

### Auditing Procedures Report

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

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name CITY OF MANTON	County WEXFORD
Fiscal Year End 11-30-07	Opinion Date 1-08-08	Date Audit Report Submitted to State March 19, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

- |     |    |  |
|-----|----|--|
| YES | NO | <b>Check each applicable box below.</b> (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) BAIRD COTTER AND BISHOP PC		Telephone Number 231-775-9789	
Street Address 134 W HARRIS STREET		City CADILLAC	State Zip MI 49601
Authorizing CPA Signature 	Printed Name JONATHAN DAMHOF CPA		License Number 1101022613

**CITY OF MANTON, MICHIGAN**

**NOVEMBER 30, 2007**

*Baird, Cotter and Bishop, P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

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CITY OF MANTON, MICHIGAN  
NOVEMBER 30, 2007

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# *Baird, Cotter and Bishop, P.C.*

## CERTIFIED PUBLIC ACCOUNTANTS

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January 8, 2008

### INDEPENDENT AUDITORS' REPORT

To the Mayor and City Commission  
City of Manton, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Manton, Michigan, as of and for the year ended November 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 Manton, Michigan's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Manton, Michigan, at November 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2008, on our consideration of the City of Manton, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages iii through xii and budgetary comparison information on page 35 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 inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manton, Michigan's basic financial statements. The individual fund financial statements and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P. C.

*Baird, Cotter & Bishop, P.C.*

CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2007

The management of the City of Manton, Michigan ("the City") offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended November 30, 2007, for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the City's financial activity. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

**Financial Highlights**

**Government-Wide**

- ❖ The assets of the City exceeded its liabilities at the close of this fiscal year by \$6,420,652 (shown as *Net Assets*). Governmental Funds had an increase of \$86,469, while Business-Type activities increased \$241,744.

**Fund Level Financial Highlights**

- ❖ As of November 30, 2007, the governmental funds of the City of Manton reported combined ending fund balances of \$604,174.
- ❖ The unreserved fund balance of the City's General Fund decreased this year to \$344,537.

**Long-Term Debt**

- ❖ The City of Manton's long-term debt **decreased** by \$45,048 during the fiscal year.

**Overview of the Financial Statements**

The City of Manton's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The 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 a broad overview of the City's financial position. The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the City as a whole, and provide measurements of long-term trends. They are presented using a method of accounting that is similar to a private-sector business.

The *Statement of Net Assets* (Pages 1-2) presents information on all of the City's assets and liabilities, the difference between the two being reported as the Net Assets of the City. Over time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the City is improving or deteriorating. An increase in net assets would indicate an improvement in financial condition. On the other hand, a consistent decrease over time in net assets may indicate a decline in the financial health of an organization.

The *Statement of Activities* (Page 3) gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2007

Both of these statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities of the City include general government, public safety, major and local streets, public works, culture and recreation. Business-type activities of the City include water and sewer utility services, and fire protection.

**Focus on Funds**

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus has shifted, however, to Major Funds, rather than the previous focus on fund types. The City's major Governmental Funds include the General Fund, Major Street Fund, and Local Street Fund. The major Proprietary Funds include the Water, Sewer and Fire Funds. Presentation of major funds can be found on pages 4, 6, 8, 9, 10, 11, 12 and 36-71 of this document.

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. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The City of Manton uses fund accounting to ensure compliance with finance-related legal requirements. There are three basic types of funds: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** Many of the City's basic services are reported in the governmental funds. Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is known as the modified accrual system of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide statements. These items are recorded in the governmental fund statements on the Statement of Revenues, Expenditures and Changes in Fund Balance as an expenditure. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt. Governmental funds for the City include the General Fund and the Special Revenue Funds.

**Proprietary Funds** Proprietary funds account for services for which the City charges its customers for the services they are provided. These charges can be to external customers or other agencies within the City. The City reports one type of proprietary fund:

- Enterprise funds are used to report business-like activities of the City. These activities intend to recover the full cost of the services through the fee charged to the customers. The City has three enterprise funds, which are the Water Fund, Sewer Fund and Fire Fund.

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the

CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2007

resources of the funds are not available for supporting the City's programs. These funds are accounted for using the full accrual method of accounting, much like the Proprietary funds.

**Notes to the Financial Statements**

The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements. The notes can be found beginning on page 14 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements. This information can be found beginning on page 35 of this report.

**Government-Wide Financial Analysis**

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the City's financial position over time. The Net Assets of the City are \$6,420,652 at November 30, 2007, meaning that the City's assets were greater than its liabilities by this amount. A comparison with the previous fiscal year is presented in order to show the change in Net Assets over the previous fiscal year.

CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2007

**City of Manton**  
**Net Assets as of November 30,**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Current and other assets	\$ 612,181	\$ 654,254	\$ 736,919	\$ 1,043,304	\$ 1,349,100	\$ 1,697,558
Capital Assets	1,721,569	1,608,292	5,328,556	5,106,391	7,050,125	6,714,683
Other Non-Current Assets	0	0	18,050	10,703	18,050	10,703
<b>Total Assets</b>	<b>2,333,750</b>	<b>2,262,546</b>	<b>6,083,525</b>	<b>6,160,398</b>	<b>8,417,275</b>	<b>8,422,944</b>
Long-term liabilities	0	0	1,840,807	1,927,150	1,840,807	1,927,150
Other liabilities	38,707	53,972	117,109	349,383	155,816	403,355
<b>Total Liabilities</b>	<b>38,707</b>	<b>53,972</b>	<b>1,957,916</b>	<b>2,276,533</b>	<b>1,996,623</b>	<b>2,330,505</b>
<b>Net Assets</b>						
Invested in capital assets						
net of related debt	1,721,569	1,608,292	3,419,749	3,148,351	5,141,318	4,756,643
Restricted for Debt Service	0	0	55,625	195,220	55,625	195,220
Unrestricted	573,474	600,282	650,235	540,294	1,223,709	1,140,576
<b>Total Net Assets</b>	<b>\$ 2,295,043</b>	<b>\$ 2,208,574</b>	<b>\$ 4,125,609</b>	<b>\$ 3,883,865</b>	<b>\$ 6,420,652</b>	<b>\$ 6,092,439</b>

The most significant portion of the City's Net Assets is the investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the City used to acquire or construct the asset. The City has \$1,223,709 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by City policies regarding their use.

The total net assets of the City increased \$328,213 in this fiscal year, which is a good indicator that the City experienced positive financial growth during the year. This was mainly due to a Rural Development Grant received of \$189,279, for Phase II of the Sewer Expansion Project and a Community Development Block Grant received of \$146,341 for a water main project. As a result, the City ended the fiscal year in better condition than when the year started. The following table illustrates and summarizes the results of the changes in the Net Assets for the City. The condensed information was derived from the government-wide Statement of Activities.

CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2007

**City of Manton  
Change in Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b><u>Revenues</u></b>						
<b>Program Revenues</b>						
Charges for Services	\$ 80,669	\$ 75,127	\$ 445,183	\$ 447,715	\$ 525,852	\$ 522,842
Operating Grants and Contributions	102,886	106,691	0	0	102,886	106,691
Capital Grants and Contributions	160,167	11,547	335,620	1,745,721	495,787	1,757,268
<b>General Revenues</b>						
Property Taxes	315,084	309,016	37,941	36,941	353,025	345,957
State Grants	140,481	145,585	0	0	140,481	145,585
Licenses and Permits	16,000	13,073	0	0	16,000	13,073
Fines and Forfeits	258	330	0	0	258	330
Interest and Rents	12,691	7,894	19,365	3,193	32,056	11,087
Insurance Recoveries	5,660	30,465	0	0	5,660	30,465
Other	103,766	64,502	22,000	0	125,766	64,502
<b>Total Revenues</b>	<b>\$ 937,662</b>	<b>\$ 764,230</b>	<b>\$ 860,109</b>	<b>\$ 2,233,570</b>	<b>\$ 1,797,771</b>	<b>\$ 2,997,800</b>
<b><u>Expenses</u></b>						
General Government	\$ 181,160	\$ 128,503	\$ 0	\$ 0	\$ 181,160	\$ 128,503
Public Safety	76,048	57,546	0	0	76,048	57,546
Public Works	335,296	402,484	0	0	335,296	402,484
Economic Development/Assistance	12,468	7,324	0	0	12,468	7,324
Recreation and Culture	88,301	80,837	0	0	88,301	80,837
Other Functions	157,920	143,530	0	0	157,920	143,530
Water, Sewer and Fire	0	0	618,365	449,676	618,365	449,676
<b>Total Expenses</b>	<b>\$ 851,193</b>	<b>\$ 820,224</b>	<b>\$ 618,365</b>	<b>\$ 449,676</b>	<b>\$ 1,469,558</b>	<b>\$ 1,269,900</b>
Increase (Decrease) in Net Assets	\$ 86,469	\$ (55,994)	\$ 241,744	\$ 1,783,894	\$ 328,213	\$ 1,727,900
Beginning Net Assets	2,208,574	2,264,568	3,883,865	2,099,971	6,092,439	4,364,539
Ending Net Assets	<u>\$ 2,295,043</u>	<u>\$ 2,208,574</u>	<u>\$ 4,125,609</u>	<u>\$ 3,883,865</u>	<u>\$ 6,420,652</u>	<u>\$ 6,092,439</u>

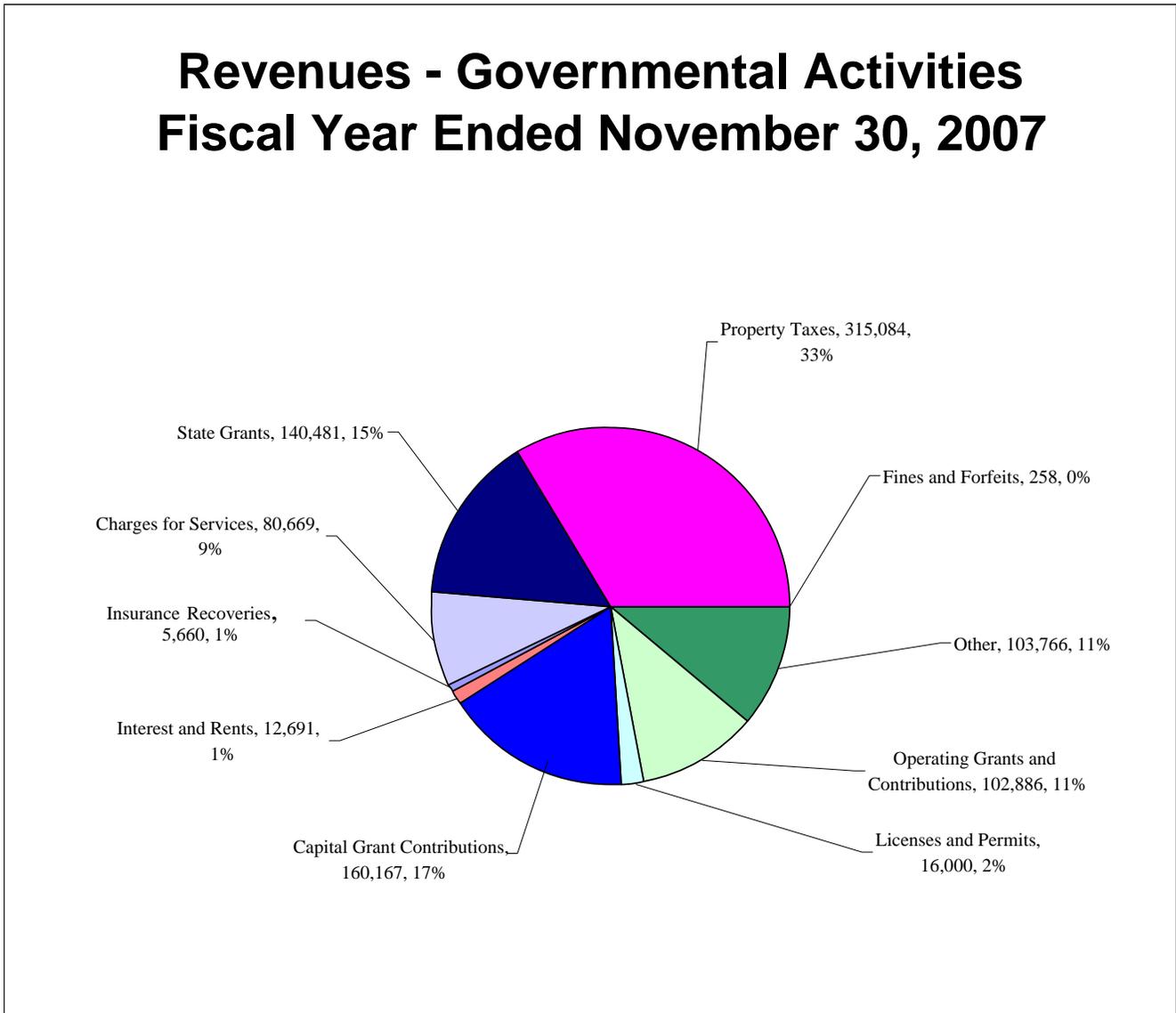
CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2007

**Governmental Activities**

The following chart details the revenue sources for the governmental activities of the City for the fiscal year ended November 30, 2007:



The most significant portion of the revenue for all governmental activities of the City of Manton comes from Property Taxes (33.6%). The City's operating millage remained the same in 2007 at 14.00 mills. The City's charter allows the City to levy up to 15.00 mills for operations.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax and motor fuel and weight taxes. In 2007, the

CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2007

amount of state shared revenue received by the City trended downward, representing declining sales tax collections.

The City's governmental activities expenses are dominated by the Public Works expenses that total 39.4% of total expenses. The City spent \$335,296 in FY2007 on Public Works. General Government represented the next largest expense at \$181,160, or 21.3% of total expenses within the governmental activities.

**Business-Type Activities**

These activities accounted for an increase of \$241,744 in the City's Net Assets.

The Business-Type activities of the City include the Water Fund, Sewer Fund and Fire Fund, which provide water and sewer utility services and fire protection services to City residents as well as commercial customers.

**Financial Analysis of the Government's Funds**

**Governmental Activities** At the completion of the City's fiscal year ended November 30, 2007, its governmental funds reported fund balances of \$604,174. \$591,668 of this amount is unreserved. Of this amount \$247,131 of unreserved and undesignated fund balance exists in the City's Major and Local Street funds.

**General Fund** – The General Fund is the main operating fund of the City. The General Fund decreased its fund balance in this fiscal year by \$(25,398), bringing the balance to \$356,811. The General Fund's major functions that ended the year with expenditures above appropriated amounts were General Government, Recreation and Culture and Other Functions. Property tax revenues in the General Fund increased \$5,069 in 2007, an increase of 1.9%.

**Major Street Fund** – The fund balance of the Major Street Fund ended the year at \$136,132. This was a decrease of \$(7,165) from the previous year. The City used funds accumulated from previous years in order to complete this year's construction projects.

**Local Street Fund** – The fund balance of this fund is at \$111,231 an increase of \$566, during this fiscal year. The City used funds accumulated in prior years plus transfers and tax revenues to complete this year's construction projects.

**Proprietary Funds** The City's proprietary funds provide virtually the same information as the government-wide statements; however more detail may be found in the fund financial statements.

**Water Fund** – The Water Fund ended this fiscal year with \$113,092 in unrestricted net assets. Total operating revenues of the fund increased from \$201,131 in FY2006 to \$206,409 in 2007. This fund experienced an increase in interest income of \$4,071, or 520.5% from the previous fiscal year. The net assets of the fund increased by \$139,015. This is primarily attributable to capital contributions of \$146,341 that were contributed from the United States Department of Housing and Urban Development in 2007.

CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2007

**Sewer Fund** – The Sewer Fund ended this fiscal year with \$477,831 in unrestricted net assets. The total operating revenues increased from \$209,424 in FY2006 to \$214,498 in 2007. The fund experienced an increase in interest income of \$10,120, or 978.7% from the previous fiscal year. The net assets of the fund increased \$93,439. This is primarily attributable to capital contributions of \$189,279 that were contributed from the United States Department of Agriculture in 2007.

**Fire Fund** – The Fire Fund ended this fiscal year with \$68,686 in unrestricted net assets. The total operating revenues of the fund decreased from \$36,937 in FY2006 to \$24,276 in 2007. This fund experienced an increase in interest income of \$1,981, or 143.9% from the previous fiscal year. The net assets of the fund increased by \$9,290.

**Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for the governmental and business-type activities as of November 30, 2007, amounted to \$7,050,125 (net of accumulated depreciation). Capital assets of the City include any items purchased that cost in excess of \$5,000 and have an expected useful life of over two years. The City has invested in a broad range of capital assets, as detailed below:

City of Manton

Capital Assets as of November 30,

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land and Land Improvements	\$ 439,391	\$ 262,024	\$ 207,807	\$ 207,807	\$ 647,198	\$ 469,831
Infrastructure	2,020,408	1,962,733	5,855,229	5,574,954	7,875,637	7,537,687
Buildings	209,770	209,770	6,873	6,873	216,643	216,643
Machinery and Equipment	906,197	896,040	971,252	838,601	1,877,449	1,734,641
Subtotal	3,575,766	3,330,567	7,041,161	6,628,235	10,616,927	9,958,802
Accumulated Depreciation	(1,854,197)	(1,722,275)	(1,712,605)	(1,521,844)	(3,566,802)	(3,244,119)
Net Capital Assets	<u>\$ 1,721,569</u>	<u>\$ 1,608,292</u>	<u>\$ 5,328,556</u>	<u>\$ 5,106,391</u>	<u>\$ 7,050,125</u>	<u>\$ 6,714,683</u>

Major capital asset events during FY2007 included the following:

- Sewer System improvements were completed in 2007 at a cost of \$91,552. The improvements were to the sewer lagoons and are described as Phase II of the sewer system project. Funding was by a Rural Development capital grant.
- Equipment was purchased for the Sewer Fund at a cost of \$83,115.

CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2007

- A water main was replaced at a cost of \$188,724. Funding was by a Community Development Block Grant.
- The fire department purchased a new grass rig at a cost of \$46,545 and turn out gear at a cost of \$2,990.
- The library parking lot was paved at a cost of \$5,200.
- A streetscape project was completed at a cost of \$172,167. Funding was from a Michigan Department of Transportation Grant.
- Various streets were paved at a cost of \$56,675.
- A new Ford Ranger pickup was purchased for the Department of Public Works at a cost of \$19,893.

Additional information regarding the City's capital assets can be found in the Notes to Financial Statements section on pages 14 - 34.

**Long-Term Debt.** As of November 30, 2007, the City had total bonded debt outstanding of \$1,867,000. The City's debt represents bonds secured solely by specified revenue sources. Of the revenue bonds, \$538,000 are from the Water Fund, which are backed by revenues from the Water system and have been used to finance major capital projects within the Water system. The remainder of the revenue bonds of \$1,329,000 are the Sewer Fund's and have been used to finance major capital sewer projects.

**City of Manton Outstanding Debt  
General Obligation and Revenue Bonds  
as of November 30,**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total Primary</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Contracts and Advances	\$ 0	\$ 0	\$ 51,181	\$ 61,040	\$ 51,181	\$ 61,040
Revenue Bonds	0	0	1,867,000	1,897,000	1,867,000	1,897,000
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,918,181</u>	<u>\$ 1,958,040</u>	<u>\$ 1,918,181</u>	<u>\$ 1,958,040</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation based on the City's assessed valuation of \$19,085,589 is \$1,908,559, which is significantly in excess of the City's outstanding general obligation debt of \$0.

The City's long-term debt decreased by \$45,048 during the current fiscal year. More information on the City's long-term debt is available in the Notes to Financial Statements section of this document, on pages 14 – 34.

CITY OF MANTON, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED NOVEMBER 30, 2007

**Economic Outlook**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means potential reductions in state-shared revenues.

These factors were considered in preparing the City's budgets for the 2007-08 fiscal year.

**Contacting the City's Finance Department**

This financial report is designed to provide the wide variety of users of this document with a general overview of the City's finances and demonstrate the City's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the City of Manton, City Clerk, 306 W. Main St., Manton, Michigan 49663, or call us at (231) 824-3572.

CITY OF MANTON  
MANTON, MICHIGAN

STATEMENT OF NET ASSETS

NOVEMBER 30, 2007

<u>Assets</u>	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	
<u>Current Assets</u>			
Cash	\$ 356,035	\$ 599,532	\$ 955,567
Certificates of Deposit	95,515	0	95,515
Taxes Receivable	46,558	5,819	52,377
Accounts Receivable	3,709	80,803	84,512
Due from External Parties - Fiduciary Fund	53	0	53
Due from Other Governments	38,792	0	38,792
Internal Balances	59,013	(59,013)	0
Prepaid Expenses	12,506	10,652	23,158
Inventories	0	43,501	43,501
Restricted Assets			
Investments	0	55,625	55,625
 Total Current Assets	 612,181	 736,919	 1,349,100
<u>Non Current Assets</u>			
Capital Assets	3,575,766	7,041,161	10,616,927
Less Accumulated Depreciation	(1,854,197)	(1,712,605)	(3,566,802)
 Net Capital Assets	 1,721,569	 5,328,556	 7,050,125
<u>Other Non Current Assets</u>			
Bond Issuance Costs	0	19,000	19,000
Less Accumulated Amortization	0	(950)	(950)
 Net Other Non Current Assets	 0	 18,050	 18,050
 Total Non Current Assets	 1,721,569	 5,346,606	 7,068,175
 TOTAL ASSETS	 \$ 2,333,750	 \$ 6,083,525	 \$ 8,417,275

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

CITY OF MANTON  
MANTON, MICHIGAN

STATEMENT OF NET ASSETS

NOVEMBER 30, 2007

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<u>Liabilities and Net Assets</u>			
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts Payable	\$ 7,537	\$ 33,957	\$ 41,494
Payroll Liabilities	470	0	470
Accrued Interest Payable	0	5,778	5,778
Compensated Absences	30,700	0	30,700
Current Portion of Non Current Liabilities	0	77,374	77,374
Total Current Liabilities	38,707	117,109	155,816
<u>Non Current Liabilities</u>			
Bonds Payable	0	1,867,000	1,867,000
Equipment Contracts Payable	0	51,181	51,181
Less Current Portion of Non Current Liabilities	0	(77,374)	(77,374)
Total Non Current Liabilities	0	1,840,807	1,840,807
Total Liabilities	38,707	1,957,916	1,996,623
<u>Net Assets</u>			
Invested in Capital Assets			
Net of Related Debt	1,721,569	3,419,749	5,141,318
Restricted for Debt Service	0	55,625	55,625
Unrestricted	573,474	650,235	1,223,709
Total Net Assets	2,295,043	4,125,609	6,420,652
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,333,750</b>	<b>\$ 6,083,525</b>	<b>\$ 8,417,275</b>

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

CITY OF MANTON  
MANTON, MICHIGAN  
STATEMENT OF ACTIVITIES  
YEAR ENDED NOVEMBER 30, 2007

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<u>Primary Government</u>							
Governmental Activities							
General Government	\$ 181,160	\$ 0	\$ 0	\$ 0	\$ (181,160)	\$ 0	\$ (181,160)
Public Safety	76,048	0	0	0	(76,048)	0	(76,048)
Public Works	335,296	0	102,886	160,167	(72,243)	0	(72,243)
Economic Development and Assistance	12,468	0	0	0	(12,468)	0	(12,468)
Recreation and Culture	88,301	80,669	0	0	(7,632)	0	(7,632)
Other Functions	157,920	0	0	0	(157,920)	0	(157,920)
Total Governmental Activities	<u>851,193</u>	<u>80,669</u>	<u>102,886</u>	<u>160,167</u>	<u>(507,471)</u>	<u>0</u>	<u>(507,471)</u>
Business-type Activities							
Water	218,588	206,409	0	146,341	0	134,162	134,162
Sewer	321,492	214,498	0	189,279	0	82,285	82,285
Fire Department	78,285	24,276	0	0	0	(54,009)	(54,009)
Total Business-type Activities	<u>618,365</u>	<u>445,183</u>	<u>0</u>	<u>335,620</u>	<u>0</u>	<u>162,438</u>	<u>162,438</u>
Total Primary Government	<u>\$ 1,469,558</u>	<u>\$ 525,852</u>	<u>\$ 102,886</u>	<u>\$ 495,787</u>	<u>(507,471)</u>	<u>162,438</u>	<u>(345,033)</u>
<u>GENERAL REVENUES</u>							
Property Taxes					315,084	37,941	353,025
State Grants					140,481	0	140,481
License and Permits					16,000	0	16,000
Fines and Forfeits					258	0	258
Interest and Rents					12,691	19,365	32,056
Insurance Recoveries					5,660	0	5,660
Other Revenues					103,766	22,000	125,766
Total General Revenues					<u>593,940</u>	<u>79,306</u>	<u>673,246</u>
Change in Net Assets					86,469	241,744	328,213
<u>NET ASSETS</u> - Beginning of Year					<u>2,208,574</u>	<u>3,883,865</u>	<u>6,092,439</u>
<u>NET ASSETS</u> - End of Year					<u>\$ 2,295,043</u>	<u>\$ 4,125,609</u>	<u>\$ 6,420,652</u>

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

CITY OF MANTON  
MANTON, MICHIGAN

BALANCE SHEET  
GOVERNMENTAL FUNDS

NOVEMBER 30, 2007

	<u>General</u> <u>Fund</u>	<u>Major</u> <u>Streets</u> <u>Fund</u>	<u>Local</u> <u>Streets</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Assets</u>				
Cash	\$ 129,530	\$ 142,144	\$ 83,891	\$ 355,565
Certificate of Deposit	95,515	0	0	95,515
Receivables (Net, Where Applicable of Allowances for Uncollectibles)				
Taxes	40,739	0	5,819	46,558
Accounts	3,709	0	0	3,709
Due from Other Governments	25,005	9,419	4,368	38,792
Due from Other Funds	87,938	6,432	23,995	118,365
Prepaid Expenses	12,274	116	116	12,506
	<hr/>			
TOTAL ASSETS	\$ 394,710	\$ 158,111	\$ 118,189	\$ 671,010
	<hr/>			
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 7,537	\$ 0	\$ 0	\$ 7,537
Due to Other Funds	30,362	21,979	6,958	59,299
	<hr/>			
Total Liabilities	37,899	21,979	6,958	66,836
	<hr/>			
<u>Fund Balances</u>				
Reserved for Prepaid Expenses	12,274	116	116	12,506
Unreserved, Undesignated	344,537	136,016	111,115	591,668
	<hr/>			
Total Fund Balances	356,811	136,132	111,231	604,174
	<hr/>			
TOTAL LIABILITIES AND FUND BALANCES	\$ 394,710	\$ 158,111	\$ 118,189	\$ 671,010
	<hr/>			

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

CITY OF MANTON  
MANTON, MICHIGAN

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

NOVEMBER 30, 2007

Total Governmental Fund Balances	\$ 604,174
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	
The cost of the capital assets is	\$ 3,575,766
Accumulated depreciation is	<u>(1,854,197)</u> 1,721,569
Long term liabilities are not due and payable in the current period and are not reported in the funds	
Compensated Absences	<u>(30,700)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,295,043</u></u>

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

CITY OF MANTON  
MANTON, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

YEAR ENDED NOVEMBER 30, 2007

	General Fund	Major Streets Fund	Local Streets Fund	Total Governmental Funds
<u>Revenues</u>				
Taxes	\$ 277,144	\$ 0	\$ 37,940	\$ 315,084
Licenses and Permits	16,000	0	0	16,000
State Grants	305,496	66,206	32,332	404,034
Charges for Services	80,669	0	0	80,669
Fines and Forfeits	258	0	0	258
Interest and Rents	97,189	5,390	2,337	104,916
Other Revenue	11,041	0	0	11,041
Total Revenues	<u>787,797</u>	<u>71,596</u>	<u>72,609</u>	<u>932,002</u>
<u>Expenditures</u>				
General Government	130,875	0	0	130,875
Public Safety	73,545	0	0	73,545
Public Works	366,371	62,210	88,594	517,175
Economic Development and Assistance	12,468	0	0	12,468
Recreation and Culture	77,676	0	0	77,676
Other Functions	157,920	0	0	157,920
Total Expenditures	<u>818,855</u>	<u>62,210</u>	<u>88,594</u>	<u>969,659</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(31,058)</u>	<u>9,386</u>	<u>(15,985)</u>	<u>(37,657)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	0	16,551	16,551
Insurance Recoveries	5,660	0	0	5,660
Transfers Out	0	(16,551)	0	(16,551)
Total Other Financing Sources (Uses)	<u>5,660</u>	<u>(16,551)</u>	<u>16,551</u>	<u>5,660</u>
Net Change in Fund Balances	<u>(25,398)</u>	<u>(7,165)</u>	<u>566</u>	<u>(31,997)</u>
<u>Fund Balances - Beginning of Year</u>	<u>382,209</u>	<u>143,297</u>	<u>110,665</u>	<u>636,171</u>
<u>Fund Balances - End of Year</u>	<u>\$ 356,811</u>	<u>\$ 136,132</u>	<u>\$ 111,231</u>	<u>\$ 604,174</u>

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

CITY OF MANTON  
MANTON, MICHIGAN

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

YEAR ENDED NOVEMBER 30, 2007

Net change in Fund Balances Total Governmental Funds \$ (31,997)

Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(141,658)
Capital Outlay	254,935

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

Compensated Absences - Beginning of Year	35,889
Compensated Absences - End of Year	<u>(30,700)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 86,469</u></u>
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CITY OF MANTON  
MANTON, MICHIGAN

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

NOVEMBER 30, 2007

		<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
		<u>MAJOR FUNDS</u>			
		<u>Water</u>	<u>Sewage</u>	<u>Fire</u>	
		<u>Supply</u>	<u>Disposal</u>	<u>Department</u>	<u>Totals</u>
	<u>Assets</u>				
<u>Current Assets</u>					
Cash		\$ 63,927	\$ 462,285	\$ 73,320	\$ 599,532
Receivables (Net, Where Applicable, of Allowances for Uncollectibles):					
Taxes		0	0	5,819	5,819
Accounts		59,207	20,500	1,096	80,803
Due from Other Funds		11,254	3,972	1,260	16,486
Prepaid Expense		926	2,547	7,179	10,652
Inventory		41,454	0	2,047	43,501
	Total Current Assets	<u>176,768</u>	<u>489,304</u>	<u>90,721</u>	<u>756,793</u>
<u>Restricted Assets</u>					
Investments		49,019	6,606	0	55,625
<u>Capital Assets</u>					
Land		6,576	201,231	0	207,807
Mains and Connections		917,337	0	0	917,337
Meters		67,003	0	0	67,003
Wells, Pumps and Foundations		263,725	0	0	263,725
Water Tower		49,466	0	0	49,466
Collection System		0	679,594	0	679,594
Treatment System		0	3,878,104	0	3,878,104
Buildings		0	2,733	4,140	6,873
Fire Equipment		0	0	128,866	128,866
Fire Trucks		0	0	396,616	396,616
Machinery and Equipment		29,938	415,832	0	445,770
		<u>1,334,045</u>	<u>5,177,494</u>	<u>529,622</u>	<u>7,041,161</u>
Less Accumulated Depreciation		<u>(511,002)</u>	<u>(883,098)</u>	<u>(318,505)</u>	<u>(1,712,605)</u>
	Net Capital Assets	<u>823,043</u>	<u>4,294,396</u>	<u>211,117</u>	<u>5,328,556</u>

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

CITY OF MANTON  
MANTON, MICHIGAN

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

NOVEMBER 30, 2007

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>MAJOR FUNDS</u>			
	<u>Water Supply</u>	<u>Sewage Disposal</u>	<u>Fire Department</u>	<u>Totals</u>
<u>Other Non Current Assets</u>				
Bond Issuance Costs	0	19,000	0	19,000
Accumulated Amortization	0	(950)	0	(950)
Net Other Non Current Assets	0	18,050	0	18,050
Total Non Current Assets	823,043	4,312,446	211,117	5,346,606
<b>TOTAL ASSETS</b>	<b>\$ 1,048,830</b>	<b>\$ 4,808,356</b>	<b>\$ 301,838</b>	<b>\$ 6,159,024</b>
	<u>Liabilities</u>			
<u>Current Liabilities</u>				
Accounts Payable	\$ 32,467	\$ 1,373	\$ 117	\$ 33,957
Accrued Interest Payable	2,158	3,620	0	5,778
Due to Other Funds	29,051	24,530	21,918	75,499
Equipment Contracts	0	0	9,374	9,374
Total Current Liabilities	63,676	29,523	31,409	124,608
<u>Current Liabilities Payable from Restricted Assets</u>				
Current Portion of Long-Term Liabilities				
Revenue Bonds	8,000	60,000	0	68,000
<u>Long-Term Liabilities</u>				
Revenue Bonds	530,000	1,269,000	0	1,799,000
Equipment Contracts	0	0	41,807	41,807
Total Long-Term Liabilities	530,000	1,269,000	41,807	1,840,807
Total Liabilities	601,676	1,358,523	73,216	2,033,415
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt	285,043	2,965,396	159,936	3,419,749
Restricted for Debt Service	49,019	6,606	0	55,625
Unrestricted	113,092	477,831	68,686	650,235
Total Net Assets	<b>\$ 447,154</b>	<b>\$ 3,449,833</b>	<b>\$ 228,622</b>	<b>\$ 4,125,609</b>

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

CITY OF MANTON  
MANTON, MICHIGAN

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

NOVEMBER 30, 2007

	<u>Water Supply</u>	<u>Sewage Disposal</u>	<u>Fire Department</u>	<u>Totals</u>
<u>Operating Revenues</u>				
Charges for Services	\$ 206,409	\$ 214,498	\$ 24,276	\$ 445,183
<u>Operating Expenses</u>				
Personal Services	49,322	33,955	8,197	91,474
Employee Benefits	25,375	16,121	2,842	44,338
Professional Services	9,924	5,364	1,275	16,563
Office Supplies and Expense	743	891	0	1,634
Telephone	506	0	218	724
Insurance	1,821	5,008	14,113	20,942
Operating Supplies and Expense	32,248	41,228	11,922	85,398
Heat, Light and Power	11,710	21,121	0	32,831
Depreciation and Amortization	27,339	141,000	34,074	202,413
Rentals	33,696	12,642	3,600	49,938
Total Operating Expenses	<u>192,684</u>	<u>277,330</u>	<u>76,241</u>	<u>546,255</u>
Operating Income (Loss)	<u>13,725</u>	<u>(62,832)</u>	<u>(51,965)</u>	<u>(101,072)</u>
<u>Nonoperating Revenues (Expenses)</u>				
Taxes	0	0	37,941	37,941
Interest Income	4,853	11,154	3,358	19,365
Donations	0	0	22,000	22,000
Interest Expense	(25,904)	(44,162)	(2,044)	(72,110)
Total Nonoperating Revenues (Expenses)	<u>(21,051)</u>	<u>(33,008)</u>	<u>61,255</u>	<u>7,196</u>
Change in Net Assets before Capital Contributions	<u>(7,326)</u>	<u>(95,840)</u>	<u>9,290</u>	<u>(93,876)</u>
<u>Capital Contributions</u>				
Rural Development Grant	0	189,279	0	189,279
Community Development Block Grant	146,341	0	0	146,341
Total Capital Contribution	<u>146,341</u>	<u>189,279</u>	<u>0</u>	<u>335,620</u>
Change in Net Assets	139,015	93,439	9,290	241,744
<u>Net Assets - Beginning of Year</u>	<u>308,139</u>	<u>3,356,394</u>	<u>219,332</u>	<u>3,883,865</u>
<u>Net Assets - Ending of Year</u>	<u>\$ 447,154</u>	<u>\$ 3,449,833</u>	<u>\$ 228,622</u>	<u>\$ 4,125,609</u>

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

CITY OF MANTON  
MANTON, MICHIGAN

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

NOVEMBER 30, 2007

	<u>Water</u> <u>Supply</u>	<u>Sewage</u> <u>Disposal</u>	<u>Fire</u> <u>Department</u>	<u>Totals</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>				
Cash Flows from Operating Activities				
Cash Received from Customers and Other Revenues	\$ 155,939	\$ 490,535	\$ 25,146	\$ 671,620
Cash Payments to Suppliers for Goods and Services	(88,320)	(393,368)	(31,066)	(512,754)
Cash Payments to Employees for Services	(36,128)	(33,775)	(7,748)	(77,651)
Net Cash Provided (Used) by Operating Activities	<u>31,491</u>	<u>63,392</u>	<u>(13,668)</u>	<u>81,215</u>
Cash Flows from Noncapital Financing Activities:				
Proceeds from Tax Levy	<u>0</u>	<u>0</u>	<u>37,941</u>	<u>37,941</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(188,723)	(193,668)	(49,535)	(431,926)
Proceeds from Long-Term Debt	0	1,334,000	0	1,334,000
Principal Paid on Bonds	(8,000)	(1,356,000)	0	(1,364,000)
Principal Paid on Equipment Contract	0	0	(9,859)	(9,859)
Interest Paid on Capital Debt	(25,907)	(58,658)	(2,044)	(86,609)
Donations Received	0	0	22,000	22,000
Capital Contributions	146,341	189,279	0	335,620
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(76,289)</u>	<u>(85,047)</u>	<u>(39,438)</u>	<u>(200,774)</u>
Cash Flows from Investing Activities				
Interest Received	4,853	11,154	3,358	19,365
Investments Converted to Cash	19,887	119,709	0	139,596
Net Cash Provided (Used) by Investing Activities	<u>24,740</u>	<u>130,863</u>	<u>3,358</u>	<u>158,961</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(20,058)	109,208	(11,807)	77,343
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>83,985</u>	<u>353,077</u>	<u>85,127</u>	<u>522,189</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>\$ 63,927</u>	<u>\$ 462,285</u>	<u>\$ 73,320</u>	<u>\$ 599,532</u>

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

CITY OF MANTON  
MANTON, MICHIGAN

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

NOVEMBER 30, 2007

	<u>Water Supply</u>	<u>Sewage Disposal</u>	<u>Fire Department</u>	<u>Totals</u>
Reconciliation of Operating Income to Net Cash				
Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 13,725	\$ (62,832)	\$ (51,965)	\$ (101,072)
Adjustments to Reconcile Operating Income (Loss)				
to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	27,339	141,000	34,074	202,413
(Increase) Decrease in Current Assets				
Accounts Receivable	(33,803)	(365)	9,635	(24,533)
Due from Other Governments	0	282,921	0	282,921
Taxes Receivable	0	0	(163)	(163)
Inventory	(4,487)	0	(235)	(4,722)
Due from Other Funds	(11,254)	(3,972)	(1,188)	(16,414)
Prepaid Expense	(926)	(2,547)	(7,179)	(10,652)
Increase (Decrease) in Current Liabilities				
Accounts Payable	30,865	(292,624)	(2,500)	(264,259)
Due to Other Funds	10,032	1,811	5,853	17,696
Total Adjustments	17,766	126,224	38,297	182,287
Net Cash Provided (Used) by Operating Activities	<u>\$ 31,491</u>	<u>\$ 63,392</u>	<u>\$ (13,668)</u>	<u>\$ 81,215</u>

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

CITY OF MANTON  
MANTON, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

NOVEMBER 30, 2007

	<u>AGENCY</u>
<u>Assets</u>	
Cash	<u>\$          2,402</u>
<u>Liabilities</u>	
Due to Other Funds	53
Due to Other Governments	<u>2,349</u>
Total Liabilities	<u>2,402</u>
<u>Net Assets</u>	
Total Net Assets	<u><u>\$          0</u></u>

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

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2007

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Manton, Michigan, was incorporated March 24, 1924, and adopted its current charter in 1993. The City is located in Wexford County. The City operates under a Commission-Manager form of government and provides the following services as authorized by its charter: public safety (police protection), highways and streets, sanitation, health, recreation, public improvements, planning and zoning, and general administrative services. In addition, the City operates three major enterprise activities; a water supply system and a sewage collection and treatment system and fire protection services. The City's financial statements include the accounts of all City operations.

The financial statements of the City of Manton, Michigan (government) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Reporting Entity**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no associated organizations included in the City's financial statements.

**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 non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2007

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

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

1. Basic Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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 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.

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. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2007

related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

The City of Manton reports the following major governmental funds:

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

The *Major Street Fund* is used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares and for the maintenance contract of the state trunklines.

The *Local Street Fund* receives all local street money paid to the city by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

The City of Manton reports the following major proprietary funds:

The *Water Fund* records financial activity of the water system which provides water to customers.

The *Sewer Fund* records financial activity of the sewage disposal services to its customers.

The *Fire Fund* records financial activity of the fire protection services to its customers.

Additionally the City of Manton reports the following fund types:

*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 accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for 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 water and sewer 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 involved.

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2007

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund and Sewer Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and 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 date of acquisition.

Investments - The City's investment policy is in compliance with state law and authorizes the City to invest in passbook savings accounts, negotiable and nonnegotiable certificates of deposit, repurchase agreements backed by the United States government or federal agency obligations, United States Treasury bills and bonds, bankers acceptances, federal agency instruments, money market funds and commercial paper. Investments in commercial paper must be rated in one of the two highest rating categories by Standard and Poor's or Moody's and are limited to fifty percent of a funds portfolio in accordance with state statutes. Investments are stated at fair value which is determined using selected bases. Securities traded on a national exchange are valued at the last reported sales price. Managed funds not listed on an established market are reported at fair value as determined by the respective fund managers based on quoted prices of underlying securities.

2. Receivables and Payables

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

3. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. City taxes, state education taxes, and county taxes are levied June 1, and are due by June 30. School taxes are levied December 1, and are due February 14, of each year. The City bills and collects its own property taxes and also taxes for the county and school districts. Collections of the county and school taxes and remittance of them to the taxing units are accounted for in the Current Tax Collection fund. City property tax

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2007

revenues are recognized when levied to the extent that they result in current receivables. City tax collections are accounted for in the Current Tax Collection Fund.

4. Restricted Assets

The restricted assets of the Enterprise Funds consist of bond and interest redemption, bond reserve and system improvement deposits. These have been set up in keeping with the bond indenture agreements.

5. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

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

Inventories held by the General Fund are not considered material and are not included in these financial statements.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) 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 date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair market value of the item at the date of its donation.

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2007

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

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

<u>ASSETS</u>	<u>YEARS</u>
Buildings	20-50
Public Domain Infrastructure	20-30
Mains and Connections	20-100
Equipment	10-20
Intangibles	3-5

7. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused sick pay benefits. Sick pay is accrued when incurred in proprietary funds and reported as a fund liability. Sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. 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.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

9. Fund Equity

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

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2007

specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Use of Estimates

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

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October, the finance committee submits, to the City Commission, a proposed operating budget for the fiscal year commencing the following December 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to November 30, the budget is legally enacted through passage of a resolution. The budget is adopted on an activity level.
4. All transfers of budget amounts between departments within any fund and any revisions that alter the total expenditures of any fund must be approved by the City Commission. General Fund expenditures may not legally exceed appropriations at the major function level. Expenditures in all other funds may not exceed appropriations at the total fund level.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Commission from time to time throughout the year. The City amended its budget on three occasions during the current fiscal year.
6. Budget appropriations lapse at the end of the fiscal year for all funds.
7. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Manton because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2007

**B. Funds with expenditures in excess of appropriations were as follows:**

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund	\$ 570,471	\$ 818,855

These overages were funded by available fund balance and greater than anticipated revenues.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits**

The City's deposits and investments are all on deposit with Citizens Bank, Manton, Michigan.

*Investment rate risk.* The City will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the City's cash requirement.

*Foreign currency risk.* The City is not authorized to invest in investments, which have this type of risk.

*Credit risk.* The City will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the City's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the City will do business in accordance with the City's investment policy.

*Concentration of credit risk.* The City will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of November 30, 2007, \$568,438 of the government's bank balance of \$1,128,051 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered, or securities held by the City or the City's agent in the City's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the City's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the City's name. The City does not have any investments subject to categorization.

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
NOVEMBER 30, 2007

As of November 30, 2007, the City had the following investments:

	CARRYING AMOUNT	FAIR VALUE
Investments		
Money Market	\$ 7,404	\$ 7,404
Certificate of Deposit	441,123	441,123
	\$ 448,527	\$448,527

A reconciliation of cash and investments follows:

Cash on Hand	\$ 200
Carrying amount of Deposits	660,382
Carrying amount of Investments	448,527
Total	\$1,109,109
Government-wide Statement of Net Assets	
Cash	\$1,051,082
Investments	55,625
Statement of Fiduciary Net Assets	
Cash	2,402
Total	\$1,109,109

**B. Receivables**

Receivables as of year end for the government's individual major funds, and fiduciary funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Major Streets	Local Streets	Water Fund	Sewer Fund	Fire Department	Total
Receivables							
Taxes	\$ 40,739	\$ 0	\$ 5,819	\$ 0	\$ 0	\$ 5,819	\$ 52,377
Accounts	3,709	0	0	59,207	20,500	1,096	84,512
Due from Other Governments	25,005	9,419	4,368	0	0	0	38,792
Net Receivables	\$ 69,453	\$ 9,419	\$ 10,187	\$ 59,207	\$ 20,500	\$ 6,915	\$ 175,681

By ordinance, the City can place substantially all of its delinquent receivables on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2007

**C. Capital Assets**

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 83,758	\$ 0	\$ 0	\$ 83,758
Capital assets, being depreciated				
Buildings	209,770	0	0	209,770
Land Improvements	178,266	177,367	0	355,633
Machinery and Equipment	527,791	0	0	527,791
Vehicles	340,164	19,893	9,736	350,321
Office Equipment	28,085	0	0	28,085
Alleyways	104,344	0	0	104,344
Paved Roads	1,802,958	57,675	0	1,860,633
Unpaved Roads	55,431	0	0	55,431
Total capital assets, being depreciated	3,246,809	254,935	9,736	3,492,008
Less accumulated depreciation for:				
Buildings	69,666	4,195	0	73,861
Land Improvements	66,701	11,391	0	78,092
Machinery and Equipment	376,519	23,577	0	400,096
Vehicles	137,303	32,476	9,736	160,043
Office Equipment	4,657	3,967	0	8,624
Alleyways	42,707	3,478	0	46,185
Paved Roads	1,012,248	61,060	0	1,073,308
Unpaved Roads	12,474	1,514	0	13,988
Total accumulated depreciation	1,722,275	141,658	9,736	1,854,197
Total capital assets, being depreciated, net	1,524,534	113,277	0	1,637,811
Governmental activities capital assets, net	\$ 1,608,292	\$ 113,277	\$ 0	\$ 1,721,569

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2007

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
<u>Sewer</u>				
Capital assets, not being depreciated				
Land	\$ 201,231	\$ 0	\$ 0	\$ 201,231
Capital assets, being depreciated				
Buildings	2,733	0	0	2,733
Collection System	679,594	0	0	679,594
Treatment System	3,786,552	91,552	0	3,878,104
Machinery and Equipment	332,716	83,115	0	415,831
Total capital assets, Sewer, being depreciated	4,801,595	174,667	0	4,976,262
Less accumulated depreciation for:				
Buildings	2,733	0	0	2,733
Collection System	392,601	13,592	0	406,193
Treatment System	235,011	77,259	0	312,270
Machinery and Equipment	123,406	38,497	0	161,903
Total accumulated depreciation, Sewer	753,751	129,348	0	883,099
Total capital assets, Sewer, being depreciated, net	4,047,844	45,319	0	4,093,163
Sewer capital assets, net	4,249,075	45,319	0	4,294,394
<u>Water</u>				
Capital assets, not being depreciated				
Land	6,576	0	0	6,576
Capital assets, being depreciated				
Machinery and Equipment	29,938	0	0	29,938
Mains and Connections	728,614	188,724	0	917,338
Meters	67,003	0	0	67,003
Water Tower	49,466	0	0	49,466
Wells, Pumps and Foundations	263,725	0	0	263,725
Total capital assets, Water, being depreciated	1,138,746	188,724	0	1,327,470

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
NOVEMBER 30, 2007

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Machinery and Equipment	28,049	222	0	28,271
Mains and Connections	250,588	13,225	0	263,813
Meters	48,166	2,005	0	50,171
Water Tower	49,466	0	0	49,466
Wells, Pumps and Foundations	107,394	11,887	0	119,281
Total accumulated depreciation, Water	483,663	27,339	0	511,002
Total capital assets, Water, being depreciated, net	655,083	161,385	0	816,468
Water capital assets, net	661,659	161,385	0	823,044
 <u>Fire</u>				
Capital assets, being depreciated				
Building	4,140	0	0	4,140
Equipment	125,875	2,990	0	128,865
Trucks	350,071	46,545	0	396,616
Total capital assets, Fire, being depreciated	480,086	49,535	0	529,621
Less accumulated depreciation for:				
Building	4,140	0	0	4,140
Equipment	90,718	13,109	0	103,827
Trucks	189,573	20,965	0	210,538
Total accumulated depreciation, Fire	284,431	34,074	0	318,505
Total capital assets, Fire, net	195,655	15,461	0	211,116
Total capital assets, net, Business-type activities	\$ 5,106,389	\$ 222,165	\$ 0	\$ 5,328,554

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

General Governmental Activities	\$ 60,674
Public Works	67,856
Public Safety	2,503
Recreation and Culture	10,625
Total depreciation expense - governmental activities	\$141,658

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2007

Business-type activities	
Sewer	\$129,348
Water	27,339
Fire	34,074
Total depreciation expense - business-type activities	<u>\$190,761</u>

**Construction Commitments**

The City has no construction commitments as of November 30, 2007.

**Impairment Loss**

The City collected \$5,660 of insurance recoveries which resulted from the following loss:

- City vehicle suffered damages as a result of a police chase. The insurance company indicated that 100% of the loss is covered by insurance. As a result the City recognized \$5,660 of insurance recoveries. The vehicle was repaired and the City is continuing to use it. The vehicle is not considered to be impaired.

**D. Interfund Receivables and Payables**

Individual fund interfund receivable and payable balances at November 30, 2007, were:

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2007

<u>Fund</u>	<u>INTERFUND RECEIVABLES DUE FROM'S</u>	<u>INTERFUND PAYABLES DUE TO'S</u>
Primary Government Only Due From/To Other Funds:		
General Fund		
Major Streets	\$ 5,428	\$ 6,432
Local Streets	6,958	7,444
Sewer	24,530	3,972
Water	29,051	11,254
Fire	21,918	1,260
Current Tax Collection	53	0
Major Streets		
Local Streets	0	16,551
General Fund	6,432	5,428
Local Streets		
General Fund	7,444	6,958
Major Streets	16,551	0
Sewer		
General Fund	3,972	24,530
Water		
General Fund	11,254	29,051
Fire		
General Fund	1,260	21,918
Current Tax Collection		
General Fund	0	53
Total Primary Government	\$ 134,851	\$ 134,851

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at November 30, 2007, are expected to be repaid within one year.

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2007

**E. Leases**

The Fire Department is currently leasing a building from the City for \$300 per month. For the fiscal year ending November 30, 2007, the lease expense was \$3,600. There is no formal written agreement for this lease. It is being presented as an operating lease. Future minimum lease payments are as follows:

<u>YEAR ENDED NOVEMBER 30,</u>	<u>AMOUNT</u>
2008	\$ 3,600
2009	3,600
2010	3,600
2011	3,600
2012	<u>3,600</u>
	\$ <u><u>18,000</u></u>

The City entered into an income lease agreement with Noverr Publishing, Inc. dated January 1998 to lease 4,800 square feet of land in which a communications tower was constructed. The lease calls for monthly rent payments of \$350 for five years with an option to extend the lease for four additional five year periods. The City has entered the first extension period and is being paid \$420 monthly. The lease was purchased by American Tower Corporation.

**F. Changes in Long-Term Debt**

The following is a summary of debt transactions of the City of Manton for the year ended November 30, 2007:

Governmental Activities:

	<u>OTHER DEBT</u>
Debt Payable at December 1, 2006	\$ 35,889
Debt Retired	(14,817)
New Debt Issued	<u>9,628</u>
Debt Payable at November 30, 2007	<u>\$ 30,700</u>
Due Within One Year	<u><u>\$ 14,817</u></u>

The general fund will generally liquidate vested sick pay for the governmental activities.

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
NOVEMBER 30, 2007

Debt payable at November 30, 2007 is comprised of the following individual issues:

Governmental Activities:

Other Debt

Compensated Absences

Vested sick pay owed to City employees under various contracts and agreements.	<u>\$ 30,700</u>
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Total Governmental activities	<u><u>\$ 30,700</u></u>
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Business-type Activities:

	REVENUE BONDS	OTHER DEBT	TOTAL
Debt Payable at December 1, 2006	\$1,897,000	\$ 61,040	\$1,958,040
Debt Retired	(1,364,000)	(9,859)	(1,373,859)
New Debt Issued	1,334,000	0	1,334,000
Debt Payable at November 30, 2007	<u>\$1,867,000</u>	<u>\$ 51,181</u>	<u>\$1,918,181</u>
Due Within One Year	<u>\$ 68,000</u>	<u>\$ 9,374</u>	<u>\$ 77,374</u>

Business-type Activities:

Revenue Bonds

\$600,000 Water Supply System Revenue Bonds, Series 1998, due in annual installments at 4.75% interest.	\$ 538,000
---	------------

\$1,334,000 Sewer System Revenue Refunding Bonds, Series 2007, due in annual installments at 1.625% interest.	1,329,000
---	-----------

Other Debt

Equipment Contract

\$100,000 Contract payable to Citizens Bank for purchase of Fire Truck, due in monthly installments of \$992 at 3.56% interest.	<u>51,181</u>
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Total Business-type activities	<u><u>\$1,918,181</u></u>
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CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
NOVEMBER 30, 2007

The annual requirements to amortize all debt outstanding for the business-type activities as of November 30, 2007, are as follows:

<u>YEAR</u> <u>ENDING NOVEMBER 30,</u>	<u>REVENUE</u> <u>BONDS</u>	<u>OTHER</u> <u>DEBT</u>	<u>TOTAL</u>
2008			
Principal	\$ 68,000	\$ 9,374	\$ 77,374
Interest	47,151	1,537	48,688
Total	<u>115,151</u>	<u>10,911</u>	<u>126,062</u>
2009			
Principal	74,000	10,586	84,586
Interest	45,797	1,317	47,114
Total	<u>119,797</u>	<u>11,903</u>	<u>131,700</u>
2010			
Principal	74,000	10,969	84,969
Interest	44,313	934	45,247
Total	<u>118,313</u>	<u>11,903</u>	<u>130,216</u>
2011			
Principal	74,000	11,366	85,366
Interest	42,828	537	43,365
Total	<u>116,828</u>	<u>11,903</u>	<u>128,731</u>
2012			
Principal	75,000	8,886	83,886
Interest	41,344	133	41,477
Total	<u>116,344</u>	<u>9,019</u>	<u>125,363</u>
2013-2017			
Principal	402,000	0	402,000
Interest	182,937	0	182,937
Total	<u>584,937</u>	<u>0</u>	<u>584,937</u>
2018-2022			
Principal	442,000	0	442,000
Interest	139,129	0	139,129
Total	<u>581,129</u>	<u>0</u>	<u>581,129</u>

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
NOVEMBER 30, 2007

YEAR ENDING NOVEMBER 30,	REVENUE BONDS	OTHER DEBT	TOTAL
<b>2023-2027</b>			
Principal	387,000	0	387,000
Interest	89,259	0	89,259
Total	<u>476,259</u>	<u>0</u>	<u>476,259</u>
<b>2028-2032</b>			
Principal	119,000	0	119,000
Interest	53,579	0	53,579
Total	<u>172,579</u>	<u>0</u>	<u>172,579</u>
<b>2033-2037</b>			
Principal	152,000	0	152,000
Interest	22,469	0	22,469
Total	<u>174,469</u>	<u>0</u>	<u>174,469</u>
<b>Grand Total</b>			
Principal	1,867,000	51,181	1,918,181
Interest	708,806	4,458	713,264
Total	<u>\$2,575,806</u>	<u>\$ 55,639</u>	<u>\$2,631,445</u>

**G. Transfers In (Out)**

The following is a schedule of transfers between funds for the year ending November 30, 2007:

<u>FUND</u>	<u>TRANSFERS</u>	
	<u>IN</u>	<u>OUT</u>
<u>Special Revenue Fund</u>		
Major Streets Fund		
To		
Local Streets Fund	\$ 0	\$ 16,551
Local Streets Fund		
From		
Major Streets Fund	<u>16,551</u>	<u>0</u>
<b>TOTALS</b>	<u>\$ 16,551</u>	<u>\$ 16,551</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2007

**H. Fund Balance Reserves and Designations**

In order to comply with generally accepted accounting principles and meet certain legal requirements, the City has reserved fund balances/retained earnings in various funds. These reserves are detailed in the following schedule:

GOVERNMENTAL FUNDS

Reserved for Prepaid Expenses	
General Fund	\$ 12,274
Major Streets Fund	116
Local Streets Fund	116
	<hr/>
	\$ 12,506
	<hr/> <hr/>

NET ASSETS

Restricted for Debt Service	
Water Fund	\$ 49,019
Sewer Fund	6,606
	<hr/>
	\$ 55,625
	<hr/> <hr/>

**IV. OTHER INFORMATION**

**A. Employee Retirement Systems**

Plan Description and Provisions:

The City participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the City. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at:

MERS  
Municipal Employees' Retirement System of Michigan  
1134 Municipal Way  
Lansing, MI 48917

Funding Status and Progress:

The obligation to contribute to the system for these employees was established by negotiation with the City's collective bargaining units. The covered payroll for the year ended November 30, 2007 was \$244,579. The amount contributed by the city was 22.16% of covered payroll. The plan required a contribution from the employees of 3% of the first \$4,200 of annual wages and 5% of annual wages in excess of \$4,200.

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
NOVEMBER 30, 2007

Annual Pension Cost:

The annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the entry actual age cost method. Significant actuarial assumptions used in determining the actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation (c) additional projected salary increases ranging from 0.0% to 8.4% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year annually after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over a period of 30 years.

**Three-Year Trend Information for MERS**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
11/30/05	\$ 53,172	100.0%	0
11/30/06	\$ 53,604	100.0%	0
11/30/07	\$ 54,192	100.0%	0

**Schedule of Funding Progress for MERS**

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarially Accrued Liability (AAL) - Entry Age ( b )	Unfunded (Overfunded) AAL (UAAL) ( b - a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/04	\$ 603,382	\$ 1,311,990	\$ 708,608	45.99%	\$ 257,789	275%
12/31/05	\$ 629,542	\$ 1,371,388	\$ 741,846	45.91%	\$ 232,925	318%
12/31/06	\$ 639,912	\$ 1,366,331	\$ 726,419	46.83%	\$ 244,579	297%

**B. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees' and natural disasters. The City participates in two distinct pools of municipalities within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The City pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2007

maximum coverage being unlimited. The City has not been informed of any special assessments being required for the current or prior three years.

The City continued to carry commercial insurance for other risks of loss, including employee health and accident insurance.

**C. Single Audit Report**

The City is required to have an audit performed in accordance with the guidelines of the Single Audit Act of 1984, as amended. This audit has been performed and the reports based thereon have been issued under separate cover.

**D. Contingent Liabilities**

Currently, the City has several cases being brought to the Michigan Tax Tribunal for reduction of assessed values due to proposed changes in the calculations of valuations on assets of certain taxpayers. If successful in their petition for reduced taxable values, the City's tax revenues may be reduced; the amount of potential reduction is not known.

**E. Interest Income**

Interest income in the City's major governmental funds at November 30, 2007 was:

General Fund	\$ 4,964
Major Street Fund	5,390
Local Street Fund	<u>2,337</u>
	<u>\$ 12,691</u>

**F. 2007 Refunding Bonds**

In June 2007 the City issued bonds in the amount of \$1,334,000. The bonds bear interest of 1.625% with final maturity in 2027. Proceeds of the bond issue and a contribution from the City of \$4,000 were used to currently refund and redeem all of the outstanding Series 2004 and Series 2006 Sewer System Revenue Bonds in the amount of \$1,338,000. The bonds were issued at par.

The refunding provided a reduction in total future debt service payments of \$1,077,289. On June 21, 2007 all of the Series 2004 and Series 2006 Sewer System Revenue Bonds were called for redemption. Thus, none of the Series 2004 and Series 2006 Sewer System Revenue Bonds remains outstanding.

CITY OF MANTON  
MANTON, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED NOVEMBER 30, 2007

	<u>GENERAL FUND</u>			<u>MAJOR STREET FUND</u>			<u>LOCAL STREET FUND</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>Revenues</u>									
Taxes	\$ 272,062	\$ 272,062	\$ 277,144	\$ 0	\$ 0	\$ 0	\$ 35,937	\$ 35,937	\$ 37,940
Licenses and Permits	17,240	12,200	16,000	0	0	0	0	0	0
State Grants	152,206	152,206	305,496	69,390	69,390	66,206	31,450	31,450	32,332
Charges for Services	71,908	71,908	80,669	0	0	0	0	0	0
Fines and Forfeits	350	350	258	0	0	0	0	0	0
Interest and Rents	55,600	60,640	97,189	2,800	2,800	5,390	300	300	2,337
Other Revenue	1,550	1,550	11,041	0	0	0	0	0	0
Total Revenues	<u>570,916</u>	<u>570,916</u>	<u>787,797</u>	<u>72,190</u>	<u>72,190</u>	<u>71,596</u>	<u>67,687</u>	<u>67,687</u>	<u>72,609</u>
<u>Expenditures</u>									
General Government	117,686	117,635	130,875	0	0	0	0	0	0
Public Safety	64,833	69,179	73,545	0	0	0	0	0	0
Public Works	184,836	178,585	366,371	53,008	68,017	62,210	85,034	92,203	88,594
Economic Development and Assistance	4,912	4,388	12,468	0	0	0	0	0	0
Recreation and Culture	63,254	67,788	77,676	0	0	0	0	0	0
Other Functions	131,446	132,896	157,920	0	0	0	0	0	0
Contingency	3,994	0	0	0	0	0	0	0	0
Total Expenditures	<u>570,961</u>	<u>570,471</u>	<u>818,855</u>	<u>53,008</u>	<u>68,017</u>	<u>62,210</u>	<u>85,034</u>	<u>92,203</u>	<u>88,594</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(45)</u>	<u>445</u>	<u>(31,058)</u>	<u>19,182</u>	<u>4,173</u>	<u>9,386</u>	<u>(17,347)</u>	<u>(24,516)</u>	<u>(15,985)</u>
<u>Other Financing Sources (Uses)</u>									
Transfers In	0	0	0	0	0	0	17,347	17,347	16,551
Insurance Recoveries	0	0	5,660	0	0	0	0	0	0
Transfers Out	0	0	0	(17,347)	(5,172)	(16,551)	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>5,660</u>	<u>(17,347)</u>	<u>(5,172)</u>	<u>(16,551)</u>	<u>17,347</u>	<u>17,347</u>	<u>16,551</u>
Net Change in Fund Balance	<u>(45)</u>	<u>445</u>	<u>(25,398)</u>	<u>1,835</u>	<u>(999)</u>	<u>(7,165)</u>	<u>0</u>	<u>(7,169)</u>	<u>566</u>
<u>Fund Balance - Beginning of Year</u>	<u>382,209</u>	<u>382,209</u>	<u>382,209</u>	<u>126,693</u>	<u>127,529</u>	<u>143,297</u>	<u>76,337</u>	<u>56,433</u>	<u>110,665</u>
<u>Fund Balance - End of Year</u>	<u>\$ 382,164</u>	<u>\$ 382,654</u>	<u>\$ 356,811</u>	<u>\$ 128,528</u>	<u>\$ 126,530</u>	<u>\$ 136,132</u>	<u>\$ 76,337</u>	<u>\$ 49,264</u>	<u>\$ 111,231</u>

CITY OF MANTON, MICHIGAN  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
NOVEMBER 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 129,530	\$ 210,276
Certificate of Deposit	95,515	42,031
Receivables		
Taxes	40,739	39,592
Accounts	3,709	3,715
Due from Other Governmental Units	25,005	26,663
Due from Other Funds		
Major Street	5,428	6,470
Local Street	6,958	9,419
Water Supply System	29,051	19,019
Sewage Disposal System	24,530	22,719
Fire Fund	21,918	16,065
Current Tax Collection	53	611
Prepaid Expense	12,274	0
	<u>\$ 394,710</u>	<u>\$ 396,580</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 7,537	\$ 13,606
Payroll Liabilities	0	765
Due to Other Funds		
Major Street	6,432	0
Local Street	7,444	0
Water Supply System	11,254	0
Sewage Disposal System	3,972	0
Fire Fund	1,260	0
	<u>37,899</u>	<u>14,371</u>
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenses	12,274	0
Unreserved, Undesignated	344,537	382,209
	<u>356,811</u>	<u>382,209</u>
Total Fund Balance	<u>356,811</u>	<u>382,209</u>
	<u>\$ 394,710</u>	<u>\$ 396,580</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 394,710</u>	<u>\$ 396,580</u>

CITY OF MANTON, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	
		<u>2007</u>	<u>2006</u>
<u>REVENUES</u>			
Taxes	\$ 272,062	\$ 277,144	\$ 272,075
Licenses and Permits	12,200	16,000	13,073
Federal Grants	0	0	11,547
State Grants	152,206	305,496	150,438
Charges for Services	71,908	80,669	75,127
Fines and Forfeits	350	258	330
Interest and Rents	60,640	97,189	53,438
Other Revenue	1,550	11,041	15,057
	<hr/>	<hr/>	<hr/>
Total Revenues	570,916	787,797	591,085
 <u>EXPENDITURES</u>			
General Government			
Legislative	3,350	2,839	3,322
Elections	2,420	1,438	13,340
Independent Audit	8,760	7,700	7,435
Assessor	8,000	6,919	7,719
Legal	10,000	37,100	12,304
Clerk	39,485	37,212	40,317
Board of Review	871	3,149	373
Treasurer	22,984	18,388	23,129
City Hall and Grounds	16,949	11,314	25,466
Cemetery	4,816	4,816	2,821
	<hr/>	<hr/>	<hr/>
Total General Government	117,635	130,875	136,226
 Public Safety			
Police Department	49,199	55,357	46,025
Ordinance Enforcement	7,551	6,590	5,595
Building Inspector	12,429	11,598	5,701

CITY OF MANTON, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	BUDGET	ACTUAL	
		2007	2006
Public Works			
Stores and Garage	155,561	346,326	182,541
Street Lighting	23,000	20,021	20,813
Economic Development and Assistance	4,388	12,468	7,324
Sanitation	24	24	255
Recreation	59,455	70,276	101,067
Culture	8,333	7,400	7,752
Other Functions			
Insurance and Bonds	24,908	24,129	25,739
Community Promotion	1,450	1,690	2,730
Employee Benefits	106,538	132,101	115,061
Total Expenditures	<u>570,471</u>	<u>818,855</u>	<u>656,829</u>
Excess (Deficiency) of Revenues Over Expenditures	445	(31,058)	(65,744)
<u>OTHER FINANCING SOURCES (USES)</u>			
Insurance Recoveries	<u>0</u>	<u>5,660</u>	<u>30,465</u>
Net Change in Fund Balance	445	(25,398)	(35,279)
<u>FUND BALANCE</u> - Beginning of Year	<u>382,209</u>	<u>382,209</u>	<u>417,488</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 382,654</u>	<u>\$ 356,811</u>	<u>\$ 382,209</u>

CITY OF MANTON, MICHIGAN

GENERAL FUND  
ANALYSIS OF REVENUES  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	BUDGET	ACTUAL	
		2007	2006
<u>TAXES</u>			
Current Tax Levy	\$ 258,062	\$ 258,384	\$ 251,577
Industrial Facilities Tax Levy	0	2,724	2,634
Payments in Lieu of Taxes	0	4,544	4,443
Property Tax Administrative Fees - Summer	8,000	8,920	8,064
Property Tax Administrative Fees - Winter	6,000	2,572	5,357
	<hr/>	<hr/>	<hr/>
Total Taxes	272,062	277,144	272,075
<u>LICENSES AND PERMITS</u>			
Payment in Lieu of Taxes			
Franchise Fee - Cable TV	9,200	8,831	8,450
Buisness Licenses	0	220	0
Nonbusiness Licenses and Permits			
Building Permits	3,000	2,165	3,170
Rental Unit Permits/Zoning Fees	0	4,784	1,453
	<hr/>	<hr/>	<hr/>
Total Licenses and Permits	12,200	16,000	13,073
<u>FEDERAL GRANTS</u>			
Voting Equipment	0	0	11,547
	<hr/>	<hr/>	<hr/>
<u>STATE GRANTS</u>			
State Shared Revenues			
Sales and Use Tax	146,706	139,291	144,405
Telecommunications Right of Way Maintenance	4,400	4,348	4,353
Liquor Licenses	1,100	1,190	1,180
Police Training	0	500	500
MDOT Streetscape Grant	0	160,167	0
	<hr/>	<hr/>	<hr/>
Total State Grants	152,206	305,496	150,438
<u>CHARGES FOR SERVICES</u>			
Use and Admission Fees - City Park	71,908	80,669	75,127
	<hr/>	<hr/>	<hr/>

CITY OF MANTON, MICHIGAN

GENERAL FUND  
ANALYSIS OF REVENUES  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	
		<u>2007</u>	<u>2006</u>
<u>FINES AND FORFEITS</u>			
Ordinance Fines	350	258	330
<u>INTEREST AND RENTS</u>			
Interest Income	7,000	4,964	4,493
Building Rental	3,600	3,600	3,600
Equipment Rental	45,000	84,005	39,465
Site Lease	5,040	4,620	5,880
Total Interest and Rents	60,640	97,189	53,438
<u>OTHER REVENUE</u>			
Donations	0	500	5,132
Reimbursements	0	780	1,160
Police Income	0	5	15
Refunds and Rebates	50	1,114	13
Sale of Fixed Assets	0	6,751	7,520
Other Income	1,500	1,891	1,217
Total Other Revenue	1,550	11,041	15,057
TOTAL GENERAL FUND REVENUE	<u>\$ 570,916</u>	<u>\$ 787,797</u>	<u>\$ 591,085</u>

CITY OF MANTON, MICHIGAN

GENERAL FUND  
ANALYSIS OF EXPENDITURES  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	BUDGET	ACTUAL	
		2007	2006
<u>GENERAL GOVERNMENT</u>			
Legislative			
Miscellaneous			
Mayor and Commissioners	\$ 466	\$ 110	\$ 679
Memberships and Dues	1,500	1,295	1,239
Web Page	350	400	0
Miscellaneous	1,034	1,034	1,404
	<u>3,350</u>	<u>2,839</u>	<u>3,322</u>
Elections			
Salaries and Wages	1,000	514	1,208
Office Supplies	500	634	372
Transportation	150	42	213
Printing and Publishing	770	248	0
Capital Outlay	0	0	11,547
	<u>2,420</u>	<u>1,438</u>	<u>13,340</u>
Independent Audit			
Audit Fees	7,670	6,610	6,375
Capital Asset Accounting	1,090	1,090	1,060
	<u>8,760</u>	<u>7,700</u>	<u>7,435</u>
Assessor			
County Assessment Fees	8,000	6,919	7,719
	<u>8,000</u>	<u>6,919</u>	<u>7,719</u>
Legal			
Attorney Fees	10,000	37,100	12,304
	<u>10,000</u>	<u>37,100</u>	<u>12,304</u>
Clerk			
Salaries and Wages			
Elected Official	34,772	34,772	35,057
Meetings	1,000	869	877
Office Supplies	600	558	618
Printing and Publishing	884	653	2,286
Transportation	1,200	348	589
Education and Training	1,000	12	631
Miscellaneous	29	0	259
	<u>39,485</u>	<u>37,212</u>	<u>40,317</u>

CITY OF MANTON, MICHIGAN

GENERAL FUND  
ANALYSIS OF EXPENDITURES  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	BUDGET	ACTUAL	
		2007	2006
Board of Review			
Salaries and Wages	500	353	343
Printing and Publishing	321	321	30
Miscellaneous	50	0	0
Taxes Abated and Written Off	0	2,475	0
	<u>871</u>	<u>3,149</u>	<u>373</u>
Treasurer			
Salaries and Wages			
Elected Official	13,895	14,172	19,989
Office Supplies	2,000	1,253	164
Transportation	100	28	0
Education and Training	358	0	0
Assessment Postage and Expense	6,440	2,668	2,925
Bank Service Charge	191	267	51
	<u>22,984</u>	<u>18,388</u>	<u>23,129</u>
City Hall and Grounds			
Salaries and Wages	1,500	433	459
Office Supplies	4,000	2,804	3,840
Building Maintenance	3,000	658	2,442
Equipment Repair	755	240	839
Contracted Services	1,360	627	1,361
Telephone	2,000	2,409	2,167
Computer Software Maintenance	1,661	1,661	1,233
Public Utilities			
Electricity	1,339	1,282	1,491
Heat	950	816	735
Water and Sewer	384	384	370
Capital Outlay			
Equipment Replacement	0	0	10,529
	<u>16,949</u>	<u>11,314</u>	<u>25,466</u>
Cemetery			
Aid to Other Government	4,816	4,816	2,821
	<u>117,635</u>	<u>130,875</u>	<u>136,226</u>

CITY OF MANTON, MICHIGAN

GENERAL FUND  
ANALYSIS OF EXPENDITURES  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

		<u>ACTUAL</u>	
	<u>BUDGET</u>	<u>2007</u>	<u>2006</u>
<u>PUBLIC SAFETY</u>			
Police Department			
Salaries and Wages			
Chief	36,171	36,171	36,482
Part-time	819	819	1,253
Operating Supplies	254	254	292
Gasoline Expense	2,100	2,164	1,856
Office Maintenance	534	534	323
Materials and Supplies	2,056	2,203	939
Telephone	1,500	1,531	1,382
Lien Filing Expense	512	512	649
Computer Software Maintenance	525	525	525
Patrol Car Expense	3,292	9,208	407
Education and Training	1,012	1,012	648
Equipment Replacement	424	424	69
Capital Outlay	0	0	1,200
	<u>49,199</u>	<u>55,357</u>	<u>46,025</u>
Ordinance Enforcement			
Salaries and Wages	5,704	5,715	4,934
Operating Supplies	347	105	277
Vehicle Expense	1,500	770	384
	<u>7,551</u>	<u>6,590</u>	<u>5,595</u>
Building Inspector			
Salaries and Wages	6,058	6,058	3,333
Operating Supplies	271	271	301
Education and Training	400	16	155
Enforcement Expense	5,700	5,253	1,912
	<u>12,429</u>	<u>11,598</u>	<u>5,701</u>
Total Public Safety	<u>69,179</u>	<u>73,545</u>	<u>57,321</u>
<u>DEPARTMENT OF PUBLIC WORKS</u>			
Stores and Garage			
Salaries and Wages			
City Superintendent	17,386	17,389	13,933

CITY OF MANTON, MICHIGAN

GENERAL FUND  
ANALYSIS OF EXPENDITURES  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	BUDGET	ACTUAL	
		2007	2006
Public Works	50,000	48,495	59,065
Part-time Pugsley Labor	3,500	2,766	4,265
Sick Time Payoff	0	9,595	192
Operating Supplies			
Gasoline and Motor Oil	10,940	10,643	12,221
Supplies	12,933	13,121	12,447
Safety Equipment	2,806	2,806	754
Tools	984	1,024	1,093
Telephone	3,640	3,605	2,972
Repair and Maintenance	980	977	9,919
Equipment Repairs	16,920	16,734	25,138
Contracted Services	25,694	26,134	10,909
Public Utilities			
Electric	5,500	5,489	6,790
Heat	700	6,542	6,547
Water and Sewer	345	345	345
Miss Dig	193	0	387
Miscellaneous	500	71	60
Small Equipment Replacement	540	530	1,486
Large Equipment Replacement	0	19,893	0
Capital Outlay	2,000	160,167	14,018
	<u>155,561</u>	<u>346,326</u>	<u>182,541</u>
Street Lighting			
Public Utilities	<u>23,000</u>	<u>20,021</u>	<u>20,813</u>
Total Department of Public Works	<u>178,561</u>	<u>366,347</u>	<u>203,354</u>

ECONOMIC DEVELOPMENT AND ASSISTANCE

City Planning Board			
Postage	100	106	97
Contracted Services	4,200	12,375	6,562
Printing and Publishing	48	48	464
Miscellaneous	40	(61)	201
	<u>4,388</u>	<u>12,468</u>	<u>7,324</u>

CITY OF MANTON, MICHIGAN

GENERAL FUND  
ANALYSIS OF EXPENDITURES  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	
		<u>2007</u>	<u>2006</u>
<u>SANITATION</u>			
Sanitary Landfill (Dump)			
Landfill	24	24	0
City Compost Area	0	0	255
	<hr/>	<hr/>	<hr/>
Total Sanitation	24	24	255
	<hr/>	<hr/>	<hr/>
<u>RECREATION</u>			
Railroad and Rotary Parks			
Salaries and Wages	2,500	2,456	3,770
Operating Supplies	4,250	4,269	3,540
Public Utilities			
Park Operation	3,500	3,435	2,586
Rotary Park Bridge Expense	0	0	5,831
Millpond Pathway	1,360	1,360	0
Miscellaneous Expense	616	616	1,631
	<hr/>	<hr/>	<hr/>
Total Railroad and Rotary Parks	12,226	12,136	17,358
	<hr/>	<hr/>	<hr/>
Trailer Park			
Salaries and Wages			
Manager	9,078	9,078	9,548
Employees	911	911	1,110
Part-Time	2,300	2,443	2,372
Operating Supplies	8,115	7,925	9,644
Repair and Maintenance Supplies	5,735	5,735	4,318
Contracted Services	0	0	475
Memberships and Dues	150	150	120
Telephone	800	865	759
Public Utilities			
Electric	13,500	12,955	13,263
Heat	2,000	1,871	1,713
Water and Sewer			
Park Operation	2,700	3,766	3,662

CITY OF MANTON, MICHIGAN

GENERAL FUND  
ANALYSIS OF EXPENDITURES  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	BUDGET	ACTUAL	
		2007	2006
Gas Cylinder - Park Manager	150	150	150
Gas & Oil - Park Manager	270	270	270
Gas & Oil - Park Operation	300	332	279
Miscellaneous	260	260	825
Park Improvement	0	7,608	1,088
Sidewalk Replacement	460	453	0
Capital Outlay	0	2,868	33,613
Total Trailer Park	46,729	57,640	83,209
Special Events			
Harvest Festival Committee	500	500	500
Total Recreation	59,455	70,276	101,067
<u>CULTURE</u>			
Manton Library	5,000	5,000	5,000
Library Lot	630	0	0
Museum			
Other	2,000	2,000	2,000
Repair	0	0	52
Children's Events	303	0	300
Chamber of Commerce	400	400	400
Total Culture	8,333	7,400	7,752
Total Recreation and Culture	67,788	77,676	108,819
<u>OTHER FUNCTIONS</u>			
Insurance and Bonds			
Fleet Insurance	24,908	24,129	25,739
Community Promotion			
Christmas Decorations - Operating Expense	1,450	1,690	2,730

CITY OF MANTON, MICHIGAN

GENERAL FUND  
ANALYSIS OF EXPENDITURES  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	
		<u>2007</u>	<u>2006</u>
Employee Benefits			
Social Security Contributions	12,730	17,195	14,723
FICA Penalties	0	376	412
Workmen's Compensation Insurance	2,050	3,395	1,467
Hospitalization Insurance	47,594	72,917	63,367
Michigan Employment Security Commission	2,453	426	1,472
M.E.R.S. Employer Contribution	41,711	37,792	33,620
	<u>106,538</u>	<u>132,101</u>	<u>115,061</u>
Total Other Functions	<u>132,896</u>	<u>157,920</u>	<u>143,530</u>
TOTAL EXPENDITURES	<u>\$ 570,471</u>	<u>\$ 818,855</u>	<u>\$ 656,829</u>

CITY OF MANTON, MICHIGAN  
MAJOR STREET FUND  
COMPARATIVE BALANCE SHEET

NOVEMBER 30,

	2007	2006
<u>ASSETS</u>		
Cash	\$ 142,144	\$ 157,313
Due from Other Funds		
General Fund	6,432	0
Due from Other Governments	9,419	10,075
Prepaid Expenses	116	0
TOTAL ASSETS	\$ 158,111	\$ 167,388
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 314
Due to Other Funds		
General Fund	5,428	6,470
Local Street Fund	16,551	17,307
TOTAL LIABILITIES	21,979	24,091
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenses	116	0
Unreserved, Undesignated	136,016	143,297
Total Fund Balance	136,132	143,297
TOTAL LIABILITIES AND FUND BALANCE	\$ 158,111	\$ 167,388

CITY OF MANTON, MICHIGAN

MAJOR STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	
		<u>2007</u>	<u>2006</u>
<u>REVENUES</u>			
State Grants			
Motor Vehicle Highway Fund - Act 51	\$ 69,390	\$ 66,206	\$ 69,227
Interest and Rents			
Interest Income	2,800	5,390	2,914
	<hr/>	<hr/>	<hr/>
Total Revenues	72,190	71,596	72,141
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Highways, Streets and Bridges			
Administration			
Audit Fees	800	800	750
Administration and Accounting	3,000	2,713	2,327
Insurance and Bonding	206	228	243
Printing and Publishing	17	0	17
Contracted Services	765	0	0
Taxes Abated and Written Off	133	133	0
Miscellaneous	0	0	4
Construction			
Street Improvement	26,393	26,393	0
Routine Maintenance			
Salaries and Wages	5,614	1,928	4,145
Employee Benefits	2,781	1,525	3,128
Contracted Services	0	468	921
Sand, Gravel, Asphalt and Brine	3,000	2,103	2,803
Equipment Rental	200	3,335	1,517
Snow and Ice Control			
Salaries and Wages	10,331	4,443	4,001
Employee Benefits	0	3,559	3,006
Sand and Salt	1,000	874	7,410
Signs and Markers	0	0	341
Equipment Rental	13,777	13,708	7,617
	<hr/>	<hr/>	<hr/>
Total Expenditures	68,017	62,210	38,230
	<hr/>	<hr/>	<hr/>

CITY OF MANTON, MICHIGAN

MAJOR STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	
		<u>2007</u>	<u>2006</u>
Excess (Deficiency) of Revenues Over Expenditures	4,173	9,386	33,911
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out - Local Street Fund	<u>(5,172)</u>	<u>(16,551)</u>	<u>(17,307)</u>
Net Change in Fund Balance	(999)	(7,165)	16,604
<u>FUND BALANCE</u> - Beginning of Year	<u>143,297</u>	<u>143,297</u>	<u>126,693</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 142,298</u>	<u>\$ 136,132</u>	<u>\$ 143,297</u>

CITY OF MANTON, MICHIGAN

LOCAL STREET FUND  
COMPARATIVE BALANCE SHEET

NOVEMBER 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 83,891	\$ 92,488
Taxes Receivable	5,819	5,656
Due from Other Governments	4,368	4,578
Due from Other Funds		
General Fund	7,444	0
Major Street Fund	16,551	17,307
Current Tax Collection Fund	0	72
Prepaid Expense	116	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 118,189	\$ 120,101
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 17
Due to Other Funds		
General Fund	6,958	9,419
	<hr/>	<hr/>
TOTAL LIABILITIES	6,958	9,436
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenses	116	0
Unreserved, Undesignated	111,115	110,665
	<hr/>	<hr/>
Total Fund Balance	111,231	110,665
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 118,189	\$ 120,101
	<hr/> <hr/>	<hr/> <hr/>

CITY OF MANTON, MICHIGAN

LOCAL STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	BUDGET	ACTUAL	
		2007	2006
<u>REVENUES</u>			
Taxes			
Current Tax Levy	\$ 35,937	\$ 36,910	\$ 35,938
Industrial Facilities Tax Levy	0	389	376
Payments In Lieu of Tax Levy	0	641	627
State Grants			
Motor Vehicle Highway Fund - Act 51	31,450	32,332	33,111
Interest and Rents			
Interest Income	300	2,337	487
Total Revenues	<u>67,687</u>	<u>72,609</u>	<u>70,539</u>
<u>EXPENDITURES</u>			
Highways, Streets and Bridges			
Administration			
Audit Fees	800	800	750
Administration and Accounting	2,800	2,727	2,327
Insurance and Bonding	515	228	243
Printing and Publishing	51	0	17
Taxes Abated and Written Off	211	211	0
Construction			
Contracted Services	2,695	2,695	5,879
Street Improvements	896	896	0
Paving	43,196	43,196	0
Routine Maintenance			
Salaries and Wages	6,500	2,445	7,043
Employee Benefits	2,700	1,869	4,874
Equipment Rental	305	3,737	2,870
Miscellaneous	14	262	0
Snow and Ice Control			
Salaries and Wages	11,726	5,520	5,673
Employee Benefits	0	4,161	3,987
Materials	2,086	2,084	3,492
Sand and Salt	875	875	7,210
Equipment Rental	16,833	16,888	7,929

CITY OF MANTON, MICHIGAN

LOCAL STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	
		<u>2007</u>	<u>2006</u>
Signs and Markers			
Traffic Services	<u>0</u>	<u>0</u>	<u>1,224</u>
Total Expenditures	<u>92,203</u>	<u>88,594</u>	<u>53,518</u>
Excess (Deficiency) of Revenues Over Expenditures	(24,516)	(15,985)	17,021
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In			
Major Street Fund	<u>17,347</u>	<u>16,551</u>	<u>17,307</u>
Net Change in Fund Balance	(7,169)	566	34,328
<u>FUND BALANCE</u> - Beginning of Year	<u>110,665</u>	<u>110,665</u>	<u>76,337</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 103,496</u>	<u>\$ 111,231</u>	<u>\$ 110,665</u>

CITY OF MANTON, MICHIGAN

WATER SUPPLY SYSTEM  
COMPARATIVE STATEMENT OF NET ASSETS

NOVEMBER 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 63,927	\$ 83,985
Receivables		
Customer Charges	28,325	25,348
Other	30,882	56
Due from Other Funds		
General Fund	11,254	0
Prepaid Expense	926	0
Inventory	41,454	36,967
	<hr/>	<hr/>
Total Current Assets	176,768	146,356
	<hr/>	<hr/>
<u>RESTRICTED ASSETS</u>		
Investments		
Bond Reserve Account	37,605	35,672
Bond Redemption	798	1,733
Bond Replacement Account	10,616	31,500
	<hr/>	<hr/>
Total Restricted Assets	49,019	68,905
	<hr/>	<hr/>
<u>CAPITAL ASSETS</u>		
Land	6,576	6,576
Mains and Connections	917,337	728,614
Meters	67,003	67,003
Wells, Pumps and Foundations	263,725	263,725
Water Tower	49,466	49,466
Machinery and Equipment	29,938	29,938
Accumulated Depreciation	(511,002)	(483,662)
	<hr/>	<hr/>
Net Capital Assets	823,043	661,660
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,048,830	\$ 876,921
	<hr/>	<hr/>

CITY OF MANTON, MICHIGAN

WATER SUPPLY SYSTEM  
COMPARATIVE STATEMENT OF NET ASSETS

NOVEMBER 30,

	<u>2007</u>	<u>2006</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 32,467	\$ 1,602
Accrued Interest Payable	2,158	2,161
Due to General Fund	29,051	19,019
	<hr/>	<hr/>
Total Current Liabilities	63,676	22,782
	<hr/>	<hr/>
<u>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</u>		
Current Portion of Revenue Bonds	8,000	8,000
	<hr/>	<hr/>
<u>LONG-TERM LIABILITIES</u>		
1998 Revenue Bonds Payable	530,000	538,000
	<hr/>	<hr/>
TOTAL LIABILITIES	601,676	568,782
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	285,043	115,660
Restricted for Debt Service	49,019	68,905
Unrestricted	113,092	123,574
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 447,154	\$ 308,139
	<hr/> <hr/>	<hr/> <hr/>

CITY OF MANTON, MICHIGAN

WATER SUPPLY SYSTEM  
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR-ENDED NOVEMBER 30, 2006

	<u>BUDGET</u>	<u>2007</u>	<u>2006</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Service Billing	\$ 218,760	\$ 206,289	\$ 201,131
Connections	1,200	0	0
Well Permit Fee	0	0	25
Miscellaneous	0	120	198
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	219,960	206,409	201,354
	<hr/>	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>			
Department of Public Works			
Water Supply			
Salaries and Wages	40,708	36,128	20,467
City Superintendent	6,519	6,521	6,979
Treasurer	6,952	6,418	4,024
Employee Fringe Benefits	9,834	25,375	16,302
Office Supplies	300	136	409
Postage	700	607	416
Repair and Maintenance Supply	17,000	11,728	10,430
Independent Audit	3,000	2,300	2,250
City Administration and Accounting	7,648	255	1,070
Engineering	7,624	7,624	0
Contracted Services	11,459	11,864	969
Travel	150	0	0
Water Sample Testing	3,500	2,171	4,163
Membership and Dues	700	275	955
DEQ Annual Fees	1,050	1,049	1,107
Telephone	500	506	535
Printing and Publishing	275	0	276
Insurance and Bonding	1,300	1,821	1,942
Electricity	11,800	11,710	10,800
Building Repairs	500	0	0
Water Tower Repairs	8,000	0	0
Well Profiling	0	0	516
Equipment Repairs	3,500	3,419	2,932
Software/Hardware Maintenance Agreement	1,800	1,627	500

CITY OF MANTON, MICHIGAN

WATER SUPPLY SYSTEM  
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR-ENDED NOVEMBER 30, 2006

	<u>BUDGET</u>	<u>2007</u>	<u>2006</u>
Equipment Rental	14,000	33,696	8,829
Education and Training	600	115	345
Miscellaneous	51	0	545
Depreciation	28,000	27,339	27,709
Capital Outlay	3,591	0	0
Total Operating Expenses	<u>191,061</u>	<u>192,684</u>	<u>124,470</u>
Operating Income (Loss)	<u>28,899</u>	<u>13,725</u>	<u>76,884</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	400	4,853	782
Interest Expense	<u>(30,000)</u>	<u>(25,904)</u>	<u>(28,481)</u>
Total Nonoperating Revenues (Expenses)	<u>(29,600)</u>	<u>(21,051)</u>	<u>(27,699)</u>
Change in Net Assets Before Capital Contributions	(701)	(7,326)	49,185
<u>CAPITAL CONTRIBUTIONS</u>			
Community Development Block Grant	<u>0</u>	<u>146,341</u>	<u>0</u>
Change in Net Assets	(701)	139,015	49,185
<u>Net Assets - Beginning of Year</u>	<u>308,139</u>	<u>308,139</u>	<u>258,954</u>
<u>Net Assets - End of Year</u>	<u>\$ 307,438</u>	<u>\$ 447,154</u>	<u>\$ 308,139</u>

CITY OF MANTON, MICHIGAN

WATER SUPPLY SYSTEM  
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED NOVEMBER 30,

	<u>2007</u>	<u>2006</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities		
Cash Received from Customers and Other Revenues	\$ 155,939	\$ 195,636
Cash Payments to Suppliers for Goods and Services	(88,320)	(81,203)
Cash Payments to Employees for Services	(36,128)	(20,467)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	31,491	93,966
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities		
Principal Paid on Advance from General Fund	0	(61,451)
Acquisition of Capital Assets	(188,723)	0
Capital Contributions	146,341	0
Principal Paid on Bonds	(8,000)	(7,000)
Interest Paid on Capital Debt	(25,907)	(28,509)
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	(76,289)	(96,960)
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Interest Received	4,853	782
Investments Converted to Cash	19,887	0
Purchase of Investment Securities	0	(13,234)
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	24,740	(12,452)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(20,058)	(15,446)
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	83,985	99,431
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	\$ 63,927	\$ 83,985
	<hr/> <hr/>	<hr/> <hr/>

CITY OF MANTON, MICHIGAN

WATER SUPPLY SYSTEM  
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED NOVEMBER 30,

RECONCILIATION OF OPERATING INCOME TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES:

	<u>2007</u>	<u>2006</u>
<u>Cash Flows from Operating Activities:</u>		
Operating Income (Loss)	\$ 13,725	\$ 76,884
Adjustments to Reconcile Operating Income to		
Net Cash Provided (Used) by Operating Activities		
Depreciation	27,339	27,709
Accounts Receivable (Increase) Decrease	(33,803)	(8,418)
Due from Other Funds (Increase) Decrease	(11,254)	0
Prepaid Expense (Increase) Decrease	(926)	0
Inventory (Increase) Decrease	(4,487)	2,700
Accounts Payable Increase (Decrease)	30,865	1
Due to Other Funds Increase (Decrease)	10,032	(4,910)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	<u>\$ 31,491</u>	<u>\$ 93,966</u>

CITY OF MANTON, MICHIGAN

SEWAGE DISPOSAL SYSTEM  
COMPARATIVE STATEMENT OF NET ASSETS

NOVEMBER 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 462,285	\$ 353,077
Due from Other Governments	0	282,921
Receivables		
Customer Charges	20,500	20,135
Due from Other Funds		
General Fund	3,972	0
Prepaid Expense	2,547	0
	<hr/>	<hr/>
Total Current Assets	489,304	656,133
<u>RESTRICTED ASSETS</u>		
Cash		
Construction	0	38,439
Bond Redemption	6,606	7,026
Investments		
Bond Reserve	0	9,150
Bond Replacement Account	0	71,700
	<hr/>	<hr/>
Total Restricted Assets	6,606	126,315
<u>CAPITAL ASSETS</u>		
Land	201,231	201,231
Buildings	2,733	2,733
Collection System	679,594	679,594
Treatment System	3,878,104	3,786,552
Machinery and Equipment	415,832	332,716
Accumulated Depreciation	(883,098)	(753,751)
	<hr/>	<hr/>
Net Capital Assets	4,294,396	4,249,075

CITY OF MANTON, MICHIGAN

SEWAGE DISPOSAL SYSTEM  
COMPARATIVE STATEMENT OF NET ASSETS

NOVEMBER 30,

	<u>2007</u>	<u>2006</u>
<u>OTHER NON CURRENT ASSETS</u>		
Bond Issuance Costs	19,000	10,703
Accumulated Amortization	(950)	0
Net Other Current Assets	<u>18,050</u>	<u>10,703</u>
TOTAL ASSETS	<u>\$ 4,808,356</u>	<u>\$ 5,042,226</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 1,373	\$ 293,997
Accrued Interest Payable	3,620	18,116
Due to Other Funds		
General Fund	24,530	22,719
Current Portion of Revenue Bonds	<u>60,000</u>	<u>13,000</u>
Total Current Liabilities	<u>89,523</u>	<u>347,832</u>
<u>LONG TERM LIABILITIES</u>		
United States Department of Agriculture Rural Development Loans	0	1,338,000
State Revolving Fund Bonds	<u>1,269,000</u>	<u>0</u>
Total Long Term Liabilities	<u>1,269,000</u>	<u>1,338,000</u>
TOTAL LIABILITIES	<u>1,358,523</u>	<u>1,685,832</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	2,965,396	2,898,075
Restricted for Debt Service	6,606	126,315
Unrestricted	<u>477,831</u>	<u>332,004</u>
TOTAL NET ASSETS	<u>\$ 3,449,833</u>	<u>\$ 3,356,394</u>

CITY OF MANTON, MICHIGAN

SEWAGE DISPOSAL SYSTEM  
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	<u>BUDGET</u>	<u>2007</u>	<u>2006</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Service Billing	\$ 209,475	\$ 214,498	\$ 209,424
Service Connection Billings	1,200	0	0
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	210,675	214,498	209,424
	<hr/>	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>			
Department of Public Works			
Sewage Disposal			
Salaries and Wages	25,887	20,820	19,255
City Superintendent	6,519	6,270	7,222
Treasurer	6,952	6,685	4,673
Employee Fringe Benefits	10,000	16,121	15,723
Office Supplies	300	358	1,986
Postage	540	533	344
Operating Supplies	6,800	6,409	3,908
Independent Audit	4,900	4,875	2,825
Legal Fees	12,000	0	0
City Administration and Accounting	250	180	1,070
Engineering	500	489	0
Contracted Services	3,400	3,334	6,555
Testing and Staking	9,000	7,614	8,281
Dues	3,800	3,650	3,800
Insurance and Bonding	6,182	5,008	11,524
Electricity - Pumping Stations	2,000	1,995	925
Electricity - Lagoons	4,500	19,126	5,946
Equipment Repairs	2,200	1,970	1,398
Software/Hardware Maintenance Agreement	1,700	1,627	500
Equipment Rental	9,000	12,642	8,492
Education and Training	300	0	278
Permit	0	16,624	0
Depreciation and Amortization	25,900	141,000	65,233
Miscellaneous	300	0	166

CITY OF MANTON, MICHIGAN

SEWAGE DISPOSAL SYSTEM  
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2006

	<u>BUDGET</u>	<u>2007</u>	<u>2006</u>
Capital Outlay	<u>35,000</u>	<u>0</u>	<u>0</u>
Total Operating Expenses	<u>177,930</u>	<u>277,330</u>	<u>170,104</u>
Operating Income (Loss)	<u>32,745</u>	<u>(62,832)</u>	<u>39,320</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	400	11,154	1,034
Interest Expense	<u>(35,500)</u>	<u>(44,162)</u>	<u>(38,528)</u>
Total Nonoperating Revenues (Expenses)	<u>(35,100)</u>	<u>(33,008)</u>	<u>(37,494)</u>
Change in Net Assets Before Capital Contributions	<u>(2,355)</u>	<u>(95,840)</u>	<u>1,826</u>
<u>CAPITAL CONTRIBUTIONS</u>			
Rural Development Grant	<u>0</u>	<u>189,279</u>	<u>1,745,721</u>
Change in Net Assets	<u>(2,355)</u>	<u>93,439</u>	<u>1,747,547</u>
<u>Net Assets - Beginning of Year</u>	<u>3,356,394</u>	<u>3,356,394</u>	<u>1,608,847</u>
<u>Net Assets - End of Year</u>	<u>\$ 3,354,039</u>	<u>\$ 3,449,833</u>	<u>\$ 3,356,394</u>

CITY OF MANTON, MICHIGAN

SEWAGE DISPOSAL SYSTEM  
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED NOVEMBER 30,

	<u>2007</u>	<u>2006</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities		
Cash Received from Customers and Other Revenues	\$ 490,535	\$ 208,308
Cash Payments to Suppliers for Goods and Services	(393,368)	139,104
Cash Payments to Employees for Services	(33,775)	(31,150)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	63,392	316,262
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities		
Proceeds From Long-Term Debt	1,334,000	1,014,000
Principal Paid on Bonds	(1,356,000)	(3,000)
Acquisition of Capital Assets	(193,668)	(2,441,253)
Capital Contributions	189,279	1,462,800
Interest Paid on Bonds	(58,658)	(27,461)
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	(85,047)	5,086
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Interest Received	11,154	1,034
Investments Converted to Cash	119,709	0
Purchase of Investments	0	(96,315)
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	130,863	(95,281)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	109,208	226,067
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	353,077	127,010
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 462,285	\$ 353,077
	<hr/> <hr/>	<hr/> <hr/>

CITY OF MANTON, MICHIGAN

SEWAGE DISPOSAL SYSTEM  
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED NOVEMBER 30,

RECONCILIATION OF OPERATING INCOME TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES:

	<u>2007</u>	<u>2006</u>
<u>Cash Flows from Operating Activities:</u>		
Operating Income (Loss)	\$ (62,832)	\$ 39,320
Adjustments to Reconcile Operating Income to		
Net Cash Provided (Used) by Operating Activities		
Depreciation	141,000	65,233
Accounts Receivable (Increase) Decrease	(365)	(1,116)
Due from Other Governments (Increase) Decrease	282,921	0
Due from Other Funds (Increase) Decrease	(3,972)	0
Prepaid Expense (Increase) Decrease	(2,547)	0
Accounts Payable Increase (Decrease)	(292,624)	209,386
Due to Other Funds Increase (Decrease)	1,811	3,439
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 63,392</u>	<u>\$ 316,262</u>

CITY OF MANTON, MICHIGAN

FIRE DEPARTMENT  
COMPARATIVE STATEMENT OF NET ASSETS

NOVEMBER 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 73,320	\$ 85,127
Receivables		
Taxes	5,819	5,656
Accounts Receivable	1,096	10,731
Due from Other Funds		
General Fund	1,260	0
Current Tax Collection Fund	0	72
Prepaid Expense	7,179	0
Inventory	2,047	1,812
	<hr/>	<hr/>
Total Current Assets	90,721	103,398
 <u>CAPITAL ASSETS</u>		
Leasehold Improvements	4,140	4,140
Fire Equipment	128,866	125,876
Fire Trucks	396,616	350,071
Accumulated Depreciation	(318,505)	(284,431)
	<hr/>	<hr/>
Net Capital Assets	211,117	195,656
	<hr/>	<hr/>
TOTAL ASSETS	\$ 301,838	\$ 299,054
	<hr/> <hr/>	<hr/> <hr/>

CITY OF MANTON, MICHIGAN

FIRE DEPARTMENT  
COMPARATIVE STATEMENT OF NET ASSETS

NOVEMBER 30,

	<u>2007</u>	<u>2006</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 117	\$ 2,617
Due to Other Funds		
General Fund	21,918	16,065
Current Portion of Contracts Payable	9,374	9,890
	<hr/>	<hr/>
Total Current Liabilities	31,409	28,572
 <u>LONG-TERM LIABILITIES</u>		
Contracts Payable	41,807	51,150
	<hr/>	<hr/>
TOTAL LIABILITIES	73,216	79,722
 <u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	159,936	134,616
Unrestricted	68,686	84,716
	<hr/>	<hr/>
TOTAL NET ASSETS	<u>\$ 228,622</u>	<u>\$ 219,332</u>

CITY OF MANTON, MICHIGAN

FIRE DEPARTMENT  
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR-ENDED NOVEMBER 30, 2006

	<u>BUDGET</u>	<u>2007</u>	<u>2006</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Township Base Contract Fees	\$ 31,600	\$ 23,895	\$ 32,326
Fire Runs	5,000	381	4,611
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	36,600	24,276	36,937
	<hr/>	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>			
Public Safety			
Fire Department			
Volunteers	3,650	3,648	3,893
Chief	2,400	2,400	1,500
Secretary/Treasurer	500	500	500
Assistant Chief	1,200	1,200	850
Medical	500	0	0
Disability and Life Insurance	2,220	2,216	2,216
Operating Supplies	3,500	3,041	3,507
Gasoline and Motor Oil	800	940	1,240
Communications			
Telephone	500	218	487
Radio and Alarm Expense	72	0	0
Fleet, Fire and Liability Insurance	10,600	14,113	15,055
Building Rental	4,800	3,600	3,600
Equipment Rental	0	0	30
Equipment Repairs	9,793	6,855	17,238
Contracted Services	1,200	0	645
Education and Training	484	430	0
Depreciation	19,000	34,074	32,670
Turn Out Gear	5,578	0	0
Miscellaneous	250	312	0
	<hr/>	<hr/>	<hr/>
Total Fire Department	67,047	73,547	83,431
	<hr/>	<hr/>	<hr/>

CITY OF MANTON, MICHIGAN

FIRE DEPARTMENT  
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS  
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR-ENDED NOVEMBER 30, 2006

	<u>BUDGET</u>	<u>2007</u>	<u>2006</u>
Administration			
Salaries and Wages	431	0	175
Employee Fringe Benefits	103	626	97
Independent Audit	1,300	1,275	1,225
Administration and Accounting	550	449	150
Taxes Abated and Written Off	344	344	0
Workers' Compensation	500	0	597
	<hr/>	<hr/>	<hr/>
Total Administration	3,228	2,694	2,244
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	70,275	76,241	85,675
	<hr/>	<hr/>	<hr/>
Operating Income (Loss)	(33,675)	(51,965)	(48,738)
	<hr/>	<hr/>	<hr/>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Current Tax Levy	35,000	36,910	35,938
Industrial Facility Tax	0	390	376
Payment In Lieu of Tax	0	641	627
Interest Income	534	3,358	1,377
Donations	0	22,000	0
Interest Expense	(2,044)	(2,044)	(2,418)
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	33,490	61,255	35,900
	<hr/>	<hr/>	<hr/>
Change in Net Assets	(185)	9,290	(12,838)
	<hr/>	<hr/>	<hr/>
<u>Net Assets - Beginning of Year</u>	219,332	219,332	232,170
	<hr/>	<hr/>	<hr/>
<u>Net Assets - End of Year</u>	\$ 219,147	\$ 228,622	\$ 219,332
	<hr/>	<hr/>	<hr/>

CITY OF MANTON, MICHIGAN  
FIRE DEPARTMENT  
COMPARATIVE STATEMENT OF CASH FLOWS  
YEAR ENDED NOVEMBER 30,

	<u>2007</u>	<u>2006</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities		
Cash Received from Customers and Other Revenues	\$ 25,146	\$ 27,265
Cash Payments to Suppliers for Goods and Services	(31,066)	(42,470)
Cash Payments to Employees for Services	(7,748)	(6,918)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	(13,668)	(22,123)
	<hr/>	<hr/>
Cash Flows from Noncapital Financing Activities:		
Proceeds from Tax Levy	37,941	36,941
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	(49,535)	(6,122)
Donations Received	22,000	0
Principal Paid on Equipment Contract	(9,859)	(10,478)
Interest Paid on Equipment Contract	(2,044)	(2,418)
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	(39,438)	(19,018)
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Interest Received	3,358	1,377
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(11,807)	(2,823)
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	85,127	87,950
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<u>\$ 73,320</u>	<u>\$ 85,127</u>

CITY OF MANTON, MICHIGAN

FIRE DEPARTMENT  
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED NOVEMBER 30,

RECONCILIATION OF OPERATING INCOME TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES:

	<u>2007</u>	<u>2006</u>
<u>Cash Flows from Operating Activities:</u>		
Operating Income (Loss)	\$ (51,965)	\$ (48,738)
Adjustments to Reconcile Operating Income to		
Net Cash Provided (Used) by Operating Activities		
Depreciation	34,074	32,670
Accounts Receivable (Increase) Decrease	9,635	(8,005)
Taxes Receivable (Increase) Decrease	(163)	(1,210)
Inventory (Increase) Decrease	(235)	(385)
Due from Other Funds (Increase) Decrease	(1,188)	(72)
Prepaid Expense (Increase) Decrease	(7,179)	0
Accounts Payable Increase (Decrease)	(2,500)	2,611
Due to Other Funds Increase (Decrease)	5,853	1,006
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (13,668)</u>	<u>\$ (22,123)</u>

CITY OF MANTON, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

NOVEMBER 30, 2007

	<u>BALANCE</u>			<u>BALANCE</u>
	<u>12/1/2006</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>11/30/2007</u>
<u>ASSETS</u>				
Cash in Bank	\$ 3,391	\$ 1,024,565	\$ 1,025,554	\$ 2,402
<u>LIABILITIES</u>				
Due to Other Funds	\$ 755	\$ 342,031	\$ 342,733	\$ 53
Due to Other Governments	2,636	682,352	682,639	2,349
Taxpayer Overpayments	0	182	182	0
<b>TOTAL LIABILITIES</b>	<b>\$ 3,391</b>	<b>\$ 1,024,565</b>	<b>\$ 1,025,554</b>	<b>\$ 2,402</b>

CITY OF MANTON, MICHIGAN  
IMPREST PAYROLL FUND  
COMPARATIVE BALANCE SHEET

NOVEMBER 30,

	2007	2006
<u>ASSETS</u>		
Cash	\$ 470	\$ 3,381
<u>LIABILITIES AND BALANCE</u>		
<u>LIABILITIES</u>		
Payroll Withholding Taxes	\$ 470	\$ 3,381
<u>BALANCE</u>	0	0
TOTAL LIABILITIES AND BALANCE	\$ 470	\$ 3,381

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2006 TAX ROLL

NOVEMBER 30, 2007

TAXES ASSESSED (Taxable Valuation \$17,974,098)  
(Non-Homestead Portion \$8,981,488)

	<u>MILLS LEVIED</u>		
Wexford County	3.6051	\$	64,795
Cadillac-Wexford Transit Authority	0.6000		10,782
Cadillac-Wexford County Public Library	0.6785		12,192
Council on Aging	0.9976		17,927
Manton Consolidated Schools			
Operating	18.0000		161,666
Debt	7.0000		125,816
Wexford-Missaukee Intermediate	5.9419		106,797
City			
General Fund	14.0000		251,577
Fire Department	2.0000		35,938
Local Street Fund	2.0000		35,938
Delinquent Water	N/A		1,531
Delinquent Sewer	N/A		1,536
Wexford County	4.4760		80,405
State Education Tax	6.0000		107,817
	<u>65.2991</u>		
			<u>\$ 1,014,717</u>

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2006 TAX ROLL

NOVEMBER 30, 2007

	<u>PRIOR TO</u> <u>12/01/06</u>	<u>AFTER</u> <u>11/30/06</u>	<u>TOTAL</u>
<u>TAXES COLLECTED</u>			
Wexford County	\$ 0	\$ 53,374	\$ 53,374
Cadillac-Wexford Transit Authority	0	9,048	9,048
Cadillac-Wexford County Public Library	0	10,231	10,231
Council on Aging	0	15,044	15,044
Manton Consolidated Schools			
Operating	0	135,605	135,605
Debt	0	105,581	105,581
Wexford-Missaukee Intermediate	0	89,621	89,621
City			
General Fund	211,985	14,629	226,614
Fire Department	30,282	1,090	31,372
Local Street Fund	30,282	1,090	31,372
Delinquent Water	665	0	665
Delinquent Sewer	805	0	805
Wexford County	67,701	3,726	71,427
State Education Tax	90,850	6,269	97,119
	<u>\$ 432,570</u>	<u>\$ 445,308</u>	
			\$ 877,878

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2006 TAX ROLL

NOVEMBER 30, 2007

TAXES UNCOLLECTED

Wexford County	\$	11,421	
Cadillac-Wexford Transit Authority		1,734	
Cadillac-Wexford County Public Library		1,961	
Council on Aging		2,883	
Manton Consolidated Schools			
Operating		26,061	
Debt		20,235	
Wexford-Missaukee Intermediate		17,176	
City			
General Fund		24,963	
Fire Department		4,566	
Local Street Fund		4,566	
Delinquent Water		866	
Delinquent Sewer		731	
Wexford County		8,978	
State Education Tax		10,698	136,839
			<hr/>

TOTAL TAXES COLLECTED AND UNCOLLECTED

\$ 1,014,717

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2007 TAX ROLL

NOVEMBER 30, 2007

TAXES ASSESSED (Taxable Valuation \$18,705,539)  
(Non-Homestead Portion \$9,213,284)

	<u>MILLS LEVIED</u>		
Wexford County - Public Safety	0.9500	\$	17,767
Wexford County - Animal Control	0.3500		6,544
Cadillac-Wexford Transit Authority	0.6000		11,221
Cadillac-Wexford County Public Library	0.6785		12,688
Council on Aging	0.9976		18,657
Manton Consolidated Schools			
Operating	18.0000		165,838
Debt	7.0000		130,936
Wexford-Missaukee Intermediate	5.9419		111,143
City			
General Fund	14.0000		261,108
Fire Department	2.0000		37,299
Local Street Fund	2.0000		37,299
Delinquent Water Service	N/A		2,800
Delinquent Sewer Service	N/A		3,358
Wexford County	6.7797		126,442
State Education Tax	6.0000		113,070
	<u>65.2977</u>		
<b>TOTAL TAXES ASSESSED</b>			<u><u>\$ 1,056,170</u></u>

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2007 TAX ROLL

NOVEMBER 30, 2007

TAXES COLLECTED

Wexford County - Public Safety	\$	0	
Wexford County - Animal Control		0	
Cadillac-Wexford Transit Authority		0	
Cadillac-Wexford County Public Library		0	
Council on Aging		0	
Manton Consolidated Schools			
Operating		0	
Debt		0	
Wexford-Missaukee Intermediate		0	
City			
General Fund		220,369	
Fire Department		31,480	
Local Street Fund		31,480	
Delinquent Water Service		1,209	
Delinquent Sewer Service		1,378	
Wexford County		106,715	
State Education Tax		95,610	
			\$ 488,241

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2007 TAX ROLL

NOVEMBER 30, 2007

TAXES UNCOLLECTED

Wexford County - Public Safety	\$	17,767	
Wexford County - Animal Control		6,544	
Cadillac-Wexford Transit Authority		11,221	
Cadillac-Wexford County Public Library		12,688	
Council on Aging		18,657	
Manton Consolidated Schools			
Operating		165,838	
Debt		130,936	
Wexford-Missaukee Intermediate		111,143	
City			
General Fund		40,739	
Fire Department		5,819	
Local Street Fund		5,819	
Delinquent Water Service		1,591	
Delinquent Sewer Service		1,980	
Wexford County		19,727	
State Education Tax		17,460	567,929
			<hr/>
TOTAL TAXES COLLECTED AND UNCOLLECTED			<u>\$ 1,056,170</u>

CITY OF MANTON, MICHIGAN  
SCHEDULE OF 2006 INDUSTRIAL FACILITIES TAX ROLL  
NOVEMBER 30, 2007

TAXES ASSESSED (Taxable Valuation \$376,200)

	MILLS LEVIED		
Wexford County	2.9114	\$	678
Cadillac-Wexford Transit Authority	0.3000		113
Cadillac-Wexford County Public Library	0.3392		128
Council on Aging	0.4988		188
Manton Consolidated Schools			
State Share	9.0000		3,386
Debt Service	3.5000		1,317
Wexford-Missaukee Intermediate			
Local Share	0.1365		51
State Share	2.8334		1,066
City			
General Fund	7.0000		2,634
Fire Department	1.0000		376
Local Street Fund	1.0000		376
Wexford County	1.8025		842
State Education Tax	6.0000		2,257
	36.3218		
		\$	13,412

	PRIOR TO 12/01/06	AFTER 11/30/06	TOTAL
<u>TAXES COLLECTED</u>			
Wexford County	\$ 0	\$ 678	\$ 678
Cadillac-Wexford Transit Authority	0	113	113
Cadillac-Wexford County Public Library	0	128	128
Council on Aging	0	188	188
Manton Consolidated Schools			
State Share	0	3,386	3,386
Debt Service	0	1,317	1,317
Wexford-Missaukee Intermediate			
Local Share	0	51	51
State Share	0	1,066	1,066
City			
General Fund	2,634	0	2,634
Fire Department	376	0	376
Local Street Fund	376	0	376
Wexford County	842	0	842
State Education Tax	2,257	0	2,257
	\$ 6,485	\$ 6,927	
			\$ 13,412

TAXES UNCOLLECTED

\$ 13,412  
0

TOTAL TAXES COLLECTED AND UNCOLLECTED

\$ 13,412

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2007 INDUSTRIAL FACILITIES TAX ROLL

NOVEMBER 30, 2007

TAXES ASSESSED (Taxable Valuation \$375,900)

	<u>MILLS LEVIED</u>		
Wexford County - Public Safety	0.4750	\$	179
Wexford County - Animal Control	0.1750		66
Cadillac-Wexford Transit Authority	0.3000		113
Cadillac-Wexford County Public Library	0.3392		127
Council on Aging	0.4988		187
Manton Consolidated Schools			
State Share	9.0000		3,383
Debt Service	3.5000		1,316
Wexford-Missaukee Intermediate			
Local Share	1.7209		647
State Share	1.2500		470
City			
General Fund	7.0000		2,724
Fire Department	1.0000		389
Local Street Fund	1.0000		389
Wexford County	3.3899		1,319
State Education Fund	6.0000		2,335
	<u>35.6488</u>		
			<u>\$ 13,644</u>

TAXES COLLECTED

Wexford County - Public Safety		\$	0
Wexford County - Animal Control			0
Cadillac-Wexford Transit Authority			0
Cadillac-Wexford County Public Library			0
Council on Aging			0
Manton Consolidated Schools			
State Share			0
Debt Service			0
Wexford-Missaukee Intermediate			
Local Share			0
State Share			0
City			
General Fund			2,724
Fire Department			389
Local Street Fund			389
Wexford County			1,319
State Education Fund			2,335
			<u>7,156</u>
		\$	<u>7,156</u>

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2007 INDUSTRIAL FACILITIES TAX ROLL  
NOVEMBER 30, 2007

TAXES UNCOLLECTED

Wexford County - Public Safety	\$	179	
Wexford County - Animal Control		66	
Cadillac-Wexford Transit Authority		113	
Cadillac-Wexford County Public Library		127	
Council on Aging		187	
Manton Consolidated Schools			
State Share		3,383	
Debt Service		1,316	
Wexford-Missaukee Intermediate			
Local Share		647	
State Share		470	
City			
General Fund		0	
Fire Department		0	
Local Street Fund		0	
Wexford County		0	
State Education Fund		0	6,488
			<hr/>
TOTAL TAXES COLLECTED AND UNCOLLECTED			\$ 13,644
			<hr/> <hr/>

CITY OF MANTON, MICHIGAN

SCHEDULE OF 1998 WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE

NOVEMBER 30, 2007

<u>TITLE OF ISSUE</u>	City of Manton 1998 Water Supply System Revenue Bonds		
<u>PURPOSE</u>	Paying all or part of the cost of Construction in the Water Supply System in the City of Manton		
<u>DATE OF ISSUE</u>	July 23, 1998		
<u>AMOUNT OF ISSUE</u>		\$	600,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$	54,000	
During Current Period		<u>8,000</u>	<u>62,000</u>
<u>BALANCE OUTSTANDING</u> - November 30, 2007		\$	<u>538,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2008	4.75%		\$ 12,778	\$ 12,778
November 1, 2008	4.75%	\$ 8,000	12,777	20,777
May 1, 2009	4.75%		12,588	12,588
November 1, 2009	4.75%	9,000	12,587	21,587
May 1, 2010	4.75%		12,374	12,374
November 1, 2010	4.75%	9,000	12,374	21,374
May 1, 2011	4.75%		12,160	12,160
November 1, 2011	4.75%	9,000	12,160	21,160
May 1, 2012	4.75%		11,946	11,946
November 1, 2012	4.75%	10,000	11,946	21,946
May 1, 2013	4.75%		11,709	11,709
November 1, 2013	4.75%	10,000	11,709	21,709
May 1, 2014	4.75%		11,471	11,471
November 1, 2014	4.75%	11,000	11,471	22,471
May 1, 2015	4.75%		11,210	11,210
November 1, 2015	4.75%	11,000	11,210	22,210
May 1, 2016	4.75%		10,949	10,949
November 1, 2016	4.75%	12,000	10,949	22,949
May 1, 2017	4.75%		10,664	10,664
November 1, 2017	4.75%	13,000	10,664	23,664

CITY OF MANTON, MICHIGAN

SCHEDULE OF 1998 WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE  
NOVEMBER 30, 2007

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2018	4.75%		10,355	10,355
November 1, 2018	4.75%	13,000	10,355	23,355
May 1, 2019	4.75%		10,046	10,046
November 1, 2019	4.75%	14,000	10,046	24,046
May 1, 2020	4.75%		9,714	9,714
November 1, 2020	4.75%	14,000	9,714	23,714
May 1, 2021	4.75%		9,381	9,381
November 1, 2021	4.75%	15,000	9,381	24,381
May 1, 2022	4.75%		9,025	9,025
November 1, 2022	4.75%	16,000	9,025	25,025
May 1, 2023	4.75%		8,645	8,645
November 1, 2023	4.75%	17,000	8,645	25,645
May 1, 2024	4.75%		8,241	8,241
November 1, 2024	4.75%	18,000	8,241	26,241
May 1, 2025	4.75%		7,814	7,814
November 1, 2025	4.75%	19,000	7,814	26,814
May 1, 2026	4.75%		7,363	7,363
November 1, 2026	4.75%	19,000	7,362	26,362
May 1, 2027	4.75%		6,911	6,911
November 1, 2027	4.75%	20,000	6,911	26,911
May 1, 2028	4.75%		6,436	6,436
November 1, 2028	4.75%	22,000	6,436	28,436
May 1, 2029	4.75%		5,914	5,914
November 1, 2029	4.75%	22,000	5,914	27,914
May 1, 2030	4.75%		5,391	5,391
November 1, 2030	4.75%	24,000	5,391	29,391
May 1, 2031	4.75%		4,821	4,821
November 1, 2031	4.75%	25,000	4,821	29,821
May 1, 2032	4.75%		4,228	4,228
November 1, 2032	4.75%	26,000	4,227	30,227
May 1, 2033	4.75%		3,610	3,610
November 1, 2033	4.75%	27,000	3,610	30,610
May 1, 2034	4.75%		2,969	2,969
November 1, 2034	4.75%	29,000	2,969	31,969
May 1, 2035	4.75%		2,280	2,280
November 1, 2035	4.75%	30,000	2,280	32,280

CITY OF MANTON, MICHIGAN

SCHEDULE OF 1998 WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE  
NOVEMBER 30, 2007

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2036	4.75%		1,568	1,568
November 1, 2036	4.75%	32,000	1,567	33,567
May 1, 2037	4.75%		808	808
November 1, 2037	4.75%	34,000	808	34,808
		<u>\$ 538,000</u>	<u>\$ 486,733</u>	<u>\$ 1,024,733</u>

PRIOR REDEMPTION

The bonds shall not be subject to redemption prior to maturity or otherwise defeased without written approval of the United States Department of Agriculture.

CITY OF MANTON, MICHIGAN

SCHEDULE OF SANITARY SEWER SYSTEM SERIES 2007 REVENUE REFUNDING BONDS

PAYABLE  
NOVEMBER 30, 2007

<u>TITLE OF ISSUE</u>	Sanitary Sewer System Revenue Refunding Bonds, Series 2007		
<u>PURPOSE</u>	Refunding of the Series 2004 and 2006 Sanitary Sewer System Revenue Bonds.		
<u>DATE OF ISSUE</u>	June 21, 2007		
<u>AMOUNT OF ISSUE</u>		\$	1,334,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Period		\$	0
During Current Period		5,000	5,000
			<u>5,000</u>
<u>BALANCE OUTSTANDING</u> - November 30, 2007		\$	<u>1,329,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
April 1, 2008	1.625%		\$ 10,798	\$ 10,798
October 1, 2008	1.625%	\$ 60,000	10,798	70,798
April 1, 2009	1.625%		10,311	10,311
October 1, 2009	1.625%	65,000	10,311	75,311
April 1, 2010	1.625%		9,782	9,782
October 1, 2010	1.625%	65,000	9,783	74,783
April 1, 2011	1.625%		9,254	9,254
October 1, 2011	1.625%	65,000	9,254	74,254
April 1, 2012	1.625%		8,726	8,726
October 1, 2012	1.625%	65,000	8,726	73,726
April 1, 2013	1.625%		8,198	8,198
October 1, 2013	1.625%	65,000	8,198	73,198
April 1, 2014	1.625%		7,670	7,670
October 1, 2014	1.625%	70,000	7,670	77,670
April 1, 2015	1.625%		7,101	7,101
October 1, 2015	1.625%	70,000	7,101	77,101
April 1, 2016	1.625%		6,532	6,532
October 1, 2016	1.625%	70,000	6,533	76,533
April 1, 2017	1.625%		5,964	5,964
October 1, 2017	1.625%	70,000	5,964	75,964

CITY OF MANTON, MICHIGAN

SCHEDULE OF SANITARY SEWER SYSTEM SERIES 2007 REVENUE REFUNDING BONDS

PAYABLE  
NOVEMBER 30, 2007

<u>DUE DATES</u>	<u>INTEREST</u> <u>RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
April 1, 2018	1.625%		5,395	5,395
October 1, 2018	1.625%	70,000	5,395	75,395
April 1, 2019	1.625%		4,826	4,826
October 1, 2019	1.625%	75,000	4,826	79,826
April 1, 2020	1.625%		4,217	4,217
October 1, 2020	1.625%	75,000	4,217	79,217
April 1, 2021	1.625%		3,607	3,607
October 1, 2021	1.625%	75,000	3,608	78,608
April 1, 2022	1.625%		2,998	2,998
October 1, 2022	1.625%	75,000	2,998	77,998
April 1, 2023	1.625%		2,389	2,389
October 1, 2023	1.625%	80,000	2,389	82,389
April 1, 2024	1.625%		1,739	1,739
October 1, 2024	1.625%	80,000	1,739	81,739
April 1, 2025	1.625%		1,089	1,089
October 1, 2025	1.625%	80,000	1,089	81,089
April 1, 2026	1.625%		439	439
October 1, 2026	1.625%	54,000	439	54,439
		<u>\$ 1,329,000</u>	<u>\$ 222,073</u>	<u>\$ 1,551,073</u>

PRIOR REDEMPTION

Bonds will be subject to redemption prior to maturity by the City only with prior written consent of the Michigan Municipal Bond Authority and on such terms as required by the Bond Authority.

**CITY OF MANTON, MICHIGAN**

**SINGLE AUDIT**

**NOVEMBER 30, 2007**

*Baird, Cotter and Bishop, P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

PHONE: 231-775-9789 FAX: 231-775-9749

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CITY OF MANTON, MICHIGAN  
SINGLE AUDIT  
YEAR ENDED NOVEMBER 30, 2007

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# *Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

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January 8, 2008

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and City Commission  
City of Manton, Michigan

### COMPLIANCE

We have audited the compliance of City of Manton with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended November 30, 2007. The City of Manton's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of City of Manton's management. Our responsibility is to express an opinion on City of Manton's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Manton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Manton's compliance with those requirements.

In our opinion, the City of Manton complied in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended November 30, 2007.

### INTERNAL CONTROL OVER COMPLIANCE

The management of the City of Manton is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Manton's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in the City's internal control over compliance 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 noncompliance with a type or compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was not for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Manton as of and for the year ended November 30, 2007, and have issued our report thereon dated January 8, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of Manton's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the City Commission and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

CITY OF MANTON  
MANTON, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2007

FEDERAL AGENCY PASS THROUGH ENTITY PROGRAM TITLE	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE DECEMBER 1 2006	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE NOVEMBER 30 2007	ADJUSTMENTS
<b>U.S. Department of Agriculture</b>								
Passed Through Rural Utilities Service								
Water and Waste Disposal Systems for Rural Communities								
Grant - Project Number	10.760	\$ 1,935,000	\$ 282,921	\$ 1,745,721	\$ 189,279	\$ 472,200	\$ 0	\$ 0
Rural Development Loan	10.760	<u>1,014,000</u>	<u>0</u>	<u>1,014,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total U.S. Department of Agriculture</b>	10.760	<u>2,949,000</u>	<u>282,921</u>	<u>2,759,721</u>	<u>189,279</u>	<u>472,200</u>	<u>0</u>	<u>0</u>
<b>U.S. Department of Housing and Urban Development</b>								
Passed Through Michigan Strategic Fund								
Community Development Block Grant								
MSC 206025-ICE	14.228	<u>150,910</u>	<u>0</u>	<u>0</u>	<u>146,341</u>	<u>115,458</u>	<u>30,883</u>	<u>0</u>
<b>Total U.S. Department of Housing and Urban Development</b>	14.228	<u>150,910</u>	<u>0</u>	<u>0</u>	<u>146,341</u>	<u>115,458</u>	<u>30,883</u>	<u>0</u>
<b>U.S. Environmental Protection Agency</b>								
Passed Through Michigan Department of Environmental Quality								
Clean Water State Revolving Fund Loan								
Loan - Project Number 5210-01	66.458	<u>800,400</u>	<u>0</u>	<u>0</u>	<u>800,400</u>	<u>800,400</u>	<u>0</u>	<u>0</u>
<b>Total U.S. Environmental Protection Agency</b>	66.458	<u>800,400</u>	<u>0</u>	<u>0</u>	<u>800,400</u>	<u>800,400</u>	<u>0</u>	<u>0</u>
<b>Total Federal Financial Assistance</b>		<u>\$ 3,900,310</u>	<u>\$ 282,921</u>	<u>\$ 2,759,721</u>	<u>\$ 1,136,020</u>	<u>\$ 1,388,058</u>	<u>\$ 30,883</u>	<u>\$ 0</u>

CITY OF MANTON, MICHIGAN  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED NOVEMBER 30, 2007

NOTE A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Manton, Michigan and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B - Reconciliation of Revenues with Expenditures for Federal Financial Assistance Programs

Statement of Net Assets - Proprietary Funds Page 9 of the  
Basic Financial Statements

Amount Recorded as Bonds Payable	\$ 1,329,000
Less: Non-federal portion	(528,600)

Federal Revenue Per Statement of Revenues, Expenses and  
Changes in Fund Net Assets Page 10 of the Basic Financial  
Statements

Capital Contributions - Community Development Block Grant	146,341
Capital Contributions - Rural Development Grant	<u>189,279</u>

Total Current Year Expenditures Per Schedule of  
Expenditures of Federal Awards

\$ <u><u>1,136,020</u></u>
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*Baird, Cotter and Bishop, P.C.*

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January 8, 2008

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Mayor and City Commission  
City of Manton, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Manton, Michigan as of and for the year ended November 30, 2007, which collectively comprise the City of Manton, Michigan basic financial statements and have issued our report thereon dated January 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Manton's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Manton's financial statements that is more than inconsequential will not be prevented or detected by the City of Manton's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs (Item B) to be significant deficiencies in internal control over financial reporting.

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 City of Manton's internal control.

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

#### COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City of Manton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the City Commission and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

CITY OF MANTON, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2007

Prior Year Findings and Reportable Conditions

Findings – Basic Financial Statement Audit

Reportable Conditions:

- a. The relatively small number of people involved in the accounting functions of the City make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the City Commission must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. We realize that it is not financially practical for the City Commission to establish a larger accounting staff in order to implement proper segregation of duties.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. The reportable condition noted above was not considered to be a material weakness.

Corrective Action Plan

Inadequate segregation of duties.

With the status of current funding, the City is unable to hire additional employees at this time to improve the segregation of duties within the accounting function. We realize that segregation of duties is important in order to increase internal control. Management oversight has been an alternative means of monitoring internal control along with continuing to try and reassign some duties within the accounting department to other staff members. We still are exploring ways to spread some of the day-to-day accounting responsibilities. The City will continue to monitor the situation and explore cost effective ways to improve this internal control limitation.

CITY OF MANTON, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2007

**A. Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued:	Unqualified	
Significant Deficiencies identified:	<u>  X  </u> Yes	<u>      </u> No
Significant Deficiencies identified as material weakness(es)?	<u>      </u> Yes	<u>  X  </u> No
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> No

*Federal Awards*

Internal control over major programs:		
Significant Deficiencies identified:	<u>      </u> Yes	<u>  X  </u> No
Significant Deficiencies identified as material weakness(es)?	<u>      </u> Yes	<u>  X  </u> No
Type of auditors' report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133?	<u>      </u> Yes	<u>  X  </u> No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Clean Water State Revolving Fund Loan

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	<u>      </u> Yes	<u>  X  </u> No
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CITY OF MANTON, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2007

**B. Findings - Basic Financial Statements Audit**

Significant Deficiency:

a. Lack of Segregation of Duties

The relatively small number of people involved in the accounting functions of the City make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. We realize that it is not financially practical for the City to establish a larger accounting staff in order to implement proper segregation of duties.

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

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Manton's internal control. The significant deficiency noted above was not considered to be a material weakness.

Corrective Action Plan

Inadequate segregation of duties.

With the status of current funding, the City is unable to hire additional employees at this time to improve the segregation of duties within the accounting function. We realize that segregation of duties is important in order to increase internal control. Management oversight has been an alternative means of monitoring internal control along with continuing to try and reassign some duties within the accounting department to other staff members. We still are exploring ways to spread some of the day-to-day accounting responsibilities. The City will continue to monitor the situation and explore cost effective ways to improve this internal control limitation.

CITY OF MANTON, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2007

b. Lack of Adequate Controls to Produce Full Disclosure GAAP Basis Financial Statements.

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principals (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally. As a result of this condition, the government lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task. The significant deficiency noted above was not considered to be a material weakness.

Corrective Action Plan

The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None

# *Baird, Cotter and Bishop, P.C.*

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January 8, 2008

To the Mayor and City Commission  
City of Manton, Michigan

During our audit of the financial statements of the City of Manton, Michigan, for the year ended November 30, 2007, we noted the following items which we believe should be reviewed and/or considered for adoption under the management and accounting procedures of the City:

### Budgetary Accounting

The City's expenditures exceeded appropriations in the General Fund in all of the functions. The City monitored and amended timely the other fund budgets and did a good job following the spirit of the State of Michigan's budgeting requirements.

### Condition of Financial Records

The accounting records were found to be well organized and well documented.

We commend Teresa and Deb for a good year in meeting the recordkeeping requirements for the City, and we appreciate their efforts.

### Transfers from Major to Local Streets

The Michigan Department of Transportation has changed the way transfers from Major to Local Streets may be determined. The transfer amount instead of a percentage of major street revenue is now limited to the amount of maintenance (snow removal, routine maintenance, etc.) that the local street spends during the year, but may not exceed 25% of annual Major Street funding. This year the City's transfer from Major Streets to Local Streets was \$16,551. The budgeted amount was not sent during the year so the cash will be paid during the 2007-2008 fiscal year. Per the Michigan Department of Transportation, effective on January 1, 2009, Major Street funds may not be transferred to Local Streets except to the extent matched by local revenues expended on the Major Street system.

### Single Audit Requirement

The current year expenditures for Phase II of the Sewer Improvement Project totaled \$189,279; the expenditures for the water main project were \$146,341; and the City issued bonds for a current refunding of the Series 2004 and Series 2006 Sewer System Revenue Bonds of which \$800,400 was from federal sources. The total federal expenditures and borrowings totaled \$1,136,020. This total is more than the \$500,000 floor for requiring a single audit for this year; therefore a single audit is required. The Single Audit has been completed and issued under separate cover. The records of expenses and requests for project funds and loan advances were found to be accurate and up to date. We commend the Clerk for doing an excellent job in keeping up with the record keeping requirements of the various federal projects

Bond Reserve Requirements

The bond issues for water revenue bonds require certain amounts to be set aside in a Bond Reserve Account and a Repair, Replacement and Improvement Account. The water revenue bonds were found to be \$21,780 short of the reserve requirement for this year. We recommend the City review the bond agreements for both the sewer and water revenue bonds to ensure that all reserve requirements are being met.

Tax Tribunal Changes

Currently, the City has several cases being brought to the Michigan Tax Tribunal for reduction of assessed values due to proposed changes in the calculations of valuations on assets of certain taxpayers. If successful in their petition for reduced taxable values, the City's tax revenues may be reduced. If the taxpayers are successful the City may be faced with additional liabilities. The City may need to consider future budget amendments as necessary.

We wish to take the opportunity to thank the commission for awarding this firm the audit assignment of the City of Manton and the management and staff for their cooperative spirit and assistance in helping us fulfill this audit engagement.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*