

CHARTER TOWNSHIP OF BLACKMAN

JACKSON COUNTY - MICHIGAN

FINANCIAL STATEMENTS

Year Ended December 31, 2007

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NANNETTE M. SPONSLER, C.P.A.
ALLISON I. COLE, C.P.A.**

INDEPENDENT AUDITOR'S REPORT

Township Board
Charter Township of Blackman
Jackson County, Michigan

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Blackman as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Dove & Hickey, PLC

June 25, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

CHARTER TOWNSHIP OF BLACKMAN MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Charter Township of Blackman's financial performance provides an overview of the Township's financial activities for the year ended December 31, 2007. Please read it in conjunction with the Township's financial statements that follow.

Financial Highlights

The following represents the most significant financial highlights for the year ended December 31, 2007:

- The assets of the Township exceeded its liabilities at the close of 2007 by \$34,880,888 (net assets). Of this amount, \$15,493,270 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,749,408.
- As of the close of 2007, the Township's governmental funds reported combined ending fund balances of \$1,634,634, a decrease of \$53,418 in comparison with the prior year. The amount available for spending at the government's discretion (unreserved fund balance) is \$1,598,476.
- At the end of 2007, unreserved fund balance for the General Fund was \$1,307,460, a decrease of \$67,023 in comparison with the prior year.
- The Township's total long-term debt decreased by \$62,053 for government activities during 2007; no new debt was issued.
- Property tax revenues, administrative fees, tax collection fees, and delinquent charges for 2007 totaled \$1,741,479, an increase of \$113,854 over 2006 revenues of \$1,627,625. This was due mainly to taxable value increases, which were mitigated by a reduction in millage rate due to the Headlee rollback.
- State shared revenue increased slightly. For 2007 the General Fund state shared revenues were \$1,437,094, an increase of \$10,291 from the 2006 revenue of \$1,426,803.
- Public Safety revenues from court fines for 2007, totaled \$193,560, an increase of \$68,025 from 2006 revenues of \$125,535. This increase is mainly caused by an increase in local contributions funding patrols.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

Charter Township of Blackman as a Whole

The following table shows a condensed format of the net assets as of December 31, 2007 and 2006.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>Primary Government</u>	<u>2007</u>	<u>2006</u>
Assets							
Current and Other Assets	\$ 3,344,781	\$ 3,305,719	\$10,861,254	\$10,117,491	\$14,206,035	\$13,423,210	
Non-current Special Assessments	-0-	-0-	1,577,879	1,009,347	1,577,879	1,009,347	
Non-current Capital Assets and Access Rights	<u>1,997,413</u>	<u>1,902,183</u>	<u>19,506,261</u>	<u>19,358,517</u>	<u>21,503,674</u>	<u>21,260,700</u>	
Total assets	<u>5,342,194</u>	<u>5,207,902</u>	<u>31,945,394</u>	<u>30,485,355</u>	<u>37,287,588</u>	<u>35,693,257</u>	
Liabilities							
Other liabilities	1,825,734	1,726,413	262,185	437,101	2,087,919	2,163,514	
Long-term liabilities	<u>318,096</u>	<u>394,527</u>	<u>685</u>	<u>3,736</u>	<u>318,781</u>	<u>398,263</u>	
Total liabilities	<u>2,143,830</u>	<u>2,120,940</u>	<u>262,870</u>	<u>440,837</u>	<u>2,406,700</u>	<u>2,561,777</u>	
Net Assets							
Invested in capital assets - net of related debt	1,626,082	1,457,950	17,675,727	17,306,100	19,301,809	18,764,050	
Restricted	85,809	119,284	-0-	-0-	85,809	119,284	
Unrestricted	<u>1,486,473</u>	<u>1,509,728</u>	<u>14,006,797</u>	<u>12,738,418</u>	<u>15,493,270</u>	<u>14,248,146</u>	
Total Net Assets	\$ <u>3,198,364</u>	\$ <u>3,086,962</u>	\$<u>31,682,524</u>	\$<u>30,044,518</u>	\$<u>34,880,888</u>	\$<u>33,131,480</u>	

The Township's combined net assets for both governmental and business-type activities total \$34,880,888 for the year 2007. Net assets are further segregated between restricted and unrestricted net assets. The restricted net assets, assets that are restricted and invested in capital assets, total \$19,387,618. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, total \$15,493,270.

Charter Township of Blackman as a Whole (Continued)

The following table shows the change in net assets for the year ended December 31, 2007 and 2006.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenue						
Program revenue:						
Charges for service	\$ 1,058,165	\$ 891,277	\$ 3,036,691	\$ 2,910,480	\$ 4,094,856	\$ 3,801,757
Operating grants and contributions	84,850	292,651	-0-	-0-	84,850	292,651
Capital grants and contributions	141,634	75,489	1,096,225	620,359	1,237,859	695,848
General revenue:						
Property taxes	1,403,511	1,411,316	-0-	-0-	1,403,511	1,411,316
State-shared revenues	1,460,659	1,436,556	-0-	-0-	1,460,659	1,436,556
Investment earnings	152,095	57,691	555,977	480,409	708,072	538,100
Gain (loss) on sale of assets	26,200	108,930	-0-	-0-	26,200	108,930
Cable franchise fees	94,933	81,267	-0-	-0-	94,933	81,267
Total revenue	<u>4,422,047</u>	<u>4,355,177</u>	<u>4,688,893</u>	<u>4,011,248</u>	<u>9,110,940</u>	<u>8,366,425</u>
Expenses						
General government	578,429	606,059	-0-	-0-	578,429	606,059
Public Safety	3,481,703	3,228,710	-0-	-0-	3,481,703	3,228,710
Public Works	143,957	158,959	-0-	-0-	143,957	158,959
Community and economic development	90,958	87,408	-0-	-0-	90,958	87,408
Recreation	15,598	15,176	-0-	-0-	15,598	15,176
Sewer	-0-	-0-	2,734,466	3,101,664	2,734,466	3,101,664
Water	-0-	-0-	316,421	321,519	316,421	321,519
Total expenses	<u>4,310,645</u>	<u>4,096,312</u>	<u>3,050,887</u>	<u>3,423,183</u>	<u>7,361,532</u>	<u>7,519,495</u>
Change in Net Assets	\$ <u>111,402</u>	\$ <u>258,865</u>	\$ <u>1,638,006</u>	\$ <u>588,065</u>	\$ <u>1,749,408</u>	\$ <u>846,930</u>

Governmental Activities

Governmental activities are those activities (such as public safety and street improvement and maintenance) provided to the constituents of the Township and supported by financing from property taxes and state-shared revenues.

The cost of providing services for governmental activities was \$4,310,645 for the year 2007. Additionally, revenues for governmental activities totaled \$4,422,047, which netted to an increase in net assets for the year of \$111,402.

Business-type Activities

Business-type activities are those that are financed primarily by charges for services or user fees. The Township's business-type activities consist of the Sewer and Water Funds and sewer and water special assessments fund; these types of operations are most similar to private businesses.

The Township's Funds

These funds have been established to manage funds for specific purposes: General Fund which pays for most of the Township's governmental services, Public Safety Funds, Drug Forfeiture, Criminal Forfeiture, Building, Parks, Cemetery, Street Lights, Sewer Fund, Water Fund, and special assessments. The General Fund and Public Safety Funds are supported by local property taxes and state-shared revenue. The Sewer and Water Funds are supported by user fees and special assessments.

General Budgetary Highlights

Over the course of the year, the Township Board monitors the budget, and if necessary, amends the budget to take into account anticipated events that occur during the year. The General Fund balance decreased \$62,571.

The following provides specific details regarding the amendments:

- The budget for General Fund total revenues decreased \$118,900 compared to the original budget.
- The budget for General Fund total expenditures decreased \$90,329 compared to the original budget.

The following provides specific details regarding the variances between the final General Fund budget and actual results:

- The actual revenue positive variance was \$294,899.
- The actual expenditures positive variance was \$138,323.
- The actual use/transfer to Public Safety and Cemetery Fund positive variance was \$134,000.
- The actual combined positive variance was \$577,188.

Capital Asset and Debt Administration

At the end of the year 2007, the Township had \$21,503,674, net of accumulated depreciation and amortization, invested in capital assets (land, buildings, equipment, vehicles, and sewer and water lines) and sewer access rights. These assets are necessary to carry out the day-to-day operations of the Township.

No additional debt was incurred during the year 2007.

Economic Factors and Next Year's Budgets and Rates

Highlights of the original 2008 budget adopted December 3, 2007, are:

- A 6.1% reduction in property tax revenues, administrative fees, tax collection fees, and delinquent charges, due to the Headlee rollback calculation and valuation changes.
- The budgeted (projected) fund balance for the General Fund at December 31, 2008 is in excess of \$750,000.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the revenue it receives. If you have any questions about this report or need additional information, we invite you to contact the Charter Township of Blackman's Supervisor.

BASIC FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF BLACKMAN
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
December 31, 2007

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 1,242,887	\$ 8,497,587	\$ 9,740,474	\$ 1,194,812
Investments	443,127	1,541,426	1,984,553	357,468
Prepaid expenses	54,420	2,743	57,163	-0-
Receivables:				
Taxes	981,805	-0-	981,805	243,429
Interest	-0-	85,203	85,203	-0-
Customers	-0-	440,568	440,568	-0-
Special assessments - current	59,583	191,648	251,231	-0-
Other	23,322	-0-	23,322	-0-
Due from other governmental units	547,593	102,388	649,981	-0-
Internal balances	(7,956)	(309)	(8,265)	8,265
Inventory	-0-	-0-	-0-	454,677
Special assessments - net of current portion	-0-	1,577,879	1,577,879	-0-
Capital assets - net	1,997,413	17,675,727	19,673,140	9,611
Access rights - net	-0-	<u>1,830,534</u>	<u>1,830,534</u>	<u>-0-</u>
Total assets	<u>5,342,194</u>	<u>31,945,394</u>	<u>37,287,588</u>	<u>2,268,262</u>
<u>LIABILITIES:</u>				
Accounts payable and accrued liabilities	156,044	261,643	417,687	14,328
Accrued interest	910	-0-	910	14,983
Deferred revenue	1,525,228	-0-	1,525,228	322,841
Compensated absences:				
Due within one year	68,394	542	68,936	-0-
Due in more than one year	22,833	685	23,518	-0-
Long-term debt:				
Due within one year	75,158	-0-	75,158	249,379
Due in more than one year	<u>295,263</u>	<u>-0-</u>	<u>295,263</u>	<u>614,883</u>
Total liabilities	<u>2,143,830</u>	<u>262,870</u>	<u>2,406,700</u>	<u>1,216,414</u>
<u>NET ASSETS:</u>				
Invested in capital assets - net of related debt	1,626,082	17,675,727	19,301,809	9,611
Restricted:				
Street light services	33,453	-0-	33,453	-0-
Drug forfeiture activities	16,198	-0-	16,198	-0-
Criminal justice training	12,168	-0-	12,168	-0-
Perpetual care	23,990	-0-	23,990	-0-
Inventory	-0-	-0-	-0-	454,677
Unrestricted	<u>1,486,473</u>	<u>14,006,797</u>	<u>15,493,270</u>	<u>587,560</u>
Total net assets	<u>\$ 3,198,364</u>	<u>\$31,682,524</u>	<u>\$34,880,888</u>	<u>\$ 1,051,848</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BLACKMAN
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended December 31, 2007

<u>Functions/Programs</u>	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
PRIMARY GOVERNMENT:				
GOVERNMENTAL				
ACTIVITIES:				
General government	\$ 578,429	\$ 303,749	\$ -0-	\$ 58,827
Public Safety	3,481,703	644,731	78,157	82,807
Public works	143,957	108,135	-0-	-0-
Community and economic development	90,958	-0-	-0-	-0-
Recreation	<u>15,598</u>	<u>1,550</u>	<u>6,693</u>	<u>-0-</u>
Total governmental activities	<u>4,310,645</u>	<u>1,058,165</u>	<u>84,850</u>	<u>141,634</u>
BUSINESS-TYPE				
ACTIVITIES:				
Sewer	2,734,466	2,789,596	-0-	798,063
Water	<u>316,421</u>	<u>247,095</u>	<u>-0-</u>	<u>298,162</u>
Total business-type activities	<u>3,050,887</u>	<u>3,036,691</u>	<u>-0-</u>	<u>1,096,225</u>
Total primary government	<u>\$ 7,361,532</u>	<u>\$ 4,094,856</u>	<u>\$ 84,850</u>	<u>\$ 1,237,859</u>
COMPONENT UNITS:				
L DFA	\$ 104,040	\$ -0-	\$ -0-	\$ -0-
DDA	<u>164,286</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total component units	<u>\$ 268,326</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

GENERAL REVENUES:

Property taxes
State-shared revenues
Investment earnings
Gain on sale of assets
Cable franchise fees
Total general revenues

CHANGES IN NET ASSETS

NET ASSETS - BEGINNING
OF YEAR

NET ASSETS - END OF YEAR

See accompanying notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total	Component Units
(\$ 215,853)	\$ -0-	(\$ 215,853)	\$ -0-
(2,676,008)	-0-	(2,676,008)	-0-
(35,822)	-0-	(35,822)	-0-
(90,958)	-0-	(90,958)	-0-
<u>(7,355)</u>	<u>-0-</u>	<u>(7,355)</u>	<u>-0-</u>
<u>(3,025,996)</u>	<u>-0-</u>	<u>(3,025,996)</u>	<u>-0-</u>
-0-	853,193	853,193	-0-
<u>-0-</u>	<u>228,836</u>	<u>228,836</u>	<u>-0-</u>
<u>-0-</u>	<u>1,082,029</u>	<u>1,082,029</u>	<u>-0-</u>
(3,025,996)	1,082,029	(1,943,967)	-0-
-0-	-0-	-0-	(104,040)
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(164,286)</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(268,326)</u>
1,403,511	-0-	1,403,511	611,722
1,460,659	-0-	1,460,659	-0-
152,095	555,977	708,072	22,322
26,200	-0-	26,200	-0-
<u>94,933</u>	<u>-0-</u>	<u>94,933</u>	<u>-0-</u>
<u>3,137,398</u>	<u>555,977</u>	<u>3,693,375</u>	<u>634,044</u>
111,402	1,638,006	1,749,408	365,718
<u>3,086,962</u>	<u>30,044,518</u>	<u>33,131,480</u>	<u>686,130</u>
<u>\$ 3,198,364</u>	<u>\$31,682,524</u>	<u>\$34,880,888</u>	<u>\$ 1,051,848</u>

CHARTER TOWNSHIP OF BLACKMAN
BALANCE SHEET -
GOVERNMENTAL FUNDS
December 31, 2007

	<u>Major Funds</u>			Total Governmental Funds
	<u>General Fund</u>	<u>Public Safety Fund</u>	<u>Other Non-Major Funds</u>	
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 553,404	\$ 454,990	\$ 234,493	\$ 1,242,887
Investments	420,066	-0-	23,061	443,127
Prepaid expenses	11,127	41,990	1,303	54,420
Receivables:				
Taxes	304,431	677,374	-0-	981,805
Special assessment	-0-	-0-	59,583	59,583
Other	23,322	-0-	-0-	23,322
Due from other governments	489,913	48,680	-0-	538,593
Due from other funds	<u>31,880</u>	<u>52,792</u>	<u>11,249</u>	<u>95,921</u>
Total assets	<u>\$ 1,834,143</u>	<u>\$ 1,275,826</u>	<u>\$ 329,689</u>	<u>\$ 3,439,658</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Accounts payable	\$ 15,223	\$ 71,046	\$ 16,879	\$ 103,148
Accrued liabilities	7,502	60,193	5,076	72,771
Due to other funds	61,334	8,354	32,324	102,012
Due to component units	1,865	-0-	-0-	1,865
Deferred revenue	<u>440,759</u>	<u>983,772</u>	<u>100,697</u>	<u>1,525,228</u>
Total liabilities	<u>526,683</u>	<u>1,123,365</u>	<u>154,976</u>	<u>1,805,024</u>
Fund balances:				
Reserved for:				
Criminal Justice training	-0-	12,168	-0-	12,168
Perpetual care	-0-	-0-	23,990	23,990
Unreserved, reported in:				
Major Funds	1,307,460	140,293	-0-	1,447,753
Non-major Special Revenue funds	-0-	-0-	145,129	145,129
Non-major Permanent fund	<u>-0-</u>	<u>-0-</u>	<u>5,594</u>	<u>5,594</u>
Total fund balances	<u>1,307,460</u>	<u>152,461</u>	<u>174,713</u>	<u>1,634,634</u>
Total liabilities and fund balances	<u>\$ 1,834,143</u>	<u>\$ 1,275,826</u>	<u>\$ 329,689</u>	<u>\$ 3,439,658</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BLACKMAN
RECONCILIATION OF FUND BALANCES ON THE
BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
December 31, 2007

Fund balances - total Governmental funds	\$ 1,634,634
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	1,997,413
Long-term liabilities not due and payable in the current period and are not reported in the governmental funds:	
Notes and bonds payable	(370,421)
Compensated absences	(71,352)
Accrued interest payable is not included as a liability in the governmental funds	(910)
Long-term receivables not available in current period and are not reported in the funds	<u>9,000</u>
Net assets of governmental activities	\$ <u>3,198,364</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BLACKMAN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended December 31, 2007

	<u>Major Funds</u>			Total Governmental Funds
	<u>General Fund</u>	<u>Public Safety Fund</u>	<u>Other Non-Major Funds</u>	
REVENUES:				
Taxes and penalties	\$ 777,501	\$ 963,978	\$ -0-	\$ 1,741,479
Licenses and permits	127,673	-0-	167,515	295,188
Federal sources	-0-	109,807	-0-	109,807
State sources	1,446,812	233,681	-0-	1,680,493
Contributions from local units	-0-	26,205	-0-	26,205
Fines and forfeitures	-0-	193,560	61,676	255,236
Charges for services	14,256	20,645	2,990	37,891
Interest	56,529	-0-	7,633	64,162
Other revenues	<u>5,278</u>	<u>22,780</u>	<u>114,854</u>	<u>142,912</u>
Total revenues	<u>2,428,049</u>	<u>1,570,656</u>	<u>354,668</u>	<u>4,353,373</u>
EXPENDITURES:				
Current:				
General government	536,411	-0-	4,190	540,601
Public safety	-0-	3,302,047	263,863	3,565,910
Public works	33,345	-0-	110,612	143,957
Community and economic development	90,958	-0-	-0-	90,958
Recreation	-0-	-0-	18,702	18,702
Other	4,824	-0-	-0-	4,824
Debt service	<u>-0-</u>	<u>87,597</u>	<u>-0-</u>	<u>87,597</u>
Total expenditures	<u>665,538</u>	<u>3,389,644</u>	<u>397,367</u>	<u>4,452,549</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,762,511</u>	<u>(1,818,988)</u>	<u>(42,699)</u>	<u>(99,176)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	400	45,358	-0-	45,758
Operating transfers in	10,066	1,825,000	15,000	1,850,066
Operating transfers (out)	<u>(1,840,000)</u>	<u>-0-</u>	<u>(10,066)</u>	<u>(1,850,066)</u>
Total other financing sources (uses)	<u>(1,829,534)</u>	<u>1,870,358</u>	<u>4,934</u>	<u>45,758</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(67,023)	51,370	(37,765)	(53,418)
FUND BALANCES - BEGINNING OF YEAR	<u>1,374,483</u>	<u>101,091</u>	<u>212,478</u>	<u>1,688,052</u>
FUND BALANCES - END OF YEAR	\$ <u>1,307,460</u>	\$ <u>152,461</u>	\$ <u>174,713</u>	\$ <u>1,634,634</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BLACKMAN
RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
December 31, 2007

Net change in fund balance - total Governmental funds	(\$ 53,418)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	343,643
Depreciation on capital assets reported as part of governmental activities	(287,682)
Proceeds from the sale of capital assets are reported as revenue in the governmental funds; in the statement of activities, the gain on sale of capital assets is reported	(19,558)
Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds (GASB No. 33) - change in accounts receivable	5,301
Contribution of capital asset from component unit	58,827
Interest expense is reported in the statement of activities when incurred; it is not reported in governmental funds until paid - change in accrued interest	454
Repayment of note/bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	72,447
Accumulated employee sick pay, are recorded when earned in the statement of activities - change in accrual	<u>(8,612)</u>
Changes in net assets of governmental activities	<u>\$ 111,402</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BLACKMAN
STATEMENT OF NET ASSETS -
PROPRIETARY FUNDS
December 31, 2007

	Business-Type Activities Enterprise Funds			Total
	Sewer Fund	Water Fund	Special Assessments Fund	
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 2,870,175	\$ 1,016,314	\$ -0-	\$ 3,886,489
Investments	4,552,524	1,600,000	-0-	6,152,524
Prepaid expenses	2,743	-0-	-0-	2,743
Receivables:				
Accrued interest	72,831	12,372	-0-	85,203
Customers	440,568	-0-	-0-	440,568
Special assessments - current	90,873	100,775	-0-	191,648
Due from other governmental units	51,581	50,807	-0-	102,388
Due from (to) other funds	<u>10,546</u>	<u>(4,455)</u>	<u>-0-</u>	<u>6,091</u>
Total current assets	<u>8,091,841</u>	<u>2,775,813</u>	<u>-0-</u>	<u>10,867,654</u>
Special assessments - net of current portion	1,166,220	411,659	-0-	1,577,879
Capital assets - net	8,686,829	8,988,898	-0-	17,675,727
Access rights - net	<u>1,830,534</u>	<u>-0-</u>	<u>-0-</u>	<u>1,830,534</u>
Total noncurrent assets	<u>11,683,583</u>	<u>9,400,557</u>	<u>-0-</u>	<u>21,084,140</u>
 Total assets	 <u>19,775,424</u>	 <u>12,176,370</u>	 <u>-0-</u>	 <u>31,951,794</u>
<u>LIABILITIES:</u>				
Accounts payable	256,659	2,699	-0-	259,358
Accrued expenses	2,285	-0-	-0-	2,285
Compensated absences:				
Due within one year	542	-0-	-0-	542
Due in more than one year	685	-0-	-0-	685
Due to component units	<u>-0-</u>	<u>6,400</u>	<u>-0-</u>	<u>6,400</u>
Total liabilities	<u>260,171</u>	<u>9,099</u>	<u>-0-</u>	<u>269,270</u>
<u>NET ASSETS:</u>				
Investment in capital assets net of related debt	8,686,829	8,988,898	-0-	17,675,727
Unrestricted	<u>10,828,424</u>	<u>3,178,373</u>	<u>-0-</u>	<u>14,006,797</u>
Total net assets	<u>\$19,515,253</u>	<u>\$12,167,271</u>	<u>\$ -0-</u>	<u>\$31,682,524</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BLACKMAN
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
Year Ended December 31, 2007

	Business-Type Activities			Total
	Enterprise Funds			
	Sewer Fund	Water Fund	Special Assessments Fund	
OPERATING REVENUES:				
Charges for services and penalties	\$ 2,786,934	\$ 247,095	\$ -0-	\$ 3,034,029
Other	<u>2,662</u>	<u>-0-</u>	<u>-0-</u>	<u>2,662</u>
Total operating revenues	<u>2,789,596</u>	<u>247,095</u>	<u>-0-</u>	<u>3,036,691</u>
OPERATING EXPENSES:				
Treatment fees	1,502,395	-0-	-0-	1,502,395
Operation and maintenance	591,417	58,549	-0-	649,966
General and administrative	165,992	25,546	-0-	191,538
Depreciation and amortization	<u>474,662</u>	<u>232,326</u>	<u>-0-</u>	<u>706,988</u>
Total operating expenses	<u>2,734,466</u>	<u>316,421</u>	<u>-0-</u>	<u>3,050,887</u>
OPERATING INCOME (LOSS)	<u>55,130</u>	<u>(69,326)</u>	<u>-0-</u>	<u>(14,196)</u>
NON-OPERATING REVENUES (EXPENSES):				
Connection fees	754,722	298,162	-0-	1,052,884
Interest income	<u>423,126</u>	<u>132,698</u>	<u>153</u>	<u>555,977</u>
Total non-operating revenues (expenses) - net	<u>1,177,848</u>	<u>430,860</u>	<u>153</u>	<u>1,608,861</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTION AND TRANSFERS	1,232,978	361,534	153	1,594,665
CAPITAL CONTRIBUTIONS	43,341	-0-	-0-	43,341
TRANSFER IN (OUT)	<u>15,842</u>	<u>-0-</u>	<u>(15,842)</u>	<u>-0-</u>
CHANGE IN NET ASSETS	1,292,161	361,534	(15,689)	1,638,006
NET ASSETS, BEGINNING OF YEAR	<u>18,223,092</u>	<u>11,805,737</u>	<u>15,689</u>	<u>30,044,518</u>
NET ASSETS, END OF YEAR	<u>\$19,515,253</u>	<u>\$12,167,271</u>	<u>\$ -0-</u>	<u>\$31,682,524</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BLACKMAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2007

	Business-Type Activities Enterprise Funds			Total
	Sewer Fund	Water Fund	Special Assessments Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 2,826,259	\$ 260,283	\$ -0-	\$ 3,086,542
Payments to employees	(145,645)	-0-	-0-	(145,645)
Payments to suppliers	(2,290,152)	(79,051)	-0-	(2,369,203)
Internal activity - payment (to) from other funds	(86,400)	-0-	-0-	(86,400)
Net cash provided (used) by operating activities	<u>304,062</u>	<u>181,232</u>	<u>-0-</u>	<u>485,294</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers from (to) other funds	<u>15,842</u>	<u>-0-</u>	<u>(15,842)</u>	<u>-0-</u>
Net cash provided (used) by non-capital financing activities	<u>15,842</u>	<u>-0-</u>	<u>(15,842)</u>	<u>-0-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Connection fees and capital contributions	354,234	163,570	-0-	517,804
Construction/acquisition of capital assets	(848,145)	(6,587)	-0-	(854,732)
Net cash provided (used) by capital and related financing activities	<u>(493,911)</u>	<u>156,983</u>	<u>-0-</u>	<u>(336,928)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of investments	3,194,615	-0-	-0-	3,194,615
Interest income	409,719	120,325	153	530,197
Purchase of investments	(4,452,524)	(1,600,000)	-0-	(6,052,524)
Net cash provided (used) by investing activities	<u>(848,190)</u>	<u>(1,479,675)</u>	<u>153</u>	<u>(2,327,712)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	(1,022,197)	(1,141,460)	(15,689)	(2,179,346)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,892,372</u>	<u>2,157,774</u>	<u>15,689</u>	<u>6,065,835</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ <u>2,870,175</u>	\$ <u>1,016,314</u>	\$ <u>-0-</u>	\$ <u>3,886,489</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BLACKMAN
STATEMENT OF CASH FLOWS (Concluded)
PROPRIETARY FUNDS
Year Ended December 31, 2007

	Business-Type Activities			
	Enterprise Funds			
	Sewer Fund	Water Fund	Special Assessments Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 55,130	(\$ 69,326)	\$ -0-	(\$ 14,196)
Adjustment to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation and amortization	474,662	232,327	-0-	706,989
Changes in assets and liabilities:				
Prepaid expenses	617	-0-	-0-	617
Receivables	88,244	-0-	-0-	88,244
Due from other governments	(51,581)	13,188	-0-	(38,393)
Due (to) from other funds and component units	(86,400)	6,400	-0-	(80,000)
Accounts payable and other accrued liabilities	<u>(176,610)</u>	<u>(1,357)</u>	<u>-0-</u>	<u>(177,967)</u>
Net cash provided (used) by operating activities	<u>\$ 304,062</u>	<u>\$ 181,232</u>	<u>\$ -0-</u>	<u>\$ 485,294</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BLACKMAN
STATEMENT OF ASSETS AND LIABILITIES -
FIDUCIARY FUNDS
December 31, 2007

ASSETS:

Cash and cash equivalents	\$ <u>1,611,570</u>
Total assets	\$ <u>1,611,570</u>

LIABILITIES:

Due to other Governmental units	\$ 1,610,981
Due to others	<u>589</u>
Total liabilities	\$ <u>1,611,570</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BLACKMAN
 COMBINNG STATEMENT OF NET ASSETS -
 COMPONENT UNITS
 December 31, 2007

	Local Development Finance Authority	Downtown Development Authority	Total
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 33,091	\$ 1,161,721	\$ 1,194,812
Investments	357,468	-0-	357,468
Receivables:			
Taxes	111,629	131,800	243,429
Due from primary government	875	7,390	8,265
Inventory	454,677	-0-	454,677
Capital assets - net	<u>9,611</u>	<u>-0-</u>	<u>9,611</u>
Total assets	<u>967,351</u>	<u>1,300,911</u>	<u>2,268,262</u>
 <u>LIABILITIES:</u>			
Accounts payable	2,377	11,951	14,328
Interest	11,630	3,353	14,983
Deferred revenue	139,426	183,415	322,841
Long-term debt:			
Due within one year	194,379	55,000	249,379
Due in more than one year	<u>304,883</u>	<u>310,000</u>	<u>614,883</u>
Total liabilities	<u>652,695</u>	<u>563,719</u>	<u>1,216,414</u>
 <u>NET ASSETS:</u>			
Invested in capital assets - net of related debt	9,611	-0-	9,611
Reserved for inventory	454,677	-0-	454,677
Unrestricted	<u>(149,632)</u>	<u>737,192</u>	<u>587,560</u>
Total net assets	<u>\$ 314,656</u>	<u>\$ 737,192</u>	<u>\$ 1,051,848</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BLACKMAN
 COMBINING STATEMENT OF ACTIVITIES -
 COMPONENT UNITS
 Year Ended December 31, 2007

		Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Local Development Finance Authority - Public Works	\$ 104,040	\$ -0-	\$ -0-	\$ -0-
Downtown Development Authority - Public Works	164,286	-0-	-0-	-0-
Total component units	\$ 268,326	\$ -0-	\$ -0-	\$ -0-

GENERAL REVENUES:

Taxes
Interest

Total general revenues

CHANGES IN NET ASSETS

NET ASSETS - BEGINNING OF YEAR

NET ASSETS - END OF YEAR

See accompanying notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Local Development Finance Authority	Downtown Development Authority	Total
(\$ 104,040)	\$ -0-	(\$ 104,040)
<u>-0-</u>	<u>(164,286)</u>	<u>(164,286)</u>
<u>(104,040)</u>	<u>(164,286)</u>	<u>(268,326)</u>
367,403	244,319	611,722
<u>17,780</u>	<u>4,542</u>	<u>22,322</u>
<u>385,183</u>	<u>248,861</u>	<u>634,044</u>
281,143	84,575	365,718
<u>33,513</u>	<u>652,617</u>	<u>686,130</u>
<u>\$ 314,656</u>	<u>\$ 737,192</u>	<u>\$ 1,051,848</u>

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Blackman conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Blackman.

Reporting Entity

The Charter Township of Blackman is governed by an elected seven-member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Local Development Finance Authority

The Local Development Finance Authority (L.D.F.A.) which was created pursuant to the provisions of Public Act 281 of 1986, is governed by an eleven (11) member board, which consists of seven (7) representatives appointed by the Charter Township of Blackman, one (1) representative appointed by Jackson Community College, two (2) representatives of Northwest School District, and one (1) representative appointed by the County of Jackson.

The L.D.F.A. was established to finance the acquisition and development of an industrial site in the Township. Subsequently the initial plan was amended and the boundary expanded. The L.D.F.A. captures real and personal property taxes within the district over the initial assessed value of the same property, multiplied by the millage rates (operating only) of all applicable units of government.

Downtown Development Authority

The Downtown Development Authority of the Charter Township of Blackman (D.D.A.) was established as a legally separate entity and is governed by a nine (9) member board appointed by the Charter Township of Blackman. This authority was established to finance improvements to the Township's water supply system serving the downtown development district. The plan was amended to expand the boundaries and provide for the construction of sidewalks, a bike path, and an access drive. The revenues of this authority consist of captured real and personal property taxes within the district over the initial assessed value of the same property (assessed value at the time of the D.D.A.'s creation, multiplied by the millage rate of all applicable units of government).

There are no separately issued financial statements for the L.D.F.A. and D.D.A. component units.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary 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, normally 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. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary funds, fiduciary fund, and component units financial statements. Revenue is 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.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of 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. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability. All other revenue items are considered to be available only when cash is received by the Township.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. General Fund activities are financed by revenue from general property taxes and state-shared revenue.

Public Safety Fund - The Public Safety Fund is used to account for all the activities of the Township's Public Safety Department. It also accounts for the use of property taxes received under a specially voted millage.

The Township reports the following major proprietary funds:

Sewer Fund - The Sewer Fund is used to account for the results of operations for providing sewer service to the citizens and businesses of the Township. The primary revenues are generated through user charges from those requesting sewer service.

Water Fund - The Water Fund is used to account for the results of operations for providing water service to the citizens and businesses of the Township. The fund's primary revenues are generated through user charges from those requesting water service.

Special Assessment Fund - The Special Assessment Fund is used to account for the activities associated with a sewer and water project and the debt payments related to the project.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the Township reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions.

Permanent Fund - The Permanent Fund accounts for resources that are legally restricted to the extent that only earnings, not principal, may be used for perpetual care of cemetery lots.

Agency Funds - The Agency Funds account for assets held by the Township in a trustee capacity or as an agent for individuals, organizations, and other governments.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of our proprietary funds relate to charges to customers for sales and services. The sewer and water fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time they are added to the county tax rolls.

The Township's 2006 tax is levied and collectible on December 1, 2006, and is recognized as revenue in the year ended December 31, 2007, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2006 taxable valuation of the Township totaled approximately \$508,296,100 on which ad valorem taxes levied consisted of .8453 mills for operating purposes and 1.8807 mills for Public Safety. This resulted in \$430,272 for operating, \$957,597 for Public Safety, and \$53,351 for the Township's component units. These amounts are recognized in the General Fund, Special Revenue Fund and discrete component units financial statements as tax revenue (net of reductions for delinquent amounts and prior year tax tribunal changes).

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are considered to be fully collectible.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are recorded as prepaid items in both the governmental-wide and fund financial statements.

Inventory - Component unit inventory consists of land held for resale and is valued at cost.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Buildings and improvements	15 to 45 years
Sewer and water transportation lines	50 years
Furnishings and equipment	3 to 10 years
Vehicles	3 to 10 years
Land improvements	25 years
Access rights	11 years

Compensated Absences - It is the Township's policy to not permit employees to accumulate earned but unused sick pay benefits if the time is not used within a year following the date of their anniversary. There is no liability for unpaid sick pay since the Township does not have a policy to pay any amounts when employees separate from service with the Township. It is the policy to permit eligible employees to accumulate earned but unused vacation pay benefits. Employees may accrue and carryover at their anniversary date, up to forty hours of vacation time. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

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 deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General and all Special Revenue Funds. All annual appropriations lapse at year end. The proposed budget is submitted to the Township Board 120 days prior to the beginning of the next year. Public hearings are held, and a final budget is adopted no later than December 31. The Township Board must approve any budget amendments.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control is the department level.

The government does not utilize encumbrance accounting.

CHARTER TOWNSHIP OF BLACKMAN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2007

3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township and its component unit had \$11,112,979 and \$1,198,184 of bank deposits (certificates of deposit, checking and savings accounts), respectively, of which \$1,400,000 and \$200,000 were covered by federal depository insurance, respectively, and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes, in market interest rates, will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the Township manages its exposure to interest rate risk is by participating in two bank investment pools which hold diverse investments that local units of government are authorized by law for direct investment.

As of December 31, 2007, the Township had the following investments:

	<u>Primary Government</u>	<u>Component Unit</u>
Investments:		
Bank investment pools	\$ <u>1,984,553</u>	\$ <u>357,468</u>
Total	\$ <u>1,984,553</u>	\$ <u>357,468</u>

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

3. DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The bank investment pooled funds do not have a rating provided by a nationally recognized statistical rating organization.

4. DEFERRED REVENUE

The Township records deferred revenue for property taxes billed as of December 1, that are to be used in the next year's budget.

5. CAPITAL ASSETS

Capital asset activity of the Township's governmental activities and business-type activities was as follows:

	<u>Balance</u> <u>January 1, 2007</u>	<u>Additions</u>	<u>Disposals and</u> <u>Adjustments</u>	<u>Balance</u> <u>December 31, 2007</u>
Primary Government:				
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ <u>67,384</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>67,384</u>
Capital assets being depreciated:				
Buildings and improvements	1,202,892	4,190	-0-	1,207,082
Furniture and equipment	850,412	69,118	81,278	838,252
Vehicles	1,957,187	270,335	425,379	1,802,143
Land improvements	<u>129,821</u>	<u>58,827</u>	<u>-0-</u>	<u>188,648</u>
Total capital assets being depreciated	<u>4,140,312</u>	<u>402,470</u>	<u>506,657</u>	<u>4,036,125</u>
Less: accumulated depreciation:				
Buildings and improvements	377,936	26,985	-0-	404,921
Furniture and equipment	659,707	66,041	79,374	646,374
Vehicles	1,264,671	188,843	407,725	1,045,789
Land improvements	<u>3,199</u>	<u>5,813</u>	<u>-0-</u>	<u>9,012</u>
Total accumulated depreciation	<u>2,305,513</u>	<u>287,682</u>	<u>487,099</u>	<u>2,106,096</u>
Total capital assets being depreciated - net	<u>1,834,799</u>	<u>114,788</u>	<u>19,558</u>	<u>1,930,029</u>
Total capital assets - net	<u>\$ 1,902,183</u>	<u>\$ 114,788</u>	<u>\$ 19,558</u>	<u>\$ 1,997,413</u>

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

5. CAPITAL ASSETS (Continued)

	Balance <u>January 1, 2007</u>	Additions	Disposals and <u>Adjustments</u>	Balance <u>December 31, 2007</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 8,675	\$ -0-	\$ -0-	\$ 8,675
Construction in progress	<u>27,852</u>	<u>12,737</u>	<u>10,442</u>	<u>30,147</u>
Total capital assets not being depreciated	<u>36,527</u>	<u>12,737</u>	<u>10,442</u>	<u>38,822</u>
Capital assets being depreciated:				
Buildings and improvements	2,707,516	490,901	-0-	3,198,417
Sewer and water transportation lines	21,904,838	361,536	-0-	22,266,374
Equipment	<u>349,538</u>	<u>-0-</u>	<u>-0-</u>	<u>349,538</u>
Total capital assets being depreciated	<u>24,961,892</u>	<u>852,437</u>	<u>-0-</u>	<u>25,814,329</u>
Less: accumulated depreciation:				
Buildings and improvements	690,547	89,910	-0-	780,457
Sewer and water transportation lines	6,660,082	391,597	-0-	7,051,679
Equipment	<u>341,690</u>	<u>3,598</u>	<u>-0-</u>	<u>345,288</u>
Total accumulated depreciation	<u>7,692,319</u>	<u>485,105</u>	<u>-0-</u>	<u>8,177,424</u>
Total capital assets being depreciated - net	<u>17,269,573</u>	<u>367,332</u>	<u>-0-</u>	<u>17,636,905</u>
Total capital assets - net	<u>17,306,100</u>	<u>380,069</u>	<u>10,442</u>	<u>17,675,727</u>
Component Units:				
Capital assets being depreciated:				
Building and improvements	<u>-0-</u>	<u>10,000</u>	<u>-0-</u>	<u>10,000</u>
Total capital assets being depreciated	<u>-0-</u>	<u>10,000</u>	<u>-0-</u>	<u>10,000</u>
Less: accumulated depreciation:				
Building and improvements	<u>-0-</u>	<u>389</u>	<u>-0-</u>	<u>389</u>
Total accumulated depreciation	<u>-0-</u>	<u>389</u>	<u>-0-</u>	<u>389</u>
Total capital assets being depreciated - net	<u>\$ -0-</u>	<u>\$ 9,611</u>	<u>\$ -0-</u>	<u>\$ 9,611</u>

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

5. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 35,876
Public Safety	251,416
Recreation	<u>390</u>
Total governmental activities	<u>\$ 287,682</u>
Business-type activities:	
Sewer Fund	\$ 252,779
Water Fund	<u>232,326</u>
Total business-type activities	<u>\$ 485,105</u>
Component units:	
LDFA	<u>\$ 389</u>

6. ACCESS RIGHTS/PURCHASE OF ADDITIONAL SEWER CAPACITY

	Balance January 1, 2007	Additions	Deductions	Balance December 31, 2007
Sewer fund:				
Access rights (11 years)	\$ 2,440,712	\$ -0-	\$ -0-	\$ 2,440,712
Less accumulated amortization	<u>388,295</u>	<u>221,883</u>	<u>-0-</u>	<u>610,178</u>
Access rights, net of accumulated amortization	<u>\$ 2,052,417</u>	<u>\$ 221,883</u>	<u>\$ -0-</u>	<u>\$ 1,830,534</u>

The access rights are being amortized using the straight-line method over 11 years.

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other non-major funds	\$ <u>31,880</u>
Public Safety Fund	General Fund	52,348
	Other non-major funds	<u>444</u>
	Total Public Safety Fund	<u>52,792</u>
Sewer Fund	General Fund	6,091
	Water Fund	<u>4,455</u>
	Total Sewer Fund	<u>10,546</u>
Other non-major funds	General Fund	2,895
	Public Safety Fund	<u>8,354</u>
	Total Other non-major funds	<u>11,249</u>
	Total	<u>\$ 106,467</u>

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfers reported in the fund financial statements for the year ended December 31, 2007, are as follows:

	<u>Transfers in</u>	<u>Transfers (out)</u>
General Fund	\$ 10,066	\$ 1,840,000
Public Safety Fund	1,825,000	-0-
Building Fund	15,000	-0-
Sewer Fund	15,842	-0-
Special Assessment - Roads	-0-	10,066
Special Assessment - Sewer and Water	<u>-0-</u>	<u>15,842</u>
	<u>\$ 1,865,908</u>	<u>\$ 1,865,908</u>

The interfund transfers from the General Fund to the Public Safety Fund and Park Fund are to subsidize those operations.

The interfund transfers from the Special Assessment Funds to the General Fund and Sewer Fund were to close out funds whose purpose has expired.

8. LONG-TERM DEBT

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the district) are received.

Long-term obligation activity can be summarized as follows:

	Interest Rate <u>Ranges</u>	Principal Maturity <u>Ranges</u>	Beginning Balance <u>Balance</u>	Additions (Reductions) <u>(Reductions)</u>	Ending Balance <u>Balance</u>	Due within One Year <u>One Year</u>
Primary Government:						
Governmental activities:						
Compensated absences			\$ 80,833	\$ 10,394	\$ 91,227	\$ 68,394
Installment purchase agreement ladder truck purchase amount of issue \$732,004, maturity through 2012	3.70%	\$52,390 - 77,193	<u>442,868</u>	<u>(72,447)</u>	<u>370,421</u>	<u>75,158</u>
Total governmental activities			<u>\$ 523,701</u>	<u>(\$ 62,053)</u>	<u>\$ 461,648</u>	<u>\$ 143,552</u>

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

8. LONG-TERM DEBT (Continued)

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Business-type activities:						
Compensated absences			\$ <u>7,517</u>	(\$ <u>6,290</u>)	\$ <u>1,227</u>	\$ <u>542</u>
Total business-type activities			\$ <u>7,517</u>	(\$ <u>6,290</u>)	\$ <u>1,227</u>	\$ <u>542</u>
Component Units:						
Revenue bonds 1991 tax increment finance authority bonds amount of issue \$1,120,000, maturity through 2009	9.79%	\$40,000 - 155,000	\$ 345,000	(\$ 150,000)	\$ 195,000	\$ 155,000
Land contract to purchase land for resale, LDFA issue amount \$365,000 through 2014	7.00%	\$22,462 - 60,000	346,970	(42,708)	304,262	39,379
1993 - water improvement project, D.D.A. amount of issue \$690,000, maturity through 2013	5.150 - 5.550%	\$45,000 - 65,000	<u>415,000</u>	<u>(50,000)</u>	<u>365,000</u>	<u>55,000</u>
Total component units			\$ <u>1,106,970</u>	(\$ <u>242,708</u>)	\$ <u>864,262</u>	\$ <u>249,379</u>

For the governmental activities, compensated absences are liquidated by public safety fund.

Annual debt service requirement to maturity for the above obligations are as follows:

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Component Units</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 75,158	\$ 12,439	\$ 87,597	\$ -0-	\$ -0-	\$ -0-	\$ 249,379	\$ 46,561	\$ 295,940
2009	77,986	9,611	87,597	-0-	-0-	-0-	137,184	35,435	172,619
2010	80,921	6,676	87,597	-0-	-0-	-0-	105,188	27,300	132,488
2011	83,967	3,630	87,597	-0-	-0-	-0-	113,407	20,612	134,019
2012	52,389	672	53,061	-0-	-0-	-0-	116,855	13,556	130,411
Thereafter	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>142,249</u>	<u>7,017</u>	<u>149,266</u>
Total	\$ <u>370,421</u>	\$ <u>33,028</u>	\$ <u>403,449</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>864,262</u>	\$ <u>150,481</u>	\$ <u>1,014,743</u>

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

9. RISK MANAGEMENT

The Charter Township of Blackman is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for employee injury and medical claims, and participates in the Michigan Township Participating Plan risk pool for claims relating to property loss, torts and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The Michigan Township Participating Plan risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

10. OTHER POST-EMPLOYMENT BENEFITS

The Township provides post-employment health care and dental insurance to eligible retirees, spouses, and their dependents. The benefits are provided in accordance with Township ordinances, resolutions, and collective bargaining agreement. During the year 2007, thirty (30) retirees were eligible for the post-employment health care and dental insurance benefits at a cost of \$236,523; these expenditures are recognized as the insurance premiums become due. The Township's policy is to finance these benefits on a pay-as-you-go basis. For those employees who terminate and are not eligible retirees (normal or disability), health care and dental insurance benefits continue for 30 days after termination. At that time the former employee has continuation rights to health insurance coverage under COBRA law of 1985.

Upcoming Reporting Change -The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2009.

Management Consideration of Future Funding Policy - The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on the "pay-as-you-go" basis). However, the Township's management is considering whether or not to make future contributions to advance-fund these benefits. Management commissioned an actuarial valuation of the Township's post-retirement health benefits. The report dated October 26, 2007, computed the actuarial accrued liability at July 1, 2007.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

11. DEFINED CONTRIBUTION PENSION PLAN

The Charter Township of Blackman contributes to the Blackman Township pension plan, which is a defined contribution pension plan administered by John Hancock Company. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. All office employees and union staff electing this plan participate in the plan. Contributions made by an employee vest immediately and contributions made by the Township vest after 20 months of full employment. An employee who leaves the employment of the Township is entitled to their contributions made and the earnings on those contributions immediately. An employee is entitled to the Township's portion of contributions and the earnings on those contributions twelve months after termination of employment, if vesting requirements are satisfied.

All full time office and electing union employees of the Township are covered by the plan. The total employees' payroll for the year was \$403,239. The total payroll covered by the plan for the year was \$390,127. The contribution rate for 2007 was 12.5% for employees hired prior to November 1, 2006, and 5% for employees hired after November 1, 2006, of regular pay.

During the year the Township's required and actual contributions amounted to \$47,147.

12. DEFINED BENEFIT PENSION PLAN (MICHIGAN MUNICIPAL EMPLOYEE'S RETIREMENT SYSTEM)

Plan Description

The Township participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers the Township's Public Safety Department command and Union staff. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at: 1134 Municipal Way, Lansing, Michigan 48917.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

12. DEFINED BENEFIT PENSION PLAN (MICHIGAN MUNICIPAL EMPLOYEE'S RETIREMENT SYSTEM) Continued

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Police Officers Association of Michigan (POAM). The Township is required to contribute at an actuarially determined rate; the current rate is 19.55 percent for the year ended December 31, 2007. The Township has negotiated with the POAM to contribute a maximum of 12.5 percent and the Union members have agreed to pay the balance. For the year ended December 31, 2007, members were required to contribute 7.05 percent of covered payroll.

Annual Pension Costs

For year ended 2007, the Township's annual pension cost of \$192,908 for the plan was equal to the required and actual contribution. 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 include (i) 8 percent investment rate of return; (ii) projected salary increases of 4.5 percent per year based upon an age related scale to reflect merit longevity, and promotional salary increases. The actuarial value of assets is determined on the basis of a method that calculates expected investment income at the valuation rate of return and adds a portion of the difference between the expected investment income and actual investment income earned on a market value basis. The unfunded actuarial liability is being amortized as a level percent of payroll on an open basis. The remaining amortization period is 30 years.

Trend Information for Charter Township of Blackman

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/05	162,773	100%	-0-
12/31/06	179,271	100%	-0-
12/31/07	192,908	100%	-0-

Schedule of Funding Progress for the Charter Township of Blackman

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as of % of Covered Payroll ((b-a)/c)
12/31/04	2,292,465	4,264,761	1,972,296	54%	1,306,741	151%
12/31/05	2,470,553	4,477,787	2,007,234	55%	1,321,786	152%
12/31/06	2,800,020	4,930,827	2,130,807	57%	1,435,471	148%

REQUIRED SUPPLEMENTAL INFORMATION

CHARTER TOWNSHIP OF BLACKMAN
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2007

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Variance With <u>Amended Budget</u>
REVENUES:				
Taxes and penalties	\$ 655,210	\$ 640,096	\$ 777,501	\$ 137,405
Licenses and permits	109,340	111,340	127,673	16,333
State sources	1,467,500	1,362,714	1,446,812	84,098
Charges for services	6,000	6,000	14,256	8,256
Interest	8,000	8,000	56,529	48,529
Other revenues	<u>6,000</u>	<u>5,000</u>	<u>5,278</u>	<u>278</u>
Total revenues	<u>2,252,050</u>	<u>2,133,150</u>	<u>2,428,049</u>	<u>294,899</u>
EXPENDITURES:				
General government:				
Committees	4,038	4,038	1,762	2,276
Township Board	34,800	36,001	29,439	6,562
Supervisor	284,330	279,330	256,950	22,380
Elections	22,400	22,400	13,867	8,533
Clerk	104,527	102,327	90,628	11,699
Retiree health insurance	98,408	48,408	37,405	11,003
Board of Review	2,265	2,265	1,855	410
Treasurer	73,052	70,852	58,258	12,594
Cemetery	8,500	8,500	7,930	570
Township Hall	81,400	48,900	38,317	10,583
Public Works:				
Drains at large	3,000	3,000	-0-	3,000
Highways, streets and bridges	56,000	56,000	33,345	22,655
Community economic development:				
Planning and Zoning	30,892	31,262	16,390	14,872
Zoning admin/Enforcement Officer	75,958	75,958	74,568	1,390
Other:				
Refuse collection/disposal	1,500	1,500	-0-	1,500
Technology improvements	1,000	1,000	885	115
P.A. 425 Contractual payments	4,120	4,120	865	3,255
Tax Tribunal	<u>8,000</u>	<u>8,000</u>	<u>3,074</u>	<u>4,926</u>
Total expenditures	<u>894,190</u>	<u>803,861</u>	<u>665,538</u>	<u>138,323</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,357,860</u>	<u>1,329,289</u>	<u>1,762,511</u>	<u>433,222</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	500	500	400	(100)
Operating transfers in	-0-	-0-	10,066	10,066
Operating transfers (out)	<u>(1,940,000)</u>	<u>(1,974,000)</u>	<u>(1,840,000)</u>	<u>134,000</u>
Total other financing sources (uses)	<u>(1,939,500)</u>	<u>(1,973,500)</u>	<u>(1,829,534)</u>	<u>143,966</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(581,640)	(644,211)	(67,023)	577,188
FUND BALANCE - BEGINNING OF YEAR	<u>1,374,483</u>	<u>1,374,483</u>	<u>1,374,483</u>	<u>-0-</u>
FUND BALANCE - END OF YEAR	<u>\$ 792,843</u>	<u>\$ 730,272</u>	<u>\$ 1,307,460</u>	<u>\$ 577,188</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BLACKMAN
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE - PUBLIC SAFETY FUND
 Year Ended December 31, 2007

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Variance With Amended <u>Budget</u>
REVENUES:				
Taxes and penalties	\$ 964,779	\$ 970,250	\$ 963,978	(\$ 6,272)
Federal sources	36,000	121,860	109,807	(12,053)
State sources	216,550	189,550	233,681	44,131
Contribution from local units	2,000	2,000	26,205	24,205
Fines and forfeitures	120,000	120,000	193,560	73,560
Charges for services	10,000	10,000	20,645	10,645
Other revenues	<u>2,000</u>	<u>2,000</u>	<u>22,780</u>	<u>20,780</u>
Total revenues	<u>1,351,329</u>	<u>1,415,660</u>	<u>1,570,656</u>	<u>154,996</u>
EXPENDITURES:				
Public Safety	3,110,114	3,387,839	3,302,047	85,792
Debt service	<u>88,000</u>	<u>88,000</u>	<u>87,597</u>	<u>403</u>
Total expenditures	<u>3,198,114</u>	<u>3,475,839</u>	<u>3,389,644</u>	<u>86,195</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,846,785)</u>	<u>(2,060,179)</u>	<u>(1,818,988)</u>	<u>241,191</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	10,000	42,500	45,358	2,858
Operating transfers in	<u>1,790,000</u>	<u>1,931,630</u>	<u>1,825,000</u>	<u>(106,630)</u>
Total other financing sources (uses)	<u>1,800,000</u>	<u>1,974,130</u>	<u>1,870,358</u>	<u>(103,772)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(46,785)	(86,049)	51,370	137,419
FUND BALANCE - BEGINNING OF YEAR	<u>101,091</u>	<u>101,091</u>	<u>101,091</u>	<u>-0-</u>
FUND BALANCE - END OF YEAR	<u>\$ 54,306</u>	<u>\$ 15,042</u>	<u>\$ 152,461</u>	<u>\$ 137,419</u>

See accompanying notes to financial statements.

OTHER SUPPLEMENTAL INFORMATION

CHARTER TOWNSHIP OF BLACKMAN
 OTHER SUPPLEMENTAL INFORMATION
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 December 31, 2007

	Non-Major Special Revenue Funds				
	Building Department	Parks	Drug Forfeiture	Criminal Forfeiture	Street Lights
<u>ASSETS:</u>					
Cash and cash equivalents	\$ 55,593	\$ 77,518	\$ 12,705	\$ 1,051	\$ 83,998
Investments	-0-	-0-	-0-	-0-	-0-
Prepaid expenses	1,303	-0-	-0-	-0-	-0-
Receivables:					
Special assessments	-0-	-0-	-0-	-0-	59,583
Due from other funds	-0-	-0-	8,354	-0-	-0-
Total assets	\$ 56,896	\$ 77,518	\$ 21,059	\$ 1,051	\$ 143,581
 <u>LIABILITIES AND FUND BALANCES:</u>					
Liabilities:					
Accounts payable	\$ 6,009	\$ 6	\$ 1,398	\$ 35	\$ 9,431
Accrued liabilities	1,613	-0-	3,463	-0-	-0-
Due to other funds	32,324	-0-	-0-	-0-	-0-
Deferred revenue	-0-	-0-	-0-	-0-	100,697
Total liabilities	39,946	6	4,861	35	110,128
Fund balance:					
Reserved for:					
Perpetual care	-0-	-0-	-0-	-0-	-0-
Unreserved	16,950	77,512	16,198	1,016	33,453
Total fund balance	16,950	77,512	16,198	1,016	33,453
Total liabilities and fund balances	\$ 56,896	\$ 77,518	\$ 21,059	\$ 1,051	\$ 143,581

See accompanying notes to financial statements.

<u>Non-Major Special Assessment Fund</u>	<u>Permanent Fund</u>	<u>Total Non-Major Governmental Funds</u>
<u>Roads</u>	<u>Cemetery</u>	
\$ -0-	\$ 3,628	\$ 234,493
-0-	23,061	23,061
-0-	-0-	1,303
-0-	-0-	59,583
-0-	2,895	11,249
<u>\$ -0-</u>	<u>\$ 29,584</u>	<u>\$ 329,689</u>

\$ -0-	\$ -0-	\$ 16,879
-0-	-0-	5,076
-0-	-0-	32,324
<u>-0-</u>	<u>-0-</u>	<u>100,697</u>
<u>-0-</u>	<u>-0-</u>	<u>154,976</u>

-0-	23,990	23,990
<u>-0-</u>	<u>5,594</u>	<u>150,723</u>
<u>-0-</u>	<u>29,584</u>	<u>174,713</u>

<u>\$ -0-</u>	<u>\$ 29,584</u>	<u>\$ 329,689</u>
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CHARTER TOWNSHIP OF BLACKMAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2007

	Non-Major Special Revenue Funds				
	Building Department	Parks	Drug Forfeiture	Criminal Forfeiture	Street Lights
REVENUES:					
Licenses and permits	\$ 167,515	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Fines and forfeitures	-0-	-0-	56,556	5,120	-0-
Charges for services	-0-	1,550	-0-	-0-	-0-
Interest	242	2,487	910	10	2,495
Other revenues	<u>26</u>	<u>6,693</u>	<u>-0-</u>	<u>-0-</u>	<u>108,135</u>
Total revenues	<u>167,783</u>	<u>10,730</u>	<u>57,466</u>	<u>5,130</u>	<u>110,630</u>
EXPENDITURES:					
General government	-0-	-0-	-0-	-0-	-0-
Public Safety	166,408	-0-	92,785	4,670	-0-
Public works	-0-	-0-	-0-	-0-	110,612
Recreation	<u>-0-</u>	<u>18,702</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>166,408</u>	<u>18,702</u>	<u>92,785</u>	<u>4,670</u>	<u>110,612</u>
EXCESS OF REVENUES OVER (UNDER) EXPEN- DITURES	<u>1,375</u>	<u>(7,972)</u>	<u>(35,319)</u>	<u>460</u>	<u>18</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	-0-	15,000	-0-	-0-	-0-
Operating transfers (out)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>-0-</u>	<u>15,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,375	7,028	(35,319)	460	18
FUND BALANCE - BEGINNING OF YEAR	<u>15,575</u>	<u>70,484</u>	<u>51,517</u>	<u>556</u>	<u>33,435</u>
FUND BALANCE - END OF YEAR	<u>\$ 16,950</u>	<u>\$ 77,512</u>	<u>\$ 16,198</u>	<u>\$ 1,016</u>	<u>\$ 33,453</u>

See accompanying notes to financial statements.

<u>Non-Major Special Assessment Fund</u>	<u>Permanent Fund</u>	<u>Total Non-Major Governmental Funds</u>
<u>Roads</u>	<u>Cemetery</u>	
\$ -0-	\$ -0-	\$ 167,515
-0-	-0-	61,676
-0-	1,440	2,990
88	1,401	7,633
<u>-0-</u>	<u>-0-</u>	<u>114,854</u>
<u>88</u>	<u>2,841</u>	<u>354,668</u>
-0-	4,190	4,190
-0-	-0-	263,863
-0-	-0-	110,612
<u>-0-</u>	<u>-0-</u>	<u>18,702</u>
<u>-0-</u>	<u>4,190</u>	<u>397,367</u>
<u>88</u>	<u>(1,349)</u>	<u>(42,699)</u>
-0-	-0-	15,000
<u>(10,066)</u>	<u>-0-</u>	<u>(10,066)</u>
<u>(10,066)</u>	<u>-0-</u>	<u>4,934</u>
(9,978)	(1,349)	(37,765)
<u>9,978</u>	<u>30,933</u>	<u>212,478</u>
\$ <u><u>-0-</u></u>	\$ <u><u>29,584</u></u>	\$ <u><u>174,713</u></u>

CHARTER TOWNSHIP OF BLACKMAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF NET ASSETS -
FIDUCIARY FUNDS
December 31, 2007

	Agency Funds				Total Agency Funds
	Current Tax Collection	Trust and Agency	Local Development Finance Authority Escrow	Downtown Development Authority Escrow	
<u>ASSETS:</u>					
Cash and cash equivalents	\$ <u>1,078,003</u>	\$ <u>2,220</u>	\$ <u>365,911</u>	\$ <u>1,611,570</u>	\$ <u>3,057,704</u>
Total assets	\$ <u>1,078,003</u>	\$ <u>2,220</u>	\$ <u>365,911</u>	\$ <u>1,611,570</u>	\$ <u>3,057,704</u>
<u>LIABILITIES:</u>					
Due to other Governmental units	\$ 1,077,471	\$ 2,163	\$ 365,911	\$ 1,610,981	\$ 3,056,526
Due to others	<u>532</u>	<u>57</u>	<u>-0-</u>	<u>589</u>	<u>1,178</u>
Total liabilities	\$ <u>1,078,003</u>	\$ <u>2,220</u>	\$ <u>365,911</u>	\$ <u>1,611,570</u>	\$ <u>3,057,704</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BLACKMAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET - ALL DISCRETELY
PRESENTED COMPONENT UNITS
December 31, 2007

	<u>Local Development Finance Authority</u>	
	<u>Governmental Fund Type</u>	
	<u>General Fund</u>	<u>Debt Service</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 5,294	\$ 27,797
Investments	262,834	94,634
Receivables:		
Taxes	54,968	56,661
Due from primary government	875	-0-
Due from other funds	<u>-0-</u>	<u>-0-</u>
 Total assets	 \$ <u>323,971</u>	 \$ <u>179,092</u>
 <u>LIABILITIES AND FUND BALANCE:</u>		
Liabilities:		
Accounts payable	\$ 2,377	\$ -0-
Due to other funds	-0-	-0-
Deferred revenue	<u>54,968</u>	<u>84,458</u>
Total liabilities	<u>57,345</u>	<u>84,458</u>
 Fund balance:		
Reserved for:		
Debt service	-0-	94,634
Capital projects	-0-	-0-
Unreserved	<u>266,626</u>	<u>-0-</u>
Total fund balance	<u>266,626</u>	<u>94,634</u>
 Total liabilities and fund balance	 \$ <u>323,971</u>	 \$ <u>179,092</u>

See accompanying notes to financial statements.

Downtown Development Authority

Governmental Fund Type

<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
\$ 457,526	\$ 260,214	\$ 443,981	\$ 1,194,812
-0-	-0-	-0-	357,468
120,958	10,842	-0-	243,429
990	-0-	6,400	8,265
<u>92,019</u>	<u>-0-</u>	<u>-0-</u>	<u>92,019</u>
<u>\$ 671,493</u>	<u>\$ 271,056</u>	<u>\$ 450,381</u>	<u>\$ 1,895,993</u>
\$ 8,069	\$ -0-	\$ 3,882	\$ 14,328
-0-	92,019	-0-	92,019
<u>118,355</u>	<u>65,060</u>	<u>-0-</u>	<u>322,841</u>
<u>126,424</u>	<u>157,079</u>	<u>3,882</u>	<u>429,188</u>
-0-	113,977	-0-	208,611
-0-	-0-	446,499	446,499
<u>545,069</u>	<u>-0-</u>	<u>-0-</u>	<u>811,695</u>
<u>545,069</u>	<u>113,977</u>	<u>446,499</u>	<u>1,466,805</u>
<u>\$ 671,493</u>	<u>\$ 271,056</u>	<u>\$ 450,381</u>	<u>\$ 1,895,993</u>

CHARTER TOWNSHIP OF BLACKMAN
RECONCILIATION OF FUND BALANCES ON THE
BALANCE SHEET FOR COMPONENT UNIT FUNDS
TO THE STATEMENT OF NET ASSETS
December 31, 2007

Fund balances - total discretely presented component units	\$ 1,466,805
Amounts reported for component units in the statement of net assets are different because:	
Inventory held by component units is not a financial resource and is not reported in the funds	454,677
Capital assets used in component units are not financial resources and are not reported in the funds	9,611
Long-term liabilities not due and payable in the current period and are not reported in the component units:	
Land contract and bonds payable	(864,262)
Accrued interest payable is not included as a liability in the component units	<u>(14,983)</u>
Net assets of component units	\$ <u>1,051,848</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BLACKMAN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ALL DISCRETELY PRESENTED
 COMPONENT UNITS
 Year Ended December 31, 2007

	Local Development Finance Authority	
	Governmental Fund Type	
	General Fund	Debt Service
REVENUES:		
Taxes	\$ 187,574	\$ 179,828
Interest income	<u>12,906</u>	<u>4,874</u>
Total revenues	<u>200,480</u>	<u>184,702</u>
EXPENDITURES:		
Current:		
Other	58,871	365
Debt payments	60,000	179,828
Capital outlay	<u>10,000</u>	<u>-0-</u>
Total expenditures	<u>128,871</u>	<u>180,193</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDI- TURES	<u>71,609</u>	<u>4,509</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	6,846	-0-
Transfers (out)	<u>-0-</u>	<u>(6,846)</u>
Total other financing sources (uses)	<u>6,846</u>	<u>(6,846)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	78,455	(2,337)
FUND BALANCE - BEGINNING OF YEAR	<u>188,171</u>	<u>96,971</u>
FUND BALANCE - END OF YEAR	<u>\$ 266,626</u>	<u>\$ 94,634</u>

See accompanying notes to financial statements.

<u>Downtown Development Authority</u>			
<u>Governmental Fund Type</u>			
<u>General</u>	<u>Debt</u>	<u>Capital</u>	
<u>Fund</u>	<u>Service</u>	<u>Projects</u>	<u>Total</u>
\$ 172,886	\$ 71,433	\$ -0-	\$ 611,721
<u>2,960</u>	<u>1,583</u>	<u>-0-</u>	<u>22,323</u>
<u>175,846</u>	<u>73,016</u>	<u>-0-</u>	<u>634,044</u>
60,346	-0-	17,170	136,752
-0-	71,433	-0-	311,261
<u>-0-</u>	<u>-0-</u>	<u>65,776</u>	<u>75,776</u>
<u>60,346</u>	<u>71,433</u>	<u>82,946</u>	<u>523,789</u>
<u>115,500</u>	<u>1,583</u>	<u>(82,946)</u>	<u>110,255</u>
-0-	-0-	-0-	6,846
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(6,846)</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
115,500	1,583	(82,946)	110,255
<u>429,569</u>	<u>112,394</u>	<u>529,445</u>	<u>1,356,550</u>
\$ <u>545,069</u>	\$ <u>113,977</u>	\$ <u>446,499</u>	\$ <u>1,466,805</u>

CHARTER TOWNSHIP OF BLACKMAN
RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
DISCRETELY PRESENTED COMPONENT UNITS
TO THE STATEMENT OF ACTIVITIES
December 31, 2007

Net change in fund balance - total component units	\$ 110,255
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
Inventory and capital assets are reported as an expenditure in the governmental funds, but not in the statement of operations	13,181
Depreciation on capital assets reported as part of component units	(389)
Interest expense is reported in the statement of activities when incurred; it is not reported in the component units governmental funds until paid	(37)
Repayment of note/bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	<u>242,708</u>
Changes in net assets of governmental activities	<u>\$ 365,718</u>

See accompanying notes to financial statements.