ADDITIONS	<u>3,248,773</u>
DEDUCTIONS:	
Benefits	<u>1,422,642</u>
TOTAL DEDUCTIONS	<u>1,422,642</u>
CHANGE IN NET ASSETS	1,826,131
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of Year	19,156,575
End of Year	<u><u>\$ 20,982,706</u></u>

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

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Woodhaven, Michigan is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the government's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Unit

The component unit column in the combined financial statements includes the financial data of the City's component unit.

<u>Fund</u>	<u>Year End</u>
City of Woodhaven Downtown Development Authority	June 30, 2007

All of the financial information was derived from audited annual financial statements. The Downtown Development Authority adopts the modified accrual basis of accounting.

Act 197 of Public Acts of 1975 of the State of Michigan, commonly referred to as the Downtown Development Authority Act, was created in part to correct and prevent deterioration of business districts; to promote economic growth and revitalization; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation of the authority; to authorize the levy and collection of taxes, the issuance of bonds and the use of tax increment financing in the accomplishment of specific downtown development activities contained in locally-adopted development plans.

The Act seeks to attack problems of urban decline, strengthen existing areas and encourage new private developments in the downtown districts of Michigan communities. It seeks to accomplish this goal by providing communities with the necessary legal, monetary and organizational tools to revitalize downtown districts either through public-initiated projects or in concert with privately motivated development projects. The manner in which downtown development authorities chose to make use of these tools does, of course, depend on the problems and opportunities facing each particular downtown district and the development priorities sought by the community in the revitalization of its business area.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
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government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF WOODHAVEN
Notes to the Financial Statements
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(continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City of Woodhaven reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Major Highway Fund* is a special revenue fund used to account for funds used for major highway projects.

The *Local Highway Fund* is a special revenue fund used to account for funds used for local highway projects.

The City has the following major business-type fund:

Water and Sewer is used to account for operations (a) that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the costs expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City also has an Internal Service Fund. The Internal Service Fund is used to account for motor vehicle services provided to all City departments by the Motor Pool.

Additionally, the City of Woodhaven reports the following fund types:

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

CITY OF WOODHAVEN
Notes to the Financial Statements
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The Pension Trust Funds (Defined Benefit and Defined Contribution) accounts for the activities of the municipal employees retirement system, which accumulates resources for pension, benefit payments.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's internal service function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating 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 water and sewer fund, and of the government's internal service funds are changes to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 40, *Deposit and Investment Risk Disclosure*. Under these standards,

CITY OF WOODHAVEN
Notes to the Financial Statements
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certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the City intends to hold the investment until maturity.

Act 217, P.A. 1982, authorizes the City to deposit and invest in:

1. Bonds and other direct obligations of the United States or its agencies;
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations, or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under Section 5 or 6 of Act 105, P.A. 1855, as amended (MCL 21.145 and 21.146);
3. Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time;
4. United States government or Federal agency obligation repurchase agreements;
5. Banker's acceptance of United States banks;
6. Mutual funds composed of investments, which are legal for direct investments by local units of government in Michigan.

2. Receivables and Payables

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

3. Fund Equity Balances – Restricted Assets

The fund equity balances have been classified to reflect the limitations and restrictions placed on the respective Funds as follows:

CITY OF WOODHAVEN
Notes to the Financial Statements
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(continued)

Unreserved:

Undesignated - Represents the remainder of the City's equity and uncommitted as of June 30, 2007.

4. Capital Assets

Capital assets include property, plant, and equipment. These are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation on all assets is provided using the straight-line method over the following useful lives:

Buildings	40 years
Site Improvement	20-40 years
Vehicles	5 years
Other Equipment	5-20 years
Furniture & Fixtures	5-15 years
Infrastructure	40 years

5. Compensated Absences (Vacation and Sick Leave)

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. It is the City's policy to permit employees to accumulate a limited amount of earned but unused sick leave, which will be paid to employees upon separation from City service. In governmental and fiduciary funds, the cost of the sick leave is recognized when payments are made and expected within a year. Liability of \$360,181 of accrued sick and vacation leave at June 30, 2007, has been recorded in the government-wide financial statements, representing the "City" commitment to such costs from future operations. Proprietary Funds accrue sick leave in the period it is earned.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for the amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before June 30, the proposed budget is presented to the government's council for review. The government's council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The government's manager or the revenue estimates must be changed by an affirmative vote of a majority of the government's council must within the revenues and reserves estimate any changes in the budget as available. The budget, as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to June 30.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the fiscal year ended June 30, 2007, expenses exceeded appropriations in five activities in the General Fund.

Animal Shelter	\$ 28,238
Justice	\$ 4,606
Library Commission	\$ 20,860
General Government	\$ 52,577
Public Safety - Police	\$ 46,854

NOTE 3 -- DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of

CITY OF WOODHAVEN
Notes to the Financial Statements
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(continued)

United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Pension Trust and Public Employee Health Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

A. Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City minimizes custodial credit risk on deposits by assessing the credit worthiness of the individual institutions in which it deposits funds. The amount of deposits with each institution is assessed to determine the level of risk it may pose to the City in relation to annually. At year end, the City's carrying amount of deposits for the general government, deposits in excess of insured amounts. These assessments are performed by the City at least annually. At year end, the City's carrying amount of deposits for the general government, restricted and unrestricted were \$22,591,120. The carrying amount consisted of \$10,315,506 in governmental activities, \$5,662,627 in business-type activities, \$4,225,217 in the component unit, and \$2,387,770 in agency funds. The total bank balances were \$22,118,504, of which \$21,718,504 was uninsured and uncollateralized.

B. Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270 day maturity. At year end, the City's pension funds fixed income investments had \$3,390,442 invested in U.S. Treasury Obligations with average maturity of 3.48 years, \$15,000 invested in federal agency obligations that will mature immediately, \$979,501 invested in corporate bonds with an average maturity of 5.73 years, \$49,373 invested in foreign backed securities with an average maturity of 9.36 years, \$1,014,698 invested in mortgage backed securities with an average maturity of 24.69 years, and \$611,346 invested in asset backed securities with an average maturity of 16.50 years.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

C. Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. As of year end, the credit quality ratings of the pension fund debt (fixed income) securities are as follows:

<u>Debt Investments</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
U.S. Government Obligations	\$ 3,390,442	AAA	Moody's
U.S. Government Obligations	15,000	Not Rated	N/A
Corporate Bonds	94,009	AAA	Moody's
Corporate Bonds	38,715	AA	Moody's
Corporate Bonds	193,880	AA-	Moody's
Corporate Bonds	205,953	A+	Moody's
Corporate Bonds	149,295	A	Moody's
Corporate Bonds	84,149	A-	Moody's
Corporate Bonds	73,804	BBB+	Moody's
Corporate Bonds	95,831	BBB	Moody's
Corporate Bonds	43,865	BBB-	Moody's
Foreign	14,420	A+	Moody's
Foreign	34,953	A-	Moody's
Mortgage	66,426	AAA	Moody's
Mortgage	948,272	Not Rated	N/A
Asset	209,704	AAA	Moody's
Asset	401,642	Not Rated	N/A
Total Debt Investments	6,060,360		
<u>Non-Debt Investments:</u>			
Money Market Funds	469,876	N/A	N/A
Common Stocks	8,038,570	N/A	N/A
Mutual Funds	2,693,789	N/A	N/A
Total Defined Benefit Investments	17,262,595		
<u>Defined Contribution Plan:</u>			
Mutual Funds	2,618,483	N/A	N/A
Total Pension Trust Fund Investments	<u>\$ 19,881,078</u>		

D. Concentration of Credit Risk

The City's Pension Trust Fund places no limit on the amount the City may invest in one issuer.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

E. Foreign Currency Risk

The City's pension funds include investments in foreign bonds listed above under audit risk by rating. These amounts are valued in U.S. dollars.

NOTE 4. RECEIVABLES

Receivables at June 30, 2007 consist of the following:

	<u>Interest</u>	<u>Taxes</u>	<u>Accounts</u>	<u>Intergov- ernmental</u>	<u>Total Receivable</u>
Receivables:					
Governmental Activities	\$ 51,011	\$ 472,491	\$ 110,719	\$ 487,655	\$ 1,121,876
Business-Type Activities	4,250	-	277,513	-	281,763
Downtown Development Authority	16,933	-	-	-	16,933
Total	<u>\$ 72,194</u>	<u>\$ 472,491</u>	<u>\$ 388,232</u>	<u>\$ 487,655</u>	<u>\$ 1,420,572</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

NOTE 5. CAPITAL ASSETS

Capital asset activity for the City for the current year was as follows:

	<u>Beginning Balances</u>		<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
	<u>Governmental</u>	<u>Motor Pool</u>			
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 31,615,955	\$ -	\$ -	\$ -	\$ 31,615,955
Subtotal	<u>31,615,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,615,955</u>
Capital assets being depreciated					
Buildings	12,742,163	-	11,700	-	12,753,863
Site improvements	338,378	70,462	-	-	408,840
Vehicles & equipment	2,991,397	3,686,872	354,100	(176,057)	6,856,312
Furniture & fixtures	226,728	-	22,856	-	249,584
Infrastructure	34,665,414	-	-	-	34,665,414
Subtotal	<u>50,964,080</u>	<u>3,757,334</u>	<u>388,656</u>	<u>(176,057)</u>	<u>54,934,013</u>
Less accumulated depreciation for:					
Buildings	(4,094,796)	-	(377,395)	-	(4,472,191)
Site improvements	(152,091)	(51,056)	(17,275)	-	(220,422)
Vehicles & equipment	(2,460,732)	(2,970,508)	(311,496)	172,587	(5,570,149)
Furniture & fixtures	(186,756)	-	(10,109)	-	(196,865)
Infrastructure	(26,229,640)	-	(401,704)	-	(26,631,344)
Subtotal	<u>(33,124,015)</u>	<u>(3,021,564)</u>	<u>(1,117,979)</u>	<u>172,587</u>	<u>(37,090,971)</u>
Net capital assets being depreciated	<u>17,840,065</u>	<u>735,770</u>	<u>(729,323)</u>	<u>(3,470)</u>	<u>17,843,042</u>
Capital assets-net of depreciation	<u>\$ 49,456,020</u>	<u>\$ 735,770</u>	<u>\$ (729,323)</u>	<u>\$ (3,470)</u>	<u>\$ 49,458,997</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

Depreciation was charged to functions as follows:

Governmental activities:

Community Activities Building	\$ 25,399
Community Relations	115
Department of Public Work	26,726
General Government	67,155
Parks & Recreation	43,659
Public Safety, Fire & Police	141,342
Street Maintenance & Snow Removal	8,886
Treasurer's/Finance	3,257
Internal Service	212,657
Unallocated & Infrastructure	<u>588,783</u>
Total governmental activities depreciation expense	<u>\$ 1,117,979</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 11,500	\$ -	\$ -	\$ 11,500
Subtotal	<u>11,500</u>	<u>-</u>	<u>-</u>	<u>11,500</u>
Capital assets being depreciated				
Buildings	579,664	-	-	579,664
Furniture & fixtures	310,102	-	-	310,102
Sewer lines	5,312,370	-	-	5,312,370
Sump Pump Coll. Sys	269,280	-	-	269,280
Vehicles	164,391	14,870	-	179,261
Water mains	4,623,078	-	-	4,623,078
Water meters	933,596	134,704	(170,667)	897,633
Site improvements	21,206	-	-	21,206
Subtotal	<u>12,213,687</u>	<u>149,574</u>	<u>(170,667)</u>	<u>12,192,594</u>
Less accumulated depreciaiton for:				
Building	(185,033)	(14,170)	-	(199,203)
Furniture & fixtures	(301,407)	(4,684)	-	(306,091)
Sewer lines	(2,646,210)	(110,841)	-	(2,757,051)
Sump Pump Coll. Sys	(67,682)	(12,305)	-	(79,987)
Vehicles	(164,392)	(248)	-	(164,640)
Water mains	(1,953,698)	(78,387)	-	(2,032,085)
Water meters	(515,709)	(61,872)	170,667	(406,914)
Site improvements	(4,065)	(707)	-	(4,772)
Subtotal	<u>(5,838,196)</u>	<u>(283,214)</u>	<u>170,667</u>	<u>(5,950,743)</u>
Net capital assets being depreciated	6,375,491	(133,640)	-	6,241,851
Capital assets-net of depreciation	<u>\$ 6,386,991</u>	<u>\$ (133,640)</u>	<u>\$ -</u>	<u>\$ 6,253,351</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

Depreciation was charged to functions as follows:

Business-type activities:	
Water	\$ 282,117
Recreational Vehicle Storage	1,097
Total Business-type activities depreciation expense	\$ 283,214

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The amount of interfund receivables and payables are as follows:

	<u>General</u>	<u>Local Highway</u>	<u>Capital Improvement</u>	<u>Employee Retirement</u>	<u>Motor Pool</u>	<u>Total Interfund Payable</u>
General	\$ -	\$ -	\$ 786	\$ 886,146	\$ 648	\$ 887,580
Major Hwy	-	16,330	-	-	-	16,330
Debt Services	7,755	-	-	-	-	7,755
Water & Sewer	-	-	-	77,162	-	77,162
Block Grant	6,239	-	-	-	-	6,239
Retirees Medical	-	-	-	54,025	-	54,025
Bond Compliance	25,103	-	-	-	-	25,103
Tree Planting	1,071	-	-	-	-	1,071
Engineering Fees	20,811	-	-	-	-	20,811
Interest	10,184	-	-	-	-	10,184
Tax Receiving	87	-	-	-	-	87
Payroll	50	-	-	-	-	50
Total Interfund Receivable	\$ 71,300	\$ 16,330	\$ 786	\$ 1,017,333	\$ 648	\$ 1,106,397

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

The amount of interfund transfers are as follows:

	Transfers In:		
	<u>Local Highway</u>	<u>Debt Service</u>	<u>Total</u>
Transfers Out:			
Major Highway	\$ 99,451	\$ -	\$ 99,451
General	<u>811,259</u>	<u>529,191</u>	<u>1,340,450</u>
	<u>\$ 910,710</u>	<u>\$ 529,191</u>	<u>\$ 1,439,901</u>

The purpose of these transfers was to transfer 25% of Major Highway Revenue, to assist in Local Highway projects, and to fund general obligation debt payments.

Note 7. LONG-TERM DEBT

The following is a summary of long-term obligations of the City for the year ended June 30, 2007:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
<u>Bonds Payable</u>					
2002 General Bonds	<u>2,850,000</u>	-	<u>100,000</u>	<u>2,750,000</u>	<u>100,000</u>
Total Bonds	<u>2,850,000</u>	-	<u>100,000</u>	<u>2,750,000</u>	<u>100,000</u>
<u>Notes Payable</u>					
Suntrust Note	-	147,219	29,497	117,722	27,587
Honeywell Note	857,675	-	218,600	639,075	229,712
Animal Shelter Note	<u>377,243</u>	-	<u>36,040</u>	<u>341,203</u>	<u>37,388</u>
Total Notes	<u>1,234,918</u>	<u>147,219</u>	<u>284,137</u>	<u>1,098,000</u>	<u>294,687</u>
Compensated Absences	<u>495,314</u>	-	<u>135,133</u>	<u>360,181</u>	<u>120,060</u>
Total	<u>\$ 4,580,232</u>	<u>\$ 147,219</u>	<u>\$ 519,270</u>	<u>\$ 4,208,181</u>	<u>\$ 514,747</u>
Business-Type Activities:					
Water & Sewer Notes	70,970	-	70,970	-	-
Compensated Absences	<u>22,586</u>	-	<u>6,645</u>	<u>15,941</u>	<u>1,594</u>
Total	<u>\$ 93,556</u>	<u>\$ -</u>	<u>\$ 77,615</u>	<u>\$ 15,941</u>	<u>\$ 1,594</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
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(continued)

General Obligation Bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 25-year serial bonds, except for refunding issues, with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Term</u>
2002 bonds	3.250% - 4.750%	\$2,750,000	20 years

The annual requirement to service the general obligation bonds including principal and interest are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 100,000	\$ 119,150	\$ 219,150
2009	125,000	115,400	240,400
2010	125,000	110,556	235,556
2011	125,000	105,432	230,432
2012	150,000	100,275	250,275
2013 - 2017	850,000	405,800	1,255,800
2018 - 2022	<u>1,275,000</u>	<u>191,200</u>	<u>1,466,200</u>
Total	<u>\$ 2,750,000</u>	<u>\$ 1,147,813</u>	<u>\$ 3,897,813</u>

Amount due within one year: \$100,000

Compensated absences as of June 30, 2007: \$360,181

Amount due within one year: \$120,060

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

Bank loans:

The City has bank loans for the acquisition of fixed assets. The obligations currently outstanding are as follows:

Note, Suntrust. Due in annual installments of \$32,683.94 through February 1, 2011, with interest of 4.33%.	\$ 117,722
Note, Honeywell Renovations. Due in monthly installments of \$21,376.39 through February 1, 2010, with interest of 4.93%.	639,075
Note, Animal Shelter. Due in annual installments of \$50,148.58 through October 11, 2014 with interest of 3.74%.	<u>341,203</u>
	<u>\$ 1,098,000</u>

The annual requirements to service the Suntrust, Honeywell, and Animal Shelter Notes, including principal and interest are as follows:

Fiscal Year Ending	Principal	Interest	Total
<u>June 30,</u>			
2008	\$ 294,687	\$ 44,663	\$ 339,350
2009	309,094	30,254	339,348
2010	238,098	15,745	253,843
2011	73,069	9,764	82,833
2012	43,302	6,846	50,148
2013-2015	<u>139,750</u>	<u>10,577</u>	<u>150,327</u>
Total	<u>\$ 1,098,000</u>	<u>\$ 117,849</u>	<u>\$ 1,215,849</u>

Amount due within one year: \$294,687

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

NOTE 8. POST – EMPLOYMENT BENEFITS

Post-employment benefits, other than pension benefits, are provided to police officers and to five former salaried employees of the City of Woodhaven. These benefits consist of health care benefits and are recognized as an expenditure of the General Fund, Water Fund and Motor Pool Fund when premiums are paid. For fiscal year 2006-2007, these premiums totaled \$493,314. These funds for police officers are accounted for within the Retiree's Benefit Fund.

On October 1, 1990 the newly signed TPOAM union contract for the city workers other than police, fire, and salaried personnel, required the City of Woodhaven, to establish a separate bank account or investment with a beginning balance of \$15,000 to be utilized to pay medical benefits for retired A.F.S.C.M.E. (currently TPOAM) members.

The city was required to pay the initial \$15,000 and the union would provide additional funding through newly hired workers hired subsequent to July 18, 1990. The new hires would receive only 70% of the established union starting hourly rate for that position. Each year thereafter the new hire would receive an increase of 10% until the 100% is reached. The City will pay this difference in wages paid to new hires as additions to the original established investment. As of June 30, 2007, the balance of this investment account is \$453,691.39.

NOTE 9. PENSION TRUST FUND

Defined Benefit Plan

A. PLAN DESCRIPTION

The Woodhaven Public Employee Retirement System is a single-employer public employee retirement system (PERS) established May 1, 1971, that administers the City's defined benefit plan for all its full-time municipal employees. As of April 30, 2004, participants in the pension plan consisted of the following:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	52
Current employees:	
Fully vested	<u>48</u>
 TOTAL	 <u>100</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

B. FUNDING POLICY

PERS provides retirement benefits as well as death and disability benefits. All benefits vest after 10 years of credited service. Employees who retire at or after age 55 (50 for police officers in the POAM and lieutenants and 55 for AFSCME employees) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly, in an amount equal to the product of years of credited service, not in excess of 30 years at retirement, and 2% (2.5% for non-command and command officers) of average monthly compensation. This rate increased to 2.25% for AFSCME Employees effective October 1, 1993. Employees with 10 years of credited service may retire at or after age 55 (50 for police officers) and receive a reduced retirement benefit.

Both command and non-command police officers in the bargaining units contribute 5.0% of their regular base pay to the PERS. AFSCME employees contribute 3.5% of regular base pay.

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

Basis of Accounting

The financial statements of the pension plan are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Method Used to Value Investments

The PERS investments are valued at current market prices.

Categories of Asset Risks

The Pension Trust Fund investments are located at the Depository Trust Corporation in New York, in safe deposit at a local bank, and with a brokerage company.

Act 314, P.A. 1965, as amended by Act 31, P.A. 1980, and Act 55, P.A. 1982 allows pension funds to be invested in a wide variety of instruments 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. The system's investments are categorized to give an indication of the level of risk assumed by the fund at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the system or its agent in the system's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the system's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

broker or dealer, or by its trust department or agent but not in the system's name. All investments of PERS are classified in Category 1 which bears the least risk.

The Money Market Fund is a temporary investment fund and represents 10 percent of the net assets available for pension benefits. There are no investments in, loans to, or leases with parties related to the pension plan.

INVESTMENT	CATEGORY			CARRYING	FAIR
	1	2	3	VALUE AT 6/30/2007	VALUE AT 6/30/2007
Bonds	\$ 6,060,360	\$ -	\$ -	\$ 6,131,540	\$ 6,060,360
Stocks	8,038,570	-	-	7,029,014	8,038,570
Mutual Funds	2,693,789	-	-	2,152,584	2,693,789
TOTAL INVESTMENTS	\$ 16,792,719	\$ -	\$ -	\$ 15,313,138	\$ 16,792,719

D. FUNDING STATUS AND PROGRESS

The amount shown as "actuarial liability" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is called the "actuarial present value of credited projected benefits" and is intended to help users assess PERS funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among other retirement systems.

Because the City of Woodhaven PERS uses the standardized measure only for disclosing purposes, the measurement is independent of the actuarial computation made to determine contributions to the PERS. The actuarial funding method used to determine contributions to the PERS is explained in Part D of this note.

The actuarial liability was determined as part of an actuarial valuation at April 30, 2006. Significant actuarial assumptions used include (a) rate of return on the investment of present and future assets of 7.25 percent per year after investment expenses, (b) projected salary increases of 6 percent per year compounded annually, and (c) mortality based on the 1983 Male Group Annuity Mortality Table for males, and assuming a six year age set back for females.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

At April 30, 2006, the unfunded actuarial liability was \$4,713,255 as follows:

Actuarial liability:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits and transferred participants.	\$ 12,497,484
Current Employees:	
Active Participants	<u>3,287,705</u>
TOTAL ACTUARIAL LIABILITY	20,785,189
Net assets available for benefits, at market, excluding voluntary employee contributions	
	<u>16,071,934</u>
UNFUNDED ACTUARIAL LIABILITY	<u>\$ 4,713,255</u>

E. Contributions Required and Contributions Made

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is funded over a 40 year period from May 1, 1978. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll method.

Actuarially determined contribution requirements based on an actuarial valuation performed at April 30, 2005 was estimated at \$1,003,276 (\$900,539 employer and \$102,737 mandatory employee). This contribution requirement consists of \$361,343 normal cost and \$641,933 amortization of the unfunded actuarial accrued liability.

It is the City's practice to make contributions throughout the year based on estimates of the total contribution requirement. Once the actuarial report is issued, usually 6 months after the plan's year-end, the City contributes any additional monies necessary to comply with the actuary's recommendation.

The significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension obligation. There were no material changes in the current year in the actuarial assumptions, actuarial funding method, or benefit provisions. The actuarial assumptions are scheduled to be re-evaluated during the 2007-2008 fiscal year.

CITY OF WOODHAVEN
 RETIREMENT PLAN FOR EMPLOYEES AND POLICEMEN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AS OF MAY 1, 2006

<u>Plan Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>
1990	\$ 296,602	64%
1991	394,209	107%
1992	428,426	77%
1993	457,498	100%
1994	329,370	100%
1995	398,862	100%
1996	582,672	100%
1997	635,736	100%
1998	624,977	107%
1999	611,631	122%
2000	642,843	100%
2001	680,784	100%
2002	778,321	100%
2003	790,959	100%
2004	815,515	100%
2005	900,539	100%

CITY OF WOODHAVEN
 RETIREMENT PLAN FOR EMPLOYEES AND POLICEMEN
 CALCULATION OF NET PENSION OBLIGATION AT
 TRANSITION FOR THE PENSION PLAN

Applicable Actuarial Valuation

As-of Date	Investment Assumption	Amort. Years	Recommended Contribution	Mos. in Fiscal Year	Actual Contribution	Beginning of Year NPO	Annual Pension Cost (APC)	Increase in NPO (9-7)	End of Year NPO (8+10)
(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
5/1/1987	7.00%	40	282,745	12	195,083	-	282,745	87,662	87,662
5/1/1988	7.00%	40	292,869	12	271,591	87,662	292,403	20,812	108,474
5/1/1989	7.00%	40	309,665	12	384,541	108,474	309,001	(75,540)	32,934
5/1/1990	7.00%	40	296,602	12	190,458	32,934	296,371	105,913	138,847
5/1/1991	7.00%	40	394,209	12	422,291	138,847	393,102	(29,189)	109,658
5/1/1992	7.00%	40	428,426	12	330,749	109,658	427,436	96,687	206,345
5/1/1993	7.25%	40	457,498	12	457,498	206,345	455,575	(1,923)	204,422
5/1/1994	7.25%	40	506,261	12	506,261	204,422	504,097	(2,164)	202,258
5/1/1995	7.25%	40	592,270	12	592,270	202,258	589,845	(2,425)	199,833
5/1/1996	7.25%	40	582,672	12	582,672	199,833	579,964	(2,708)	197,125
5/1/1997	7.25%	40	635,736	12	635,736	197,125	632,723	(3,013)	194,112
5/1/1998	7.25%	40	624,977	12	666,471	194,112	621,632	(44,839)	149,273
5/1/1999	7.25%	40	611,631	12	746,886	149,273	608,733	(138,153)	11,120
5/1/2000	7.25%	40	642,483	12	642,843	11,120	642,240	(603)	10,517
5/1/2001	7.25%	40	680,784	12	680,784	10,517	680,524	(260)	10,257
5/1/2002	7.25%	40	778,321	12	778,321	10,257	778,036	(285)	9,772
5/1/2003	7.25%	40	790,959	12	790,959	9,972	790,645	(314)	9,658
5/1/2004	7.25%	40	815,515	12	815,515	9,658	815,170	(345)	9,313
5/1/2005	7.25%	40.	900,539	12	900,539	9,313	900,245	(294)	9,019
5/2/2006	7.25%	40.	860,035	12	-	9,019	-	-	-

CITY OF WOODHAVEN
 RETIREMENT PLAN FOR EMPLOYEES AND POLICEMEN
 SCHEDULE OF FUNDING PROGRESS AS OF MAY 1, 2006

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((a-b)/c)
	(a)	(b)	(a-b)	(a/b)	(c)	((a-b)/c)
5/1/1990	3,156,546	5,368,788	2,212,242	58.79%	1,896,336	116.66%
5/1/1991	3,795,647	6,882,091	3,086,444	55.15%	2,079,021	148.46%
5/1/1992	4,509,897	7,790,752	3,280,855	57.89%	2,207,687	148.61%
5/1/1993	5,317,830	8,850,194	3,532,364	60.09%	2,388,821	147.87%
5/1/1994	6,108,086	10,072,234	3,964,148	60.64%	2,476,164	160.09%
5/1/1995	6,984,521	11,705,299	4,720,778	59.67%	2,331,645	202.47%
5/1/1996	7,958,357	12,463,821	4,505,464	63.85%	2,371,255	190.00%
5/1/1997	8,917,684	13,228,186	4,310,502	67.41%	2,607,115	165.34%
5/1/1998	10,020,281	14,059,100	4,038,819	71.27%	2,661,926	151.73%
5/1/1999	11,178,450	14,984,162	3,805,712	74.60%	2,777,144	137.04%
5/1/2000	12,383,239	16,158,182	3,774,943	76.64%	2,968,880	127.15%
5/1/2001	13,297,467	17,609,847	4,312,380	75.51%	2,746,305	157.02%
5/1/2002	13,901,961	18,418,024	4,516,060	76.00%	2,908,587	155.30%
5/1/2003	14,413,268	19,053,138	4,640,170	76.00%	2,723,124	170.40%
5/1/2004	15,008,763	19,693,474	4,684,711	76.00%	2,735,525	171.30%
5/1/2006	15,644,247	20,750,547	5,106,300	75.00%	2,862,439	178.40%
5/1/2006	16,515,478	21,228,733	4,713,255	78.00%	2,613,437	180.30%

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	April 30, 2006
Actuarial Cost Method	Individual Entry Age
Amortization Method	40-year level dollar
Remaining Amortization Period	12 years
Asset Valuation Method	Assets are adjusted to recognize 25% of the balance of changes in realized and unrealized gains and losses. assets are projected by estimated contributions, dividend and interest income, benefit payments and expenses.

Actuarial Assumptions:

Investment rate of return	7.25%
Projected salary increases	6.00%
Cost-of-living adjustments	4.00%

Defined Contribution Plan

A. Plan Description

The City of Woodhaven Defined Contribution Pension Plan was established by the City of Woodhaven to provide benefits at retirement to all general employees and full-time firefighters of the City. At June 30, 2007 there were 38 plan members. Plan members are required to contribute a minimum of 5% of their base pay. The City is required to contribute a minimum of 10% of base pay. Plan provisions and contribution requirements are established and may be amended by the Woodhaven City Council.

B. Significant Accounting Policies

Basis of Accounting. The City of Woodhaven Defined Contribution Retirement Plan financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

NOTE 10. JOINTLY GOVERNED ORGANIZATIONS

South Huron Valley Utility Authority - The City of Woodhaven, along with seven other communities, is a member of the South Huron Valley Utility Authority. The Authority was founded in order to acquire and operate a sewage disposal and wastewater treatment system. The eight communities are represented in the Authority's Board of Commissioners who has the responsibility of reviewing all financial matters of the Authority. The Board of Commissioners is made up of one member from each participating community. The member communities have an entitlement and residual interest in the Authority's net assets. All debt of the Authority is backed by the full faith and credit of its eight member communities. The amounts charged to its members will, by definition, be equal to the Authority's costs of providing sewage transportation and treatment. Therefore, the investment of the City of Woodhaven is reported as, "Investment in Joint Venture - SHVUA" on the statement of net assets of the government-wide statements at 20.9% of the Authority's net assets.

The City's portion of the Authority's outstanding debt at June 30, 2007 is as follows:

	Balance <u>7/1/2006</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6/30/2007</u>	Current <u>Portion</u>	Non-Curr <u>Portion</u>
1991 SRF Bonds	1,211,122	-	233,198	977,924	237,711	740,213
1998 Expansion Bonds	1,291,801	-	72,346	1,219,455	73,879	1,145,576
2004 Expansion Bonds	2,912,414	-	118,455	2,793,959	120,034	2,673,925
	<u>5,415,337</u>	<u>-</u>	<u>423,999</u>	<u>4,991,338</u>	<u>431,624</u>	<u>4,559,714</u>

33rd District Court - The City of Woodhaven, in conjunction with six other communities, created the 33rd District Court. The Court entertains cases of the seven community areas. The seven communities are represented in the Management Council who has the responsibility of reviewing all financial matters of the Court. The Management Council is made up of one member from each participant community. The member communities have an entitlement and residual interest in the Court net assets. This entitlement and residual interest is determined by the annual caseload of the respective community. The annual contribution by each community to the Court's budget is also determined in the same manner. Therefore, the investment of the City of Woodhaven is reported

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2007
(continued)

as, "Investment in Joint Venture - 33rd District Court" on the statement of net assets of the government-wide statements at 14.48% of the court net assets.

NOTE 11 – RISK MANAGEMENT

Risk Management – The City is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefits claims, and participates in the Michigan Municipal Liability and Property Pool (risk pool) for claims relating to property loss, torts, and errors and omissions; and participates in the Michigan Municipal Workers' Compensation Fund (risk pool) for claims relating to employee injuries (workers' compensation). Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The risk pool programs operate as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. Both pool programs will be self-sustaining through member premiums.

REQUIRED SUPPLEMENTAL INFORMATION

City of Woodhaven
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
June 30, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES FROM TAXES:				
Current tax levy	\$ 8,626,147	\$ 8,626,147	\$ 8,600,409	\$ (25,738)
Current tax levy, SHVUA	500,282	500,282	498,727	(1,555)
Administrative fee	201,715	201,715	211,531	9,816
Mobile home fees	-	-	1,401	1,401
Interest and penalties/delinquent Infrastructures	45,000	45,000	11,787	(33,213)
	813,407	813,407	810,962	(2,445)
TOTAL	10,186,551	10,186,551	10,134,817	(51,734)
REVENUES FROM LICENSES:				
Site-plan review fees	12,500	12,500	31,529	19,029
Property split fees	600	600	(12,168)	(12,768)
Animal licenses	3,750	3,750	4,975	1,225
Miscellaneous permits	100	100	110	10
Zoning Board of Appeals	1,500	1,500	1,500	-
TOTAL	18,450	18,450	25,946	7,496
REVENUES FROM STATE:				
Telecom authority	26,935	26,935	27,272	337
Sales tax	1,234,681	1,234,681	1,192,187	(42,494)
Liquor license	7,127	7,127	7,534	407
TOTAL	1,268,743	1,268,743	1,226,993	(41,750)

City of Woodhaven
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
June 30, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
OUTSIDE REVENUE:				
Telecommunications fees	\$ 7,200	\$ 7,200	8,100	\$ 900
Cable TV - franchise fees	132,880	132,880	169,101	36,221
Cable TV - interest	1,675	1,675	2,481	806
TOTAL	141,755	141,755	179,682	37,927
OTHER REVENUES:				
Fines and forfeitures	391,296	391,296	322,864	(68,432)
Animal shelter	-	-	73,360	73,360
Miscellaneous revenue	77,668	77,668	222,953	145,285
Interest on investments	185,000	185,000	421,409	236,409
Retiree medical insurance reimbursement	29,826	29,826	44,385	14,559
Rescue - Fire Dept.	290,000	290,000	352,061	62,061
Use and admission fees - recreation	118,145	118,145	163,113	44,968
Festival revenue	15,000	15,000	11,321	(3,679)
Interest on Rescue Fund	35,000	35,000	75,647	40,647
Interest on Sick Fund	15,000	15,000	21,101	6,101
4th of July	3,500	3,500	2,243	(1,257)
DARE Program	1,500	1,500	-	(1,500)
Interest on Salaried Emp Benefits	3,000	3,000	6,555	3,555
Park Pavillion	500	500	740	240
Misc Revenue - Police	59,192	59,192	36,545	(22,647)
TOTAL	1,224,627	1,224,627	1,754,297	529,670
TOTAL REVENUES	\$ 12,840,126	\$ 12,840,126	\$ 13,321,735	\$ 481,609

City of Woodhaven
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
June 30, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
Animal Shelter	\$ 111,522	\$ 72,672	100,910	\$ (28,238)
City Attorney	143,911	143,911	96,028	47,883
City Engineer	45,000	45,000	33,501	11,499
Justice	407,954	407,954	412,560	(4,606)
Library Commission	100,000	100,000	120,860	(20,860)
Clerk's Office	239,486	250,011	248,066	1,945
Community Activities Building	155,891	155,802	151,422	4,380
Board of Elections	27,090	27,090	17,780	9,310
Public Safety/Fire	1,539,990	1,529,990	1,461,814	68,176
General Government	1,000,124	1,046,569	1,099,146	(52,577)
Planning Commission	33,096	33,096	8,197	24,899
Public Safety/Police	4,776,098	4,650,598	4,697,452	(46,854)
Department of Public Services	3,314,414	2,487,411	2,195,957	291,454
Recreation Commission	53,230	53,319	33,883	19,436
Recreation Department	481,730	520,580	451,565	69,015
Treasurer's/Finance Department	488,496	488,496	476,218	12,278
Cable TV Commission	18,980	18,980	15,810	3,170
Huron Valley Waste Control System	500,282	592,408	592,408	-
TOTAL EXPENDITURES	\$ 13,437,294	\$ 12,623,887	\$ 12,213,577	\$ 410,310

City of Woodhaven
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
June 30, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES	\$ 12,840,126	\$ 12,840,126	\$ 13,321,735	\$ 481,609
EXPENDITURES	13,437,294	12,623,887	12,213,577	410,310
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(597,168)	216,239	1,108,158	891,919
OTHER FINANCING SOURCES (USES):				
Transfer to other funds	(530,303)	(1,343,710)	(1,340,450)	3,260
TOTAL OTHER FINANCING SOURCES (USES)	(530,303)	(1,343,710)	(1,340,450)	3,260
EXCESS OF EXPENDITURES AND OTHER (USES) OVER REVENUES AND OTHER SOURCES	(1,127,471)	(1,127,471)	(232,292)	895,179
FUND BALANCE, beginning	6,146,928	6,146,928	6,146,928	-
FUND BALANCE, ending	\$ 5,019,457	\$ 5,019,457	\$ 5,914,636	\$ 895,179

City of Woodhaven
Statement of Revenues, Expenditures
and Changes in Fund Balance-
Budget and Actual
For the Fiscal Year Ended June 30, 2007

MOTOR VEHICLE HIGHWAY MAJOR STREET FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:				
Interest on savings and investments	\$ 52,500	\$ 52,500	\$ 91,130	\$ 38,630
State sources	421,903	421,903	397,802	(24,101)
TOTAL REVENUES	474,403	474,403	488,932	14,529
EXPENDITURES:				
Street maintenance	231,292	228,429	33,563	194,866
Snow removal	12,500	12,500	5,505	6,995
Other expenditures	125,135	127,998	45,586	82,412
TOTAL EXPENDITURES	368,927	368,927	84,654	284,273
Excess of Revenues (Under) Expenditures	105,476	105,476	404,278	298,802
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(105,476)	(105,476)	(99,451)	6,025
TOTAL OTHER FINANCING SOURCES (USES)	(105,476)	(105,476)	(99,451)	6,025
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (EXPENDITURES AND OTHER USES)	-	-	304,827	304,827
FUND BALANCE, beginning	1,812,089	1,812,089	1,812,089	-
FUND BALANCE, ending	\$ 1,706,613	\$ 1,706,613	\$ 2,116,916	\$ 410,303

City of Woodhaven
Statement of Revenues, Expenditures
and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2007

	MOTOR VEHICLE HIGHWAY LOCAL STREET FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:				
Interest on savings and investments	\$ 6,000	\$ 6,000	\$ 10,035	\$ 4,035
State sources	208,436	208,436	196,173	(12,263)
TOTAL REVENUES	214,436	214,436	206,208	(8,228)
EXPENDITURES:				
Street maintenance	858,394	858,394	727,378	131,016
Snow removal	19,500	26,135	26,135	-
Other expenditures	255,425	248,790	200,841	47,949
TOTAL EXPENDITURES	1,133,319	1,133,319	954,354	178,965
Excess of Revenues (Under) Expenditures	(918,883)	(918,883)	(748,146)	170,737
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	918,883	918,883	910,710	(8,173)
TOTAL OTHER FINANCING SOURCES (USES)	918,883	918,883	910,710	(8,173)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (EXPENDITURES AND OTHER USES)				
	-	-	162,564	162,564
FUND BALANCE, beginning	162,114	162,114	162,114	-
FUND BALANCE, ending	\$ 162,114	\$ 162,114	\$ 324,678	\$ 162,564

City of Woodhaven
Statement of Revenues, Expenses, and Changes
In Net Assets - Budget and Actual
For the year Ended June 30, 2007

	WATER DEPARTMENT FUND			FAVORABLE (UNFAVORABLE) VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
OPERATING REVENUES:				
Water and sewer billings	\$ 2,631,366	\$ 2,608,475	\$ 2,115,662	\$ (492,813)
Arrears and penalties, water billings	41,138	41,138	31,502	(9,636)
Tap-in fees, permits, and benefits:				
Water	21,500	21,500	21,750	250
Sewer	21,500	21,500	21,190	(310)
Sale of water fittings, meters, and miscellaneous:	15,000	15,000	167,109	152,109
Fire hydrant rental	31,450	31,450	41,725	10,275
TOTAL OPERATING REVENUES	2,761,954	2,739,063	2,398,938	(340,125)

				FAVORABLE (UNFAVORABLE) VARIANCE
OPERATING EXPENSES:				
Salaries and wages	379,379	379,379	367,386	11,993
Social Security and retirement	115,525	115,525	81,627	33,898
Insurance	151,506	151,506	152,097	(591)
Meal allowance, uniforms, and car allowance	4,300	4,300	4,141	159
Office supplies	1,800	1,800	770	1,030
Departmental supplies	4,500	4,500	3,054	1,446
Maintenance	66,000	66,000	31,705	34,295
Sewage disposal	710,000	710,000	590,505	119,495
Water purchases	1,262,767	1,234,025	1,108,481	125,544
Utilities and telephone	9,600	11,750	9,226	2,524
Postage	7,650	7,650	6,846	804
Printing and publications	4,000	4,000	2,975	1,025
Memberships and subscriptions	1,000	1,000	904	96
Depreciation	291,006	291,006	282,116	8,890
Motor Pool equipment rent	142,906	142,906	142,906	-
Professional / audit fees	9,000	12,196	12,196	-
Engineering and contractual services	24,500	24,500	25,189	(689)

WATER DEPARTMENT FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
Training program	750	1,255	1,505	(250)
Compensated absences	5,000	5,000	(6,645)	11,645
Miscellaneous expense	100	100	14,584	(14,484)
Interest	1,391	1,391	1,413	(22)
TOTAL OPERATING EXPENSES	3,192,680	3,169,789	2,832,981	336,808
NET OPERATING INCOME (LOSS)	(430,726)	(430,726)	(434,043)	(3,317)
NONOPERATING REVENUE:				
Interest Income	141,450	141,450	283,027	141,577
TOTAL NONOPERATING REVENUE	141,450	141,450	283,027	141,577
CHANGE IN NET ASSETS	(289,276)	(289,276)	(151,016)	138,260
NET ASSETS, beginning of year	11,466,241	11,466,241	11,466,241	-
NET ASSETS, end of year	\$ 11,176,965	\$ 11,176,965	\$ 11,315,225	\$ 138,260

SUPPLEMENTAL INFORMATION

City of Woodhaven
 Combining Balance Sheets
 Nonmajor Governmental Funds
 June 30, 2007

	SPECIAL REVENUE FUNDS						TOTAL NONMAJOR GOVERNMENTAL FUNDS
	COMMUNITY ACTIVITIES CENTER	COMMUNITY DEVELOPMENT BLOCK GRANT	POLICE FORFEITURES	BUILDING INSPECTION	DEBT SERVICE	CAPITAL IMPROVEMENT FUND	
Cash	\$ 8,445	\$ -	\$ 156,502	\$ 113,371	\$ -	\$ -	\$ 278,318
Cash equivalents	149,329	-	561,328	120,548	19,239	183,918	1,034,362
Due from general fund	-	-	-	-	-	786	786
Due from other governments	-	6,616	-	-	-	-	6,616
TOTAL ASSETS	\$ 157,774	\$ 6,616	\$ 717,830	\$ 233,919	\$ 19,239	\$ 184,704	\$ 1,320,082

ASSETS:

	ACCOUNTS PAYABLE	ACCRUED WAGES	LIABILITIES AND FUND BALANCE:
Accounts payable	\$ 400	\$ 377	\$ -
Accrued wages	-	-	-
Due to general fund	-	6,239	7,755
TOTAL LIABILITIES	400	6,616	7,755
Fund Balance	157,374	-	11,484
TOTAL LIABILITIES AND FUND BALANCE	\$ 157,774	\$ 6,616	\$ 19,239

LIABILITIES AND FUND BALANCE:

City of Woodhaven
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Governmental Funds
 June 30, 2007

	SPECIAL REVENUE FUNDS							TOTAL NONMAJOR GOVERNMENTAL FUNDS
	COMMUNITY ACTIVITIES CENTER	COMMUNITY DEVELOPMENT BLOCK GRANT	POLICE FORFEITURES	BUILDING INSPECTION	DEBT SERVICE	CAPITAL IMPROVEMENT FUND		
REVENUES:								
Federal grants	\$ -	\$ 18,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,943
Interest on investments	7,727	-	29,737	8,403	1,002	5,689	-	52,558
Permits and fees	-	-	-	302,164	-	-	-	302,164
Rental	13,817	-	-	-	-	-	-	13,817
Forfeitures	-	-	178,366	-	-	-	-	178,366
Miscellaneous Revenue	-	-	-	175	-	787	-	962
TOTAL REVENUES	21,544	18,943	208,103	310,742	1,002	6,476	1,043,183	566,810
EXPENDITURES:								
Wages and benefits	-	-	-	327,952	-	-	-	327,952
Maintenance of Equipment/Facilities	2,475	-	-	-	-	-	-	2,475
Miscellaneous	-	18,943	74,133	24,278	-	-	-	117,354
Capital outlay	34,556	-	30,653	-	-	-	-	65,209
Debt payments:								
Principal	-	-	-	-	354,640	-	-	354,640
Interest	-	-	-	-	175,553	-	-	175,553
	37,031	18,943	104,786	352,230	530,193	-	1,043,183	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,487)	-	103,317	(41,488)	(529,191)	6,476	(476,373)	
OTHER FINANCING SOURCES:								
Transfer from General Fund	-	-	-	-	529,191	-	-	529,191
Total Other Financing Sources	-	-	-	-	529,191	-	-	529,191
NET CHANGE IN FUND BALANCES	(15,487)	-	103,317	(41,488)	-	6,476	52,818	
FUND BALANCE, beginning	172,861	-	611,227	267,794	11,484	178,228	1,241,594	
FUND BALANCE, ending	\$ 157,374	\$ -	\$ 714,544	\$ 226,306	\$ 11,484	\$ 184,704	\$ 1,294,412	

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
June 30, 2007

	COMMUNITY ACTIVITIES CENTER			
	ORIGINAL & FINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:				
Interest on savings and investments	\$ 1,000	\$ 1,000	\$ 7,727	\$ 6,727
Rental	15,000	15,000	13,817	(1,183)
TOTAL REVENUES	16,000	16,000	21,544	5,544
EXPENDITURES:				
Maintenance of equipment	-	2,292	2,292	-
Other expenditures	75,000	72,708	34,739	37,969
TOTAL EXPENDITURES	75,000	75,000	37,031	37,969
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(59,000)	(59,000)	(15,487)	43,513
FUND BALANCE, beginning	172,861	172,861	172,861	-
FUND BALANCE, ending	\$ 113,861	\$ 113,861	\$ 157,374	\$ 43,513

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
June 30, 2007

COMMUNITY DEVELOPMENT BLOCK GRANT			
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:			
Other revenue	\$ 77,000	\$ 18,943	\$ (58,057)
TOTAL REVENUES	77,000	18,943	(58,057)
EXPENDITURES:			
Other expenditures	77,000	18,943	58,057
Capital outlay			-
TOTAL EXPENDITURES	77,000	18,943	58,057
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCE, beginning	-	-	-
FUND BALANCE, ending	\$ -	\$ -	\$ -

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
June 30, 2007

	POLICE FORFEITURES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:				
Interest on savings and investments	\$ -	\$ -	\$ 29,737	\$ 29,737
Other revenue	202,458	202,458	178,366	(24,092)
TOTAL REVENUES	202,458	202,458	208,103	5,645
EXPENDITURES:				
Other expenditures	117,500	76,160	74,133	43,367
Capital outlay	34,000	75,340	30,653	3,347
TOTAL EXPENDITURES	151,500	151,500	104,786	46,714
EXCESS OF REVENUES OVER EXPENDITURES	50,958	50,958	103,317	52,359
FUND BALANCE, beginning	611,227	611,227	611,227	-
FUND BALANCE, ending	\$ 662,185	\$ 662,185	\$ 714,544	\$ 52,359

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
June 30, 2007

	BUILDING INSPECTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:				
Interest on savings and investments	\$ -	\$ -	\$ 8,403	\$ 8,403
Permits and fees	274,000	274,000	302,164	28,164
Miscellaneous Revenue	-	-	175	175
TOTAL REVENUES	274,000	274,000	310,742	36,742
EXPENDITURES:				
Wages and benefits	425,102	424,050	327,952	96,098
Other expenditures	44,160	45,212	24,278	20,934
TOTAL EXPENDITURES	469,262	469,262	352,230	117,032
EXCESS OF REVENUES OVER EXPENDITURES	(195,262)	(195,262)	(41,488)	153,774
FUND BALANCE, beginning	267,794	267,794	267,794	-
FUND BALANCE, ending	\$ 72,532	\$ 72,532	\$ 226,306	\$ 153,774

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Fund
June 30, 2007

	DEBT SERVICE FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:				
Interest on savings and investments	\$ 5,000	\$ 6,067	\$ 1,002	\$ (5,065)
TOTAL REVENUES	5,000	6,067	1,002	(5,065)
EXPENDITURES:				
Debt payments:				
Principal	354,639	354,639	354,640	(1)
Interest	174,552	175,619	175,553	66
TOTAL EXPENDITURES	529,191	530,258	530,193	65
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (524,191)	 (524,191)	 (529,191)	 (5,000)
OTHER FINANCING SOURCES (USES):				
Transfer from General Fund	529,191	529,191	529,191	-
Transfer to General Fund	(5,000)	(5,000)		5,000
Total Other Financing Sources	524,191	524,191	529,191	5,000
 NET CHANGE IN FUND BALANCES	 -	 -	 -	 -
FUND BALANCE, beginning	11,484	11,484	11,484	-
FUND BALANCE, ending	\$ 11,484	\$ 11,484	\$ 11,484	\$ -

City of Woodhaven
Statement of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual (Budgetary Basis)
Nonmajor Governmental Fund
June 30, 2007

	CAPITAL IMPROVEMENT FUND		
	ORIGINAL & FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUE:			
Interest	\$ -	\$ 5,689	\$ 5,689
Miscellaneous	-	787	787
TOTAL REVENUE	-	6,476	6,476
EXPENDITURES:			
Capital outlay	-	-	-
TOTAL EXPENDITURES	-	-	-
REVENUE OVER (UNDER) EXPENDITURES	-	6,476	6,476
FUND BALANCE, beginning		178,228	178,228
FUND BALANCE, ending	\$ -	\$ 184,704	\$ 184,704

City of Woodhaven
Internal Service Fund
Statement of Revenues, Expenditures and
Changes in Net Assets - Budget and Actual (Budgetary Basis)
June 30, 2007

	MOTOR POOL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
OPERATING REVENUES:				
User charges	\$ 680,160	\$ 680,160	\$ 680,160	\$ -
Miscellaneous	-	17,751	51,514	33,763
TOTAL OPERATING REVENUES	680,160	697,911	731,674	51,514
OPERATING EXPENDITURES:				
Salaries and wages	147,209	173,509	177,355	(3,846)
Employee benefits	94,478	105,978	105,882	96
Compensated absences	-	-	8,408	(8,408)
Supplies	5,620	6,680	5,282	1,398
Contracted services	2,000	3,503	2,715	788
Maintenance	115,400	92,400	85,548	6,852
Insurance	98,100	98,100	94,204	3,896
Motor fuel lubricants	117,500	117,500	114,348	3,152
Depreciation expense	225,401	231,901	212,657	19,244
Uniforms	2,460	2,460	2,673	(213)
Memberships and training	500	500	-	500
Interest	-	3,188	5,311	(2,123)
Computer rental	1,000	1,000	-	1,000
Contingency	4,500	-	-	-
Training program	2,500	2,500	20	2,480
Miscellaneous	1,000	-	1	(1)
Professional fees	3,350	7,050	5,850	1,200
TOTAL OPERATING EXPENDITURES	821,018	846,269	820,254	26,015
NET OPERATING INCOME (LOSS)	(140,858)	(148,358)	(88,580)	52,278
NONOPERATING REVENUE				
Interest on investments	11,000	18,500	24,947	6,447
Gain on disposal of equipment	-	-	14,282	14,282
NET NON-OPERATING INCOME (LOSS)	11,000	18,500	39,229	20,729
NET INCOME	(129,858)	(129,858)	(49,351)	80,507
NET ASSETS, beginning	1,262,844	1,262,842	1,262,842	-
NET ASSETS, ending	\$ 1,132,986	\$ 1,132,984	\$ 1,213,491	\$ 80,505

City of Woodhaven
Component Unit
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2006 to June 30, 2007

DOWNTOWN DEVELOPMENT AUTHORITY FUND			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Current Taxes	\$ 1,189,257	\$ 1,196,253	\$ 6,996
Investment Interest	125,737	195,319	69,582
Miscellaneous Revenue	-	2,900	2,900
TOTAL REVENUES	1,314,994	1,394,472	79,478
EXPENDITURES:			
Project Costs	1,297,994	93,716	1,204,278
Tax Tribunal Adjustments	17,000	-	17,000
TOTAL EXPENDITURES	1,314,994	93,716	1,221,278
Total Revenue Over (Under)			
Expenditures	-	1,300,756	1,300,756
Fund Balance, beginning	2,928,536	2,928,536	-
Fund Balance, ending	\$ 2,928,536	\$ 4,229,292	\$ 1,300,756

City of Woodhaven
Combining Statement of Net Assets
Pension Trust
June 30, 2007

	PENSION TRUST		TOTAL
	DEFINED BENEFIT	DEFINED CONTRIBUTION	PENSION TRUST FUNDS
ASSETS:			
Cash & cash equivalents	\$ 469,876	\$ -	\$ 469,876
Investments	16,792,719	2,618,483	19,411,202
Accrued interest and dividends	84,295	-	84,295
Due from other funds	1,017,333	-	1,017,333
TOTAL ASSETS	18,364,223	2,618,483	20,982,706
 NET ASSETS			
NET ASSETS:			
Net assets held in trust	18,364,223	2,618,483	20,982,706
TOTAL NET ASSETS	\$ 18,364,223	\$ 2,618,483	\$ 20,982,706

City of Woodhaven
Combining Statement of Changes in Net Assets
Fiduciary Funds
Year Ended June 30, 2007

	Defined Benefit	Defined Contribution	Total Pension Trust Funds
ADDITIONS:			
Contributions			
Employer	\$ 741,142	\$ 240,880	\$ 982,022
Plan member	114,730	120,440	235,170
Total contributions	<u>855,872</u>	<u>361,320</u>	<u>1,217,192</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	609,485	391,497	1,000,982
Interest and dividends	752,361	-	752,361
Other income	693	-	693
Gain (loss) on sale of investments	346,977	-	346,977
Total investment income	<u>1,709,516</u>	<u>391,497</u>	<u>2,101,013</u>
Investment expense	<u>(69,429)</u>	<u>(3)</u>	<u>(69,432)</u>
Net investment income	<u>1,640,087</u>	<u>391,494</u>	<u>2,031,581</u>
TOTAL ADDITIONS	<u>2,495,959</u>	<u>752,814</u>	<u>3,248,773</u>
Deductions:			
Benefits	1,347,832	74,810	1,422,642
TOTAL DEDUCTIONS	<u>1,347,832</u>	<u>74,810</u>	<u>1,422,642</u>
CHANGE IN NET ASSETS	1,148,127	678,004	1,826,131
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
Beginning of Year	17,216,096	1,940,479	19,156,575
End of Year	<u>\$ 18,364,223</u>	<u>\$ 2,618,483</u>	<u>\$ 20,982,706</u>

City of Woodhaven
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2007

	TAX RECEIVING FUND	COURT FUND	PAYROLL FUND	RETIREES BENEFIT	BOND COMPLIANCE FUND	TREE PLANTING FUND	ENGINEERING FEES FUND	INTEREST FUND	TOTAL AGENCY FUNDS
CURRENT ASSETS:									
Cash and cash equivalents	\$ 11,096	\$ 10	\$ 75	\$ 792,006	\$ 489,354	\$ 44,539	\$ 580,814	\$ -	\$ 1,917,894
Accrued interest receivable	-	-	-	6,902	-	-	-	10,184	17,086
TOTAL CURRENT ASSETS	\$ 11,096	\$ 10	\$ 75	\$ 798,908	\$ 489,354	\$ 44,539	\$ 580,814	\$ 10,184	\$ 1,934,980
LIABILITIES:									
CURRENT LIABILITIES:									
Due to General Fund	\$ 87	\$ -	\$ 50	\$ -	\$ 25,103	\$ 1,071	\$ 20,811	\$ 10,184	\$ 57,306
Due to Retirement Fund	-	-	-	54,025	-	-	-	-	54,025
Due to other governments	11,009	-	-	-	-	43,468	-	-	54,477
Deferred revenue	-	10	-	-	-	-	-	-	10
Taxes payable	-	-	25	-	-	-	-	-	25
Bond compliance deposits	-	-	-	-	464,251	-	560,003	-	1,024,254
Obligations to employees - Retirees Benefits	-	-	-	744,883	-	-	-	-	744,883
TOTAL CURRENT LIABILITIES	\$ 11,096	\$ 10	\$ 75	\$ 798,908	\$ 489,354	\$ 44,539	\$ 580,814	\$ 10,184	\$ 1,934,980

City of Woodhaven
Water Department Fund
Schedule of Cash Receipts and Disbursements - Restricted Accounts
For the year Ended June 30, 2007

	DEPRECIATION	SUPER SEWER	HEALTHCARE	TOTAL
Cash and investments at beginning of year	\$ 1,072,835	\$ 247,167	-	\$ 1,320,002
Cash added during year	-	-	72,839	72,839
Cash Receipts				-
Interest earnings	55,120	13,524	-	68,644
TOTAL CASH AND INVESTMENTS AVAILABLE	1,127,955	260,691	72,839	1,461,485
Cash and investments at year end	\$ 1,127,955	\$ 260,691	\$ 72,839	\$ 1,461,485

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MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

December 11, 2007

The Honorable Mayor and
Members of the City Council
The City of Woodhaven
21869 West Road
Woodhaven, Michigan 48183

New auditing rules effective December 31, 2006 have resulted in some changes in the communications that we are required to provide following our audit. These rules require us to more formally communicate matters we note about your accounting procedures and internal controls. While we are required to provide our observations in these areas as part of our audit, we are required to tell you about items of concern and to communicate them in writing.

The new auditing standards (Statement on Auditing Standards Number 112, referred to as SAS 112) require us to inform you about any matters noted in your accounting procedures or internal controls that the new auditing standards define as a significant deficiency. The new threshold for a significant deficiency is a low one - a significant deficiency is any flaw that creates more than a remote risk of errors in your financial statements that could matter to a user of the statements. Matters that may be immaterial to the financial statements still may be classified by the new auditing standards as a significant deficiency. For example, the requirements of SAS 112 go so far as to classify certain journal entries proposed by your auditor as a significant deficiency.

We are also required to communicate these matters to more people. In the past, we have provided our comments and recommendations as part of a meeting or discussion at the end of our work directly to management. Under these new rules, we are obligated to communicate these matters in writing to all individuals involved in overseeing strategic direction and accountability for your operations, in addition to our communications with management. This communication is intended to comply with the requirements of the new auditing standards.

In planning and performing our audit of the financial statements of the City of Woodhaven (the "City") for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

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

1. Comment:

Again, during our audit, we noted a few purchase orders between \$1,000 and \$5,000 were received for approval subsequent to the receipt of an invoice and did not contain three written price quotations, or the reason for no quotations.

Recommendation:

We recommend that when an activity makes any purchase between \$1,000 and \$5,000, that the activity follow the required procedures of the City's Code of Ordinances. In accordance with the Code, such purchases or contracts shall require the solicitation of three written price quotations, when practical. The quotations received are to accompany all documentation submitted to the City administrator or designee, with purchase requisition, for review prior to approval.

Response:

This issue has been brought to the attention of the department head and the department assures that all future purchases will follow the City's purchasing ordinances. The purchasing ordinances will be sent as a reminder to all with purchasing authority to prevent this issue in the future.

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2. Comment:

Again, expense activities in the General Fund were in excess of budget.

Recommendation:

We recommend that the treasurer submit an amended budget prior to the end of the fiscal year which provides adequate funding for all expense activities to ensure compliance with the Budgeting Act.

Response:

An amended budget was submitted prior to the end of the fiscal year, however the expenses were under estimated as a result of retro pay for unsettled contracts. In the future, the budget functions will be followed closer to eliminate expenditure overages.

3. Comment:

The balance in the Customer Deposit account in the Water and Sewer Enterprise Fund appears to be high and lacking supportive data.

Recommendation:

The Customer Deposit account needs to be reconciled to available support detail.

Response:

Software availability will now assist in recording detail on deposits not only for the account referred to in the comment above, but also for other deposit accounts for which the City has supplemental data recorded and accessible for review.

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. No deficiencies that constitute a material weakness came to our attention.

We would, however, like to make you aware of some of the new rules and information regarding local governments which is now being instituted.

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Conflicts of Interest and Related Party Transactions

1968 PA 317 prohibits a City council member from voting on any contract in which the City council member has a conflict of interest. The Contracts of Public Servants with Public Entities Act (MCL 15.321) disallows certain contracts between public servants and public entities and requires disclosure of other contracts to the council. The Incompatible Public Offices Act (MCL 15.181) indicates that City council members are public officers and public officers shall not hold two or more incompatible offices at the same time. All cities should have a conflict of interest policy which addresses these legal requirements.

In addition, it is important that cities properly document material related party transactions (RPT) in the footnotes to the financial statements. Footnotes should comply with FAS-57, which addresses reporting requirements. Footnotes should include enough details to adequately describe the situation. Examples are: management agreements; borrowing and lending; and sale or lease of real estate, buildings, and equipment. The interpretation of SAS-45 states that the auditor should apply sufficient audit procedures to provide reasonable assurance that related party transactions are adequately disclosed in the financial statements and are not materially misstated. Conflicts of interest and RPT's should be reported unless they are clearly insignificant.

Time & Effort Reporting

Time/salaries spent working on federal programs must be documented for co-funded and 100% funded staff in compliance with OMB Circular A-87, Attachment B, Item 8h. Acceptable methods for co-funded staff include written schedules if they are documented by personnel activity reports (PARs) confirming that the schedules were followed (e.g., directors, secretaries, counselors). The PARs must be prepared at least monthly, be signed and dated by the employee, and account for the staff person's total activity. Time sheets and other records should be completed after the fact. Employees should never guess the amount of hours they will spend on federal programs before work is actually performed.

OMB Circular A-87 requires that when employees are expected to work solely on a single audit federal award or cost objective, charges for their salaries will be supported by periodic certifications that the employees worked solely on that program for the semi-annual period covered by the certification.

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Uniform Budgeting and Accounting Act

The Uniform Budgeting and Accounting Act establishes budget and accounting requirements for local government and school districts. MCL 141.437 (Section 17) addresses revenue. It requires that the City administrator or designee go to the council with recommendations if it is probable that revenue will be less than the budgeted revenue. MCL 141.438 & 9 (Sections 18 and 19) address expenditures. They forbid departments from expending funds that are not authorized in the City's approved budget. MCL 141.440 (Section 20) requires the State Department of Treasury to notify the Attorney General of violations of Sections 17 to 19 that are disclosed in audits of local units of government have an "absence of reasonable procedures in use by the local unit to detect such violations." Any local unit of government that has reasonable procedures will not be forwarded to the attorney general.

Statement on Auditing Standards (SAS) 103

The American Institute of Certified Public Accountants (AICPA) Audit Standards Board issued this SAS, which supersedes SAS 96. This standard establishes standards and provides guidance on audit documentation and revises the dating of auditor's report. Under the old standards, the auditor's report was dated the last day of fieldwork. The new standard defines the date as the date adequate audit evidence is obtained (this is interpreted as including the client's approval of the draft of financial statements. This will have an impact on the auditor's subsequent events work (June 30 through the date of the auditor's report).

Lastly, the Governmental Accounting Standards Board has released *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 employee, rather than at the time health care premiums are paid. The new pronouncement is effective for all original Phase 2 Local units (Woodhaven) for the fiscal year ending June 30, 2009.

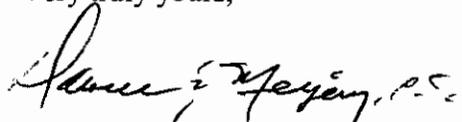
If you have any further questions regarding the above comments and new rules or would like assistance in their implementation, please feel free to contact us.

This report is intended solely for the information and use of The City of Woodhaven, management, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

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We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,



Darnell & Meyering, P.C.