



Township of Algoma, Michigan

Annual Financial Report
Year Ended March 31, 2007



BDO Seidman, LLP
Accountants and Consultants



**Township of Algoma,
Michigan**

Annual Financial Report
Year Ended March 31, 2007

Township of Algoma, Michigan

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Township of Algoma, Michigan

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Independent Auditors' Report

Board of Trustees
Township of Algoma
Rockford, Michigan

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Township of Algoma, Michigan as of March 31, 2007, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the budgetary comparison information on pages 45-49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States 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 Township's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Township of Algoma. 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.

BDO Seidman, LLP

Grand Rapids, Michigan
June 18, 2007

Management's Discussion and Analysis

1) Financial Highlights

- a) Net assets of governmental activities totaled \$2,380,116 as presented in the Government-Wide Statement of Net Assets.
- b) Net assets of business-type activities totaled \$1,167,205 as presented in the Government-Wide Statement of Net Assets.
- c) Total General Fund expenditures were under the final budget by \$219,358.
- d) Fund balance in the General Fund decreased by \$27,909 to \$474,069.

2) Overview of Financial Statements

The financial statements provide two views of the Township's financial position. At the broadest level, the government-wide statements summarize all Township funds into one statement using the full accrual method of accounting. This method of accounting is similar to private sector, for-profit accounting. The more detailed level is the fund financial statements which are prepared using the modified accrual method of accounting.

a) Government-Wide Financial Statements

i) Statement of Net Assets

The focus of the Statement of Net Assets is similar to a balance sheet in private sector accounting. This statement, for the first time, combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations (total economic resources). This statement presents all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets can serve as a barometer of financial health and whether the Township's financial position is improving or deteriorating.

ii) Statement of Activities

The Statement of Activities is focused on both the gross and net cost of the various activities that are supported by the Township's general tax and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various governmental services and/or the subsidy to various business-type activities.

b) Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial presentation more familiar. These statements provide more detailed information about the Township's most significant funds (major funds). A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Township uses to maintain control over resources that have been segregated for specific activities or objectives.

i) **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund statements are presented on a modified accrual basis, which focuses on the near-term sources and uses of available resources. This is the manner in which the budget is typically developed. The balance sheet for governmental funds does not include any capital assets or long-term debt. Governmental funds include the general fund and special revenue funds and are reported as governmental activities in the government-wide financial statements.

(1) **Major Funds**

In the new reporting model, the focus shifted from fund type to a major funds emphasis. Major funds are the largest funds in terms of assets, liabilities, revenues or expenses/expenditures. The following funds meet this requirement:

- General Fund
- Fire Department Special Revenue Fund
- Building Department Special Revenue Fund
- Special Assessments Special Revenue Fund

ii) **Proprietary Funds**

Proprietary funds are used to account for the services provided by the Township where the Township charges customers (whether external or internal) for the services it provides. These funds use accrual accounting. The Township maintains one enterprise fund that is used to report the sewer operations and maintenance. It is reported as business-type activities in the government-wide financial statements.

c) **Notes to the Financial Statements**

Immediately after the financial statements are the Notes to Financial Statements. The notes are an integral part of the financial statements. The notes contain many additional disclosures about the financial health of the Township.

3) Government-Wide Financial Analysis

a) **Net Assets**

Following is a summarized version of the Statement of Net Assets.

<i>March 31,</i>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2007	2006	2007	2006	2007	2006
Assets						
Current and other assets	\$ 694,506	\$ 844,321	\$ 179,975	\$ 205,707	\$ 874,481	\$ 1,050,028
Capital assets, net of accumulated depreciation	2,023,853	2,111,655	987,377	932,306	3,011,230	3,043,961
Total assets	2,718,359	2,955,976	1,167,352	1,138,013	3,885,711	4,093,989
Liabilities						
Long-term liabilities	300,655	389,589	-	-	300,655	389,589
Other liabilities	37,588	28,758	147	563	37,735	29,321
Total liabilities	338,243	418,347	147	563	338,390	418,910
Net Assets						
Invested in capital assets, net of related debt	1,734,853	1,732,655	987,377	932,306	2,722,230	2,664,961
Restricted	130,898	313,585	-	-	130,898	313,585
Unrestricted	514,365	491,389	179,828	205,144	694,193	696,533
Total Net Assets	\$ 2,380,116	\$ 2,537,629	\$ 1,167,205	\$ 1,137,450	\$ 3,547,321	\$ 3,675,079

The total net assets of the Township are \$3,547,321. Net assets totaling \$130,898 are restricted for public safety and health and welfare. The Township has \$694,193 in unrestricted net assets.

b) Changes in Net Assets

i) The following table shows how activities affected changes in net assets during the fiscal year.

<i>March 31,</i>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for services	\$ 248,902	\$ 282,761	\$ 97,303	\$ 92,370	\$ 346,205	\$ 375,131
Operating grants and contributions	16,211	137,026	-	-	16,211	137,026
Capital grants	21,881	-	80,000	-	101,881	-
General revenues:						
Property taxes	636,900	598,958	-	-	636,900	598,958
Other taxes and revenues	523,666	519,084	-	-	523,666	519,084
Investment earnings	28,767	27,319	9,443	6,716	38,210	34,035
Total revenues	1,476,327	1,565,148	186,746	99,086	1,663,073	1,664,234
Expenses						
General government	562,993	486,392	-	-	562,993	486,392
Public safety	605,842	458,623	-	-	605,842	458,623
Public works	206,575	226,933	156,991	143,388	363,566	370,321
Health and welfare	54,641	16,975	-	-	54,641	16,975
Culture and recreation	95,394	97,170	-	-	95,394	97,170
Community development	77,359	129,225	-	-	77,359	129,225
Other	18,453	38,698	-	-	18,453	38,698
Interest and fiscal charges	12,583	15,531	-	-	12,583	15,531
Total expenses	1,633,840	1,469,547	156,991	143,388	1,790,831	1,612,935
Change in net assets	(157,513)	95,601	29,755	(44,302)	(127,758)	51,299
Net Assets, beginning of year	2,537,629	2,442,028	1,137,450	1,181,752	3,675,079	3,623,780
Net Assets, end of year	\$ 2,380,116	\$ 2,537,629	\$ 1,167,205	\$ 1,137,450	\$ 3,547,321	\$ 3,675,079

(1) Revenue Sources and Changes

Total revenue from all sources totaled \$1,663,073, of which \$1,476,327 was from governmental activities and \$186,746 was from business-type activities. Revenue from governmental activities consists mainly of \$636,900 (43%) from property taxes and \$516,745 (35%) from state revenue sharing. The millage rate for general operations was .7924 and .9854 for the fire department. Revenue from operating and capital grants decreased by approximately \$99,000 due to a grant received in 2006 for fire equipment.

(2) Expenses

(a) Expenses by Function

Using a full accrual basis of accounting, the Township spent \$1,633,840 on governmental activities. This equates to 35% on general government, 37% on public safety, 13% on public works and 6% on culture and recreation. Expenditures for public safety increased in part due to the addition of a public safety officer.

ii) Business-Type Activity Highlights

Business-type activities show an increase in net assets of \$29,755 on revenues of \$186,746. The largest source of revenue was from charges for services, which represent 52% of revenues for business-type activities.

4) Financial Analysis of Individual Funds

a) General Fund

The General Fund had revenues of \$961,466 and expenditures of \$989,375. Major expenditures include the completion of the Grange paving project and the beginning of improvements to Edgerton Ct. In addition the Township performed a mid-year census count.

5) Capital Assets and Debt Administration

a) Capital Assets

i) Summary of Capital Assets

The Township has \$3,011,230 invested in capital assets net of accumulated depreciation, which consists of \$2,023,853 in governmental activities and \$987,377 in business-type activities. The major investments are in real property, buildings and infrastructure. During the year an \$80,000 sewer extension was completed and donated to the Township by a developer.

Capital assets include all purchases of assets that exceed \$1,000. Capital assets include land and land improvements, buildings and improvements, machinery and equipment, motor vehicles and infrastructure such as streets and sidewalks. The Township uses straight-line depreciation for all depreciable assets.

ii) Future Plans include the paving of Edgerton Court which is expected to be completed in calendar year 2007.

6) Debt

a) Summary of Debt

The Township had \$300,655 of debt outstanding for governmental activities. The major portion, \$289,000, is the installment purchase of the Edgerton Fire Station constructed in 2003.

7) Economic Forecast

a) Main Sources of Revenue

The Township has three main sources of revenue. These include property taxes, utility charges, and state shared revenue. The economic forecast for the community is mostly dependent on state shared revenue as discussed below.

i) State Shared Revenue

State shared revenue is the largest source of revenue for the General Fund, representing 54% of General Fund revenue. State shared revenue is made up of two components and is based on the State sales tax rate of 6%. The constitutional component is based on the former 4% sales tax rate. This portion cannot be adjusted by the legislature. This total is \$516,745 in fiscal year 2007. The statutory component is based on the additional percentage added to the State sales tax and can be adjusted by the State legislature. This total is \$ 0 in fiscal year 2007. In both components, the overall distribution is dependent on the collection of the State sales taxes. When the economy and sales diminish, the revenue stream is reduced. When the economy and sales improve, revenue increases. Therefore, the General Fund is partially dependent on the overall State of Michigan economy.

In preparing the annual budgets, management uses the Michigan Department of Treasury's estimates as published on their web site. The current fund balance will enable the Township to weather any likely reductions in fiscal year 2008 state shared revenue; however, conservative estimates for the future are needed.



Government-Wide Financial Statements

Township of Algoma, Michigan

Statement of Net Assets

<i>March 31, 2007</i>	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and investments (Note 2)	\$ 554,283	\$ 172,494	\$ 726,777
Taxes receivable	34,108	-	34,108
Accounts receivable	19,688	6,092	25,780
Special assessments receivable	1,587	1,389	2,976
Due from other governments	84,840	-	84,840
Land (Note 4)	230,265	-	230,265
Depreciable capital assets, net of accumulated depreciation (Note 4)	1,793,588	987,377	2,780,965
Total Assets	2,718,359	1,167,352	3,885,711
Liabilities			
Accounts payable	36,784	147	36,931
Accrued liabilities	804	-	804
Noncurrent liabilities (Note 7):			
Due within one year	93,000	-	93,000
Due in more than one year	207,655	-	207,655
Total Liabilities	338,243	147	338,390
Net Assets			
Invested in capital assets, net of related debt	1,734,853	987,377	2,722,230
Restricted for:			
Public safety	66,822	-	66,822
Health and welfare	64,076	-	64,076
Unrestricted	514,365	179,828	694,193
Total Net Assets	\$ 2,380,116	\$ 1,167,205	\$ 3,547,321

See accompanying notes to financial statements.

<i>Year ended March 31, 2007</i>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants
Primary Government				
Governmental activities:				
General government	\$ 562,993	\$ 100,650	\$ -	\$ 21,881
Public safety	605,842	108,775	-	-
Public works	206,575	-	-	-
Health and welfare	54,641	37,787	16,211	-
Cultural and recreation	95,394	1,690	-	-
Community and economic development	77,359	-	-	-
Other	18,453	-	-	-
Interest and fiscal charges	12,583	-	-	-
Total governmental activities	1,633,840	248,902	16,211	21,881
Business-type activities:				
Sewer operations and maintenance	156,991	97,303	-	80,000
Total Primary Government	\$1,790,831	\$ 346,205	\$ 16,211	\$ 101,881

General revenues:

Property taxes levied for general purposes

Property taxes levied for public safety

Other taxes

Other revenues

Unrestricted investment earnings

Total general revenues

Change in net assets

Net Assets, beginning of year

Net Assets, end of year

Township of Algoma, Michigan

Statement of Activities

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (440,462)	\$ -	\$ (440,462)
(497,067)	-	(497,067)
(206,575)	-	(206,575)
(643)	-	(643)
(93,704)	-	(93,704)
(77,359)	-	(77,359)
(18,453)	-	(18,453)
(12,583)	-	(12,583)
<u>(1,346,846)</u>	<u>-</u>	<u>(1,346,846)</u>
-	20,312	20,312
<u>(1,346,846)</u>	<u>20,312</u>	<u>(1,326,534)</u>
297,341	-	297,341
339,559	-	339,559
516,745	-	516,745
6,921	-	6,921
28,767	9,443	38,210
<u>1,189,333</u>	<u>9,443</u>	<u>1,198,776</u>
(157,513)	29,755	(127,758)
<u>2,537,629</u>	<u>1,137,450</u>	<u>3,675,079</u>
<u>\$ 2,380,116</u>	<u>\$1,167,205</u>	<u>\$ 3,547,321</u>

See accompanying notes to financial statements.

Township of Algoma, Michigan

Governmental Funds Balance Sheet

<i>March 31, 2007</i>	General	Special Revenue Funds			Total Governmental Funds
		Fire Department	Building Department	Special Assessments	
Assets					
Cash and investments (Note 2)	\$ 385,218	\$ 50,469	\$ 53,732	\$ 64,864	\$ 554,283
Taxes receivable	15,203	18,905	-	-	34,108
Special assessments receivable	-	-	-	1,587	1,587
Due from other funds (Note 3)	19,401	287	-	-	19,688
Due from other governments	84,840	-	-	-	84,840
Total Assets	\$ 504,662	\$ 69,661	\$ 53,732	\$ 66,451	\$ 694,506
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 30,593	\$ 2,036	\$ 1,780	\$ 2,375	\$ 36,784
Unreserved fund balances					
Designated for subsequent years' expenditures	295,174	40,645	39,833	-	375,652
Undesignated:					
Reported in General Fund	178,895	-	-	-	178,895
Reported in Special Revenue Funds	-	26,980	12,119	64,076	103,175
Total fund balances	474,069	67,625	51,952	64,076	657,722
Total Liabilities and Fund Balances	\$ 504,662	\$ 69,661	\$ 53,732	\$ 66,451	\$ 694,506

See accompanying notes to financial statements.

Township of Algoma, Michigan

Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

March 31, 2007

Total fund balances - total governmental funds \$ 657,722

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets, at cost	3,107,139
Accumulated depreciation	<u>(1,083,286)</u>
Net capital assets	2,023,853

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Balances were:

Bonds payable	(289,000)
Accrued interest on bonds	(804)
Compensated absences	<u>(11,655)</u>

Net Assets of Governmental Activities \$ 2,380,116

See accompanying notes to financial statements.

Township of Algoma, Michigan

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

<i>Year ended March 31, 2007</i>	Special Revenue Funds			Total Governmental Funds	
	General	Fire Department	Building Department		Special Assessments
Revenues					
Property taxes	\$ 297,341	\$ 339,559	\$ -	\$ -	\$ 636,900
Intergovernmental	532,956	-	-	-	532,956
Licenses and permits	1,690	-	-	-	1,690
Charges for services	100,650	-	105,499	37,787	243,936
Investment earnings	22,182	2,093	2,950	1,542	28,767
Other revenues	6,647	3,276	-	-	9,923
Total revenues	961,466	344,928	108,449	39,329	1,454,172
Expenditures					
Current:					
General government	551,622	-	-	-	551,622
Public safety	57,091	336,970	150,459	-	544,520
Public works	206,575	-	-	-	206,575
Health and welfare	5,000	-	-	33,430	38,430
Community and economic development	77,359	-	-	-	77,359
Cultural and recreation	57,064	-	-	-	57,064
Other	34,664	-	-	-	34,664
Debt service:					
Principal	-	90,000	-	-	90,000
Interest	-	12,834	-	-	12,834
Total expenditures	989,375	439,804	150,459	33,430	1,613,068
Net change in fund balances	(27,909)	(94,876)	(42,010)	5,899	(158,896)
Fund Balances, beginning of year	501,978	162,501	93,962	58,177	816,618
Fund Balances, end of year	\$ 474,069	\$ 67,625	\$ 51,952	\$ 64,076	\$ 657,722

See accompanying notes to financial statements.

Township of Algoma, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended March 31, 2007

Net change in fund balances - total governmental funds \$ (158,896)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	63,982
Depreciation expense	(150,843)

Governmental funds report proceeds from the sale of capital assets as revenue while in the statement of activities only the gain or loss is reported. The change in net assets differs from the change in fund balance by the basis of the property disposed. (941)

Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 90,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	(1,066)
Accrued interest	251

Change in Net Assets of Governmental Activities \$ (157,513)

See accompanying notes to financial statements.

Township of Algoma, Michigan

Proprietary Fund Statement of Net Assets

	<u>Enterprise Fund</u>
	<u>Sewer Operations</u>
	<u>and Maintenance</u>
<i>March 31, 2007</i>	
<hr/>	
Assets	
Current assets	
Cash and investments (Note 2)	\$ 172,494
Accounts receivable	6,092
Special assessments receivable	1,389
<hr/>	
Total current assets	179,975
<hr/>	
Noncurrent assets	
Capital assets, net of accumulated depreciation (Note 3)	987,377
<hr/>	
Total Assets	1,167,352
<hr/>	
Liabilities	
Current liabilities	
Accounts payable	147
<hr/>	
Net Assets	
Invested in capital assets, net of related debt	987,377
Unrestricted	179,828
<hr/>	
Total Net Assets	\$ 1,167,205
<hr/>	

See accompanying notes to financial statements.

Township of Algoma, Michigan

Proprietary Fund

Statement of Revenues, Expenses and Changes in Fund Net Assets

	<u>Enterprise Fund</u> Sewer Operations and Maintenance
<i>Year ended March 31, 2007</i>	
Operating Revenues	
Charges for services	\$ 92,840
Other	4,463
Total operating revenues	97,303
Operating Expenses	
Operations	50,751
Administrative	12,058
Depreciation	31,916
Charges from other governmental units	62,266
Total operating expenses	156,991
Operating loss	(59,688)
Nonoperating Revenues	
Interest income	9,443
Loss before capital contributions	(50,245)
Capital Contributions	80,000
Change in net assets	29,755
Net Assets, beginning of year	1,137,450
Net Assets, end of year	\$ 1,167,205

See accompanying notes to financial statements.

Township of Algoma, Michigan

Proprietary Fund Statement of Cash Flows

	<u>Enterprise Fund</u> Sewer Operations and Maintenance
<i>Year ended March 31, 2007</i>	
Cash Flows for Operating Activities	
Receipts from customers	\$ 96,971
Payments to suppliers	(124,068)
Payments to employees	(1,425)
Net cash for operating activities	(28,522)
Cash Flows From Investing Activity	
Investment earnings	9,444
Cash Flows for Capital and Related Financing Activity	
Purchase of fixed assets	(6,986)
Net Decrease in Cash and Equivalents	(26,064)
Cash and Equivalents, beginning of year	198,558
Cash and Equivalents, end of year	\$ 172,494
Reconciliation of Operating Loss to Net Cash for Operating Activities	
Operating loss	\$ (59,688)
Adjustments to reconcile operating loss to net cash for operating activities:	
Depreciation expense	31,916
Changes in assets and liabilities:	
Accounts receivable	(1,258)
Accounts payable	(417)
Other receivable	925
Net Cash for Operating Activities	\$ (28,522)
Noncash Capital Financing Activity	
Contributed capital	\$ 80,000

See accompanying notes to financial statements.

Township of Algoma, Michigan

Fiduciary Funds Statement of Fiduciary Net Assets

<i>March 31, 2007</i>		Agency Funds
Assets		
Cash and investments (Note 2)	\$	89,613
Accounts receivable		11,968
Total Assets	\$	101,581
Liabilities		
Deposits	\$	31,663
Due to other funds (Note 3)		19,688
Due to other governmental units		-
Sewer escrows (Note 6)		50,230
Total Liabilities	\$	101,581

See accompanying notes to financial statements.

Township of Algoma, Michigan

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

The basic financial statements of the Township of Algoma (the Township) contain all the funds that are controlled by, or dependent on, the Township's executive or legislative branches. Control by, or dependence on, the Township was determined on the basis of appointment of the governing authority, budget adoption, taxing authority, obligation of the Township to finance any deficits that may occur, scope of public service, and ability to significantly influence operations.

Basis of Presentation

Government-wide financial statements: The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Fund financial statements: The fund financial statements provide information about the Township's funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

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

Township of Algoma, Michigan

Notes to Financial Statements

operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available, it is the Township's policy to use restricted resources first.

The Township reports the following major governmental funds:

General Fund - is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Fire Department Special Revenue Fund - accounts for taxes collected for operations of the Fire Department.

Building Department Special Revenue Fund - accounts for revenues received for building permits that are earmarked for building construction code enforcement activities.

Special Assessments Special Revenue Fund - accounts for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes such as lighting or weed control. Revenue is collected in the form of special assessments.

The Township reports the following major enterprise fund:

Sewer Operations and Maintenance Fund - accounts for the operation and maintenance of the sewer system. Financing is provided primarily by user charges.

In addition, the Township reports the following funds:

Fiduciary Funds - the Tax Collection Fund and the Trust and Agency Fund are used to account for assets held by the Township as an agent. These funds are custodial in nature and do not involve measurement of results of operations.

Township of Algoma, Michigan

Notes to Financial Statements

Measurement Focus and Basis of Accounting

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

The government-wide and enterprise fund financial statements follow applicable accounting and financial reporting standards of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, unless those pronouncements conflict with Governmental Accounting Standards Board pronouncements. The Township has elected not to apply FASB pronouncements issued after November 30, 1989 to the Enterprise Funds.

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 if they are collected within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Taxes, intergovernmental revenues and interest associated with the current period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

Expenditures 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Cash and Cash Equivalents

The Township considers cash on hand and demand deposits to be cash equivalents for the statement of cash flows. In addition, all deposits in the Kent County Pooled Cash and Investment System and municipal investment funds are considered to be cash equivalents. These deposits have the general characteristics of demand deposit accounts in that entities may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

Township of Algoma, Michigan

Notes to Financial Statements

Investments

Investments are reported at fair value.

Capital Assets

Capital assets, which include infrastructure, property, buildings and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$1,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated fixed assets are stated at their market value as of the donation date. Infrastructure assets, including roads, bridges and underground pipes, are included.

Property, infrastructure, buildings and equipment are depreciated using the straight-line method over the following useful lives:

	Years
Land improvements	10-20
Water and sewer facilities	20-50
Buildings and improvements	10-50
Vehicles and equipment	5-20
Furniture and fixtures	5-10

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

Township of Algoma, Michigan

Notes to Financial Statements

Property Taxes

The Township's property taxes are levied as an enforceable lien on property as of December 1 and are due without penalty on or before February 14. These tax bills include the Township's own property taxes and a portion of the taxes billed on behalf of Kent County and various school districts within the Township's boundaries. Real property taxes not collected as of March 1 are turned over to Kent County for collection. The County advances the Township 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Township's treasurer. The Township's property taxes levied on December 1 provide the revenue for the current fiscal year.

A portion of the taxes billed on behalf of Kent County and various school districts within the Township's boundaries are billed on July 1. These taxes are due without penalty on September 14. Taxes collected on behalf of school districts and Kent County are remitted to the school districts and Kent County following collection and are accounted for in the Tax Collection Fund.

The assessed and state equalized taxable value of real and personal property located in the Township totaled \$343,254,230. The Township's general operating levy for the year was based on a millage rate of .7924 and the fire department levy was .9854.

Interfund Activity

During the course of its operations, the Township has transactions between funds. To the extent that certain transactions had not been paid or received as of March 31, 2007, balances of interfund receivables or payables have been recorded.

Risk Management

The Township has transferred the risk of loss associated with liability, property, employee health care, workers' compensation and life insurance by purchasing insurance from commercial insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Township of Algoma, Michigan

Notes to Financial Statements

Compensated Absences

Township employees are granted vacation leave in varying amounts based on length of service. Employees may not accumulate over 10 days of vacation leave in any one fiscal year. Township employees are paid for earned but unused vacation benefits at their current rates of pay upon retirement or resignation with a two week written notice. The Township has accrued a liability for the amount of unused vacation and sick leave pay in the government-wide and proprietary fund financial statements. Only the matured liability is reported in the governmental fund financial statements.

Full-time employees accumulate sick leave at a rate of 12 days per year. Unused sick leave accumulates from year to year to a maximum of 30 days. No portion of unused sick leave is paid to employees upon termination.

2. Cash and Investments

Deposits

Statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts are made with banks doing and having a place of business in the state of Michigan that are also members of a federal or national insurance corporation.

Custodial Credit Risk for Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. The Township's policy to mitigate custodial credit risk is to employ portfolio diversification.

At March 31, 2007, the book balance was \$355,707 and the bank balance (without recognition of outstanding checks or deposits in transit) was \$700,549, of which \$150,230 was insured by federal depository insurance, and \$550,319 was uninsured.

Township of Algoma, Michigan

Notes to Financial Statements

Investments

Statutes require and Board resolutions authorize the Township to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, U.S. government or federal agency obligation repurchase agreements, and mutual funds composed of the types of investment vehicles previously named.

The Township had the following investment at March 31, 2007:

<i>Investment</i>	<i>Maturity</i>	<i>Fair Value</i>
Kent County Investment Pool	Less than 1 year	\$ 460,383

The Township participates in the Kent County Pooled Cash and Investment System, in which the fair value of the Township's position in the pool is the same as the value of the pool shares.

Interest Rate Risk

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The Township's investment policy to mitigate interest rate risk specifies that investment maturities shall not exceed one to six years at the time of purchase.

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments that are in the possession of an outside party. The Township had no investments subject to custodial credit risk at March 31, 2007.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township's investment policy to mitigate such risk is to employ portfolio diversification. The Kent County Investment Pool is not rated.

Township of Algoma, Michigan

Notes to Financial Statements

3. Interfund Receivables and Payables

Interfund receivables and payables at March 31, 2007 are as follows:

<i>Fund</i>	Interfund Receivables	Interfund Payables
General Fund	\$ 19,401	\$ -
Fire Department Special Revenue Fund	287	-
Trust and Agency Funds	-	19,688
	<u>\$ 19,688</u>	<u>\$ 19,688</u>

4. Capital Assets

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

	Balance April 1, 2006	Additions	Disposals	Balance March 31, 2007
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 230,265	\$ -	\$ -	\$ 230,265
Capital assets being depreciated:				
Land improvements	731,439	5,372	-	736,811
Buildings	1,150,167	-	-	1,150,167
Building improvements	135,354	-	-	135,354
Equipment	207,492	20,407	2,567	225,332
Vehicles	501,063	-	34,000	467,063
Office equipment and furniture	139,001	38,203	15,057	162,147
Totals at historical cost	<u>3,094,781</u>	<u>63,982</u>	<u>51,624</u>	<u>3,107,139</u>
Less accumulated depreciation for:				
Land improvements	239,426	39,383	-	278,809
Buildings	208,695	29,098	-	237,793
Building improvements	99,815	3,965	-	103,780
Equipment	73,854	30,855	1,626	103,083
Vehicles	279,087	28,932	34,000	274,019
Office equipment and furniture	82,249	18,610	15,057	85,802
Total accumulated depreciation	<u>983,126</u>	<u>150,843</u>	<u>50,683</u>	<u>1,083,286</u>
Governmental Activities - Net Capital Assets	<u>\$ 2,111,655</u>	<u>\$ (86,861)</u>	<u>\$ 941</u>	<u>\$ 2,023,853</u>

Township of Algoma, Michigan

Notes to Financial Statements

Depreciation expense was charged to governmental functions as follows:

<i>March 31,</i>	2007
General government	\$ 27,589
Public safety	79,552
Cultural and recreation	43,702
Total Depreciation Expense	\$ 150,843

	Balance April 1, 2006	Additions	Disposals	Balance March 31, 2007
Business-Type Activities				
Capital assets being depreciated:				
Mains	\$ 1,548,556	\$ 80,000	\$ -	\$ 1,628,556
Machinery and equipment	422,199	6,987	108,181	321,005
Vehicle	22,444	-	-	22,444
Totals at historical cost	1,993,199	86,987	108,181	1,972,005
Less accumulated depreciation for:				
Mains	620,978	31,104	-	652,082
Machinery and equipment	417,471	812	108,181	310,102
Vehicle	22,444	-	-	22,444
Total accumulated depreciation	1,060,893	31,916	108,181	984,628
Business-Type Activities - Net Capital Assets	\$ 932,306	\$ 55,071	\$ -	\$ 987,377

5. Retirement Plan

The Township has a defined contribution pension plan covering all elected officials and full-time employees. The plan is administered by Manufacturers Life Insurance Company and plan assets are invested in fixed interest governmental, federal and corporate bonds, and commercially-backed mortgages.

Township of Algoma, Michigan

Notes to Financial Statements

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Such benefits depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions. Contributions to the plan are made by the Township based upon 15% of each participant's annual compensation. Participants of the plan may make voluntary contributions up to 10% of annual compensation. Total covered payroll and total current year payroll for all employees of the Township for the year ended March 31, 2007, was \$279,425 and \$440,031, respectively.

Employees become vested in the plan immediately. Vested benefits are equal to the death benefit or cash value, which is equal to the actual annual premiums plus interest. The plan may only be amended upon Township board approval. Employer contributions for the year ended March 31, 2007 totaled \$44,594.

6. Sewer Escrows

The Township has established escrow accounts for the funds received to date from purchasers of units in the Summit Breeze and Serenity Shores condominium developments. The escrow funds are to reimburse the Township for costs associated with operating, maintaining, repairing, and replacing the sewer system in the event the Township ever assumes responsibility for the operating and maintenance of the sewer system.

7. Long-Term Debt

The following is a summary of the Township's long-term debt activity:

<i>Year ended March 31, 2007</i>	Beginning Balance	Additions	Reductions	Ending Balance
Installment purchase agreement	\$379,000	\$ -	\$ 90,000	\$289,000
Compensated absences	10,589	1,066	-	11,655
Total General Long-Term Debt	\$389,589	\$ 1,066	\$ 90,000	\$300,655

Township of Algoma, Michigan

Notes to Financial Statements

The installment purchase agreement was issued to finance the construction of a fire station. Installment payments are due through March 1, 2010 and range from \$93,000 to \$100,000. Interest is paid semiannually at a rate of 3.34%.

The annual principal and interest requirements on the installment purchase agreement is as follows:

<i>Year ending March 31,</i>	Principal	Interest	Total
2008	\$ 93,000	\$ 9,787	\$102,787
2009	96,000	6,637	102,637
2010	100,000	3,386	103,386
Total	\$289,000	\$ 19,810	\$308,810

8. Litigation

The Township is subject to various legal proceedings which normally occur in governmental operations. In the opinion of management and the Township attorney, the outcome of these lawsuits will not materially affect the financial condition of the Township and accordingly, no provision for losses has been recorded.

**Required
Supplemental Information**



Township of Algoma, Michigan

General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended March 31, 2007</i>	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 297,000	\$ 297,000	\$ 297,341	\$ 341
Intergovernmental	543,000	543,000	532,956	(10,044)
Licenses and permits	1,200	1,200	1,690	490
Charges for services	88,500	88,500	100,650	12,150
Investment earnings	5,900	5,900	22,182	16,282
Other revenues	5,600	5,600	6,647	1,047
Total revenues	941,200	941,200	961,466	20,266
Expenditures				
Current:				
General government	621,584	676,584	551,622	124,962
Public safety	90,000	90,000	57,091	32,909
Public works	252,500	217,500	206,575	10,925
Health and welfare	5,000	5,000	5,000	-
Community and economic development	67,457	98,457	77,359	21,098
Cultural and recreation	76,850	83,405	57,064	26,341
Other	96,000	37,787	34,664	3,123
Total expenditures	1,209,391	1,208,733	989,375	219,358
Net change in fund balance	(268,191)	(267,533)	(27,909)	239,624
Fund Balance, beginning of year	501,978	501,978	501,978	-
Fund Balance, end of year	\$ 233,787	\$ 234,445	\$ 474,069	\$ 239,624

Township of Algoma, Michigan

Fire Department Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended March 31, 2007</i>	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 344,000	\$ 344,000	\$ 339,559	\$ (4,441)
Investment earnings	1,250	1,250	2,093	843
Other revenues	1,500	1,500	3,276	1,776
Total revenues	346,750	346,750	344,928	(1,822)
Expenditures				
Current:				
Administration	154,663	154,663	153,346	1,317
Operations	205,450	205,450	183,420	22,030
Fire prevention	700	700	204	496
Contingency	750	750	-	750
Debt service:				
Principal	90,000	90,000	90,000	-
Interest	13,035	13,035	12,834	201
Total expenditures	464,598	464,598	439,804	24,794
Net change in fund balance	(117,848)	(117,848)	(94,876)	22,972
Fund Balance, beginning of year	162,501	162,501	162,501	-
Fund Balance, end of year	\$ 44,653	\$ 44,653	\$ 67,625	\$ 22,972

Township of Algoma, Michigan

Building Department Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended March 31, 2007</i>	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 173,500	\$ 173,500	\$ 105,499	\$(68,001)
Investment earnings	2,000	2,000	2,950	950
Total revenues	175,500	175,500	108,449	(67,051)
Expenditures				
Current:				
Administration	19,274	19,274	18,467	807
Inspections	181,191	181,191	131,992	49,199
Total expenditures	200,465	200,465	150,459	50,006
Net change in fund balance	(24,965)	(24,965)	(42,010)	(17,045)
Fund Balance, beginning of year	93,962	93,962	93,962	-
Fund Balance, end of year	\$ 68,997	\$ 68,997	\$ 51,952	\$(17,045)

Township of Algoma, Michigan

Special Assessments Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended March 31, 2007</i>	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Special assessments:				
Crystal Pines Light District	\$ 720	\$ 720	\$ 934	\$ 214
Saddle Ridge Light District	2,218	2,218	1,954	(264)
Camp Lake Weed Control	34,650	34,650	34,899	249
Investment earnings	-	-	1,542	1,542
Total revenues	37,588	37,588	39,329	1,741
Expenditures				
Current:				
Utilities:				
Crystal Pines Light District	720	720	753	(33)
Saddle Ridge Light District	2,218	2,218	163	2,055
Contracted services - Camp Lake Weed Control	34,650	34,650	32,514	2,136
Total expenditures	37,588	37,588	33,430	4,158
Net change in fund balance	-	-	5,899	5,899
Fund Balance, beginning of year	58,177	58,177	58,177	-
Fund Balance, end of year	\$ 58,177	\$ 58,177	\$ 64,076	\$ 5,899

Township of Algoma, Michigan

Note to Required Supplemental Information

1. Budgets and Budgetary Accounting

The Township establishes budgets which are reflected in the financial statements for the General Fund and the Special Revenue Funds. Budgets are presented on the modified accrual basis of accounting.

Budgeted amounts are as originally adopted or amended during the year by the Board of Trustees. Individual amendments were not material in relation to the original appropriations and were made as permitted by law. Appropriations are authorized at the department level, which is the legal level of budgetary control. Unexpended appropriations lapse at year-end.

Supplemental Information



Township of Algoma, Michigan

General Fund Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year ended March 31,	2007		Variance Positive (Negative)	2006
	Final Budget	Actual		
Revenues				
Taxes				
Current property taxes	\$ 297,000	\$ 297,341	\$ 341	\$ 280,272
Licenses and permits				
Trailer fees	1,200	1,486	286	1,559
Animal licenses	-	204	204	131
Total licenses and permits	1,200	1,690	490	1,690
State sources				
Sales taxes	543,000	516,745	(26,255)	519,084
Charges for services				
Cemetery fees	3,500	7,555	4,055	4,165
Cemetery lot sales	2,000	1,100	(900)	2,065
Cable television fees	40,000	43,423	3,423	37,397
Zoning fees	15,000	11,548	(3,452)	22,218
Land division fees	1,000	600	(400)	1,465
Tax collection fees	13,000	14,361	1,361	15,789
Other fees	11,000	20,253	9,253	25,279
Mineral material removal fees	3,000	1,810	(1,190)	3,261
Total charges for services	88,500	100,650	12,150	111,639
Federal funds	-	16,211	16,211	11,918
Other revenues				
Interest on deposits and investments	5,900	22,182	16,282	20,727
Other	5,600	6,647	1,047	-
Total other revenues	11,500	28,829	17,329	20,727
Total Revenues	941,200	961,466	20,266	945,330

Township of Algoma, Michigan

General Fund Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended March 31,</i>	2007		Variance Positive (Negative)	2006
	Final Budget	Actual		
Expenditures				
General government				
Legislative:				
Township board:				
Fees and per diem	\$ 8,280	\$ 8,280	\$ -	\$ 8,000
Payroll taxes and benefits	3,357	2,959	398	2,860
Education and dues	12,000	11,253	747	10,275
Total legislative	23,637	22,492	1,145	21,135
Executive:				
Supervisor:				
Salary	41,400	41,400	-	40,000
Payroll taxes and benefits	12,080	11,634	446	11,136
Miscellaneous	300	62	238	60
Total executive	53,780	53,096	684	51,196
Clerk:				
Salaries - clerical	66,200	61,344	4,856	59,119
Payroll taxes and benefits	13,566	12,546	1,020	12,163
Printing and publishing	-	-	-	3,154
Auto	1,000	1,048	(48)	771
Miscellaneous	400	205	195	316
Total clerk	81,166	75,143	6,023	75,523
Census	23,530	11,648	11,882	-
Board of review	1,570	1,524	46	1,100
Treasurer:				
Salaries	63,800	61,712	2,088	60,003
Payroll taxes and benefits	13,502	12,636	866	12,292
Contracted services	5,500	2,509	2,991	3,659
Auto	500	340	160	351
Miscellaneous	800	199	601	194
Total treasurer	84,102	77,396	6,706	76,499

Township of Algoma, Michigan

General Fund

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year ended March 31,	2007		Variance Positive (Negative)	2006
	Final Budget	Actual		
Assessor:				
Salaries	\$ 68,079	\$ 59,546	\$ 8,533	\$ 56,656
Payroll taxes and benefits	37,890	33,601	4,289	31,048
Contracted services	24,300	17,371	6,929	8,870
Auto	1,550	964	586	1,020
Printing	2,500	2,648	(148)	1,398
Miscellaneous	1,050	368	682	288
Total assessor	135,369	114,498	20,871	99,280
Elections:				
Fees and per diem	12,000	9,793	2,207	1,880
Payroll taxes	918	10	908	2
Contracted services	5,100	2,495	2,605	147
Supplies and postage	7,000	2,025	4,975	817
Equipment	2,000	298	1,702	37
Miscellaneous	1,400	304	1,096	100
Total elections	28,418	14,925	13,493	2,983
Buildings and grounds:				
Payroll taxes and benefits	3,000	2,680	320	2,527
Contracted services	41,366	35,503	5,863	4,482
Postage and supplies	16,600	17,184	(584)	44,966
Printing and publishing	8,500	3,145	5,355	-
Utilities	9,950	9,234	716	8,932
Escrow accounts	7,900	(1,336)	9,236	3,276
Repairs and maintenance	15,000	7,072	7,928	8,259
Capital outlay	23,000	14,119	8,881	8,608
Miscellaneous	6,234	2,410	3,824	2,161
Total buildings and grounds	131,550	90,011	41,539	83,211
Legal and accounting:				
Legal fees	70,000	68,891	1,109	41,208
Audit/consulting fees	12,000	8,367	3,633	11,774
Total legal and accounting	82,000	77,258	4,742	52,982

Township of Algoma, Michigan

General Fund Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year ended March 31,	2007			2006
	Final Budget	Actual	Variance Positive (Negative)	
Cemetery:				
Contracted services	\$ 7,362	\$ 7,342	\$ 20	\$ 4,247
Maintenance	7,000	6,194	806	6,043
Lot buy backs	1,000	-	1,000	-
Capital outlay	15,500	-	15,500	30,213
Utilities	100	95	5	80
Miscellaneous	500	-	500	95
Total cemetery	31,462	13,631	17,831	40,678
Total general government	676,584	551,622	124,962	504,587
Public safety				
Contracted services - police officer	90,000	57,091	32,909	-
Public works				
Highways, streets and bridges	202,500	196,126	6,374	219,394
Drains	13,500	9,176	4,324	5,214
Engineering	1,500	1,273	227	2,324
Total public works	217,500	206,575	10,925	226,932
Health and welfare				
Rockford D.A.R.E.	5,000	5,000	-	-
Community and economic development				
Planning:				
Fees and per diem	22,040	20,153	1,887	21,773
Payroll taxes	1,687	1,541	146	1,666
Contracted services	46,000	40,619	5,381	67,795
Miscellaneous	1,200	960	240	874
Total planning	70,927	63,273	7,654	92,108

Township of Algoma, Michigan

General Fund

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year ended March 31,	2007		Variance Positive (Negative)	2006
	Final Budget	Actual		
Zoning:				
Salaries	\$ 11,146	\$ 11,146	\$ -	\$ -
Payroll taxes and benefits	854	854	-	-
Contracted services	11,000	300	10,700	35,175
Miscellaneous	500	-	500	47
Total zoning	23,500	12,300	11,200	35,222
Board of appeals:				
Fees and per diem	3,000	1,660	1,340	1,760
Payroll taxes	230	126	104	135
Contracted services	500	-	500	-
Miscellaneous	300	-	300	-
Total board of appeals	4,030	1,786	2,244	1,895
Total community and economic development	98,457	77,359	21,098	129,225
Cultural and recreation				
Parks maintenance	81,405	55,564	25,841	51,216
Museum	500	-	500	4,058
Historical society	1,500	1,500	-	1,500
Total cultural and recreation	83,405	57,064	26,341	56,774
Other township				
Federal programs	-	16,211	(16,211)	11,918
Insurance and bonds	24,000	18,453	5,547	26,780
Contingency	13,787	-	13,787	-
Total other township	37,787	34,664	3,123	38,698
Total Expenditures	1,208,733	989,375	219,358	956,216
Net change in fund balance	(267,533)	(27,909)	239,624	(10,886)
Fund Balance, beginning of year	501,978	501,978	-	512,864
Fund Balance, end of year	\$ 234,445	\$ 474,069	\$ 239,624	\$ 501,978

Township of Algoma, Michigan

Sewer Operations and Maintenance Proprietary Fund Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual

<i>Year ended March 31, 2007</i>	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 90,000	\$ 92,840	\$ 2,840
Private contributions	-	80,000	80,000
Interest	4,000	9,443	5,443
Other	1,800	4,463	2,663
Total revenues	95,800	186,746	90,946
Expenses			
Salaries and administration	2,850	1,425	1,425
Contracted services	14,120	10,633	3,487
Treatment costs	28,000	27,807	193
Sparta debt and depreciation	64,200	62,266	1,934
Maintenance and repairs	20,000	11,282	8,718
Other	14,480	7,562	6,918
Insurance	3,916	4,100	(184)
Total expenses	147,566	125,075	22,491
Income (loss) before depreciation	(51,766)	61,671	113,437
Depreciation	-	31,916	(31,916)
Change in net assets	(51,766)	29,755	81,521
Net Assets, beginning of year	1,137,450	1,137,450	-
Net Assets, end of year	\$ 1,085,684	\$ 1,167,205	\$ 81,521

Township of Algoma, Michigan

Agency Funds Statement of Changes in Assets and Liabilities

	Balances April 1, 2006	Additions	Deductions	Balances March 31, 2007
<i>Trust and Agency Fund</i>				
Assets				
Cash	\$ 80,155	\$ 82,764	\$ 86,092	\$ 76,827
Accounts receivable	17,175	9,096	14,303	11,968
	\$ 97,330	\$ 91,860	\$ 100,395	\$ 88,795
Liabilities				
Deposits	\$ 39,605	\$ 163,596	\$ 171,538	\$ 31,663
Due to other funds	9,913	3,214	6,225	6,902
Sewer escrows	47,812	2,418	-	50,230
	\$ 97,330	\$ 169,228	\$ 177,763	\$ 88,795
<i>Tax Collection Fund</i>				
Assets				
Cash	\$ 10,686	\$ 10,861,005	\$ 10,858,905	\$ 12,786
Liabilities				
Due to other governmental units	\$ -	\$ 10,861,005	\$ 10,861,005	\$ -
Due to other funds	10,686	16,585	14,485	12,786
	\$ 10,686	\$ 10,877,590	\$ 10,875,490	\$ 12,786
<i>Total - Agency Funds</i>				
Assets				
Cash	\$ 90,841	\$ 10,943,769	\$ 10,944,997	\$ 89,613
Accounts receivable	17,175	9,096	14,303	11,968
	\$ 108,016	\$ 10,952,865	\$ 10,959,300	\$ 101,581
Liabilities				
Deposits	\$ 39,605	\$ 163,596	\$ 171,538	\$ 31,663
Due to other funds	20,599	19,799	20,710	19,688
Due to other governmental units	-	10,861,005	10,861,005	-
Sewer escrows	47,812	2,418	-	50,230
	\$ 108,016	\$ 11,046,818	\$ 11,053,253	\$ 101,581