

Auditing Procedures Report

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

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Prairieville	County Barry
Fiscal Year End March 31, 2007	Opinion Date September 6, 2007	Date Audit Report Submitted to State September 27, 2007	

We affirm that:

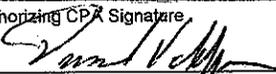
We are certified public accountants licensed to practice in Michigan.

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

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	Not considered necessary	
Other (Describe)	<input checked="" type="checkbox"/>	SAS 112 communication	
Certified Public Accountant (Firm Name) Siegfried Crandall P.C.		Telephone Number (269) 381-4970	
Street Address 246 E Kilgore		City Kalamazoo	State MI
Zip 49002		License Number 1101020724	
Authorizing CPA Signature 		Printed Name Daniel L. Veldhuizen	

Township of Prairieville
Barry County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2007

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Township of Prairieville
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Township of Prairieville's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended March 31, 2007. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net assets increased by \$39,987 (2 percent) as a result of this year's activities.
- Of the \$2,088,825 total net assets reported, \$973,826 (47 percent) is unrestricted, or available to be used at the Board's discretion.
- The General Fund's unreserved, undesignated fund balance at the end of the fiscal year was \$941,970, which represents 112 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Township's annual financial report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township, reporting the Township's operations in more detail than the government-wide financial statements.
 - Governmental fund statements tell how general government services, like public safety, were financed in the short-term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets (the difference between the Township's assets and liabilities) is one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements include one category of activity:

- *Governmental activities* - Most of the Township's basic services are included here, such as police protection, fire protection, and general government. Property taxes and state shared revenue finance most of these activities.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes (like Park Fund, a nonmajor fund) or to show that it is properly using certain other revenues (like special assessments collected for the Southwest Barry County Sewer Fund).

The Township has two kinds of funds:

- **Governmental funds.** Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out and, (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements that explains the relationship between them.
- **Fiduciary funds.** These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the government. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net assets. Total net assets at the end of the fiscal year were \$2,088,825, an increase of 2 percent compared to the prior year. Of this total, \$827,683 is invested in capital assets (net of related debt) and \$287,316 is restricted for various purposes. Consequently, unrestricted net assets were \$973,826 or 47 percent of the total.

Condensed financial information
Net Assets

	<i>Governmental activities</i>	
	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 1,844,868	\$ 2,012,161
Capital assets	<u>1,069,343</u>	<u>1,105,919</u>
Total assets	<u>2,914,211</u>	<u>3,118,080</u>
Current liabilities	54,142	70,778
Long-term debt	<u>771,244</u>	<u>998,464</u>
Total liabilities	<u>825,386</u>	<u>1,069,242</u>
Net assets:		
Invested in capital assets, net of related debt	827,683	801,936
Restricted	287,316	271,407
Unrestricted	<u>973,826</u>	<u>975,495</u>
Total net assets	<u>\$ 2,088,825</u>	<u>\$ 2,048,838</u>

Township of Prairieville

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Changes in net assets. The Township's total revenues are \$998,959. Nearly 47 percent of the Township's revenues comes from property taxes, 23 percent comes from charges for services, and 22 percent comes from state shared revenue.

The total cost of all the Township's programs, covering a wide range of services, totaled \$958,972. Public safety costs account for 37 percent of the costs while general government costs amount to 33 percent of the total costs.

Condensed financial information
Changes in net assets

	<i>Governmental activities</i>	
	<u>2007</u>	<u>2006</u>
Program revenues:		
Charges for services	\$ 230,726	\$ 192,781
Operating grants and contributions	5,143	10,094
Capital grants and contributions	15,487	150,656
General revenues:		
Property taxes	471,908	436,488
State shared revenue	216,591	219,588
Franchise fees	13,890	14,321
Interest income	45,214	33,859
Miscellaneous	-	15,493
Total revenues	<u>998,959</u>	<u>1,073,280</u>
Expenses:		
Legislative	4,764	6,980
General government	315,297	307,190
Public safety	351,610	394,120
Public works	119,642	46,852
Community and economic development	28,696	32,700
Culture and recreation	104,970	98,241
Interest	33,993	19,882
Total expenses	<u>958,972</u>	<u>905,965</u>
Increase in net assets	<u>\$ 39,987</u>	<u>\$ 167,315</u>

Governmental activities. Governmental activities increased the Township's net assets by \$39,987 in 2007 compared to a \$167,315 increase in 2006. The increase in 2007 was less than the increase in 2006 because of one-time capital grants recognized in 2006.

The cost of all governmental activities this year was \$958,972. After subtracting the direct charges to those who directly benefited from the programs (\$230,726), and operating and capital grants (\$20,630), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$707,616.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds. As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,223,228, an increase of \$11,938 in comparison with the prior year. Of the total fund balances, \$1,094,088 (89 percent) is available for spending at the Township's discretion, while \$38,000 is reserved for a long-term advance and \$91,140 is reserved for debt service.

The General Fund is the chief operating fund of the Township. At the end of the fiscal year, unreserved fund balance was \$941,970, a decrease of \$12,811 compared to the prior fiscal year. The decrease in fund balance is explained by expenditures made for cemetery roads, computer upgrades, and costs incurred for preparation of the proposed Master Land Use Plan.

The Fire Fund experienced an increase in fund balance of \$12,420. Property tax revenue in the current year exceeded the transfer to General Fund to cover the public safety costs recorded there.

General Fund budgetary highlights

The Township amended its budget by decreasing total budgeted expenditures \$78,279 to reflect reductions in anticipated costs. There were no significant budget variances.

Capital assets and debt administration

Capital assets

The Township's investment in capital assets for its governmental activities as of March 31, 2007, amounts to \$1,069,343 (net of accumulated depreciation). This investment includes a broad range of assets, including land, buildings and improvements, police and fire equipment, vehicles, and shared road infrastructure costs. The decrease in the Township's net investment in capital assets for the current fiscal year was \$36,576.

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

- Purchase of a police vehicle amounting \$29,701
- Voting equipment acquired through a federal grant in the amount of \$13,584

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

Township of Prairieville

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Long-term debt

At the end of the fiscal year, the Township had total long-term debt outstanding in the amount of \$771,244, which represents a decrease of \$227,220 or 23 percent. The decrease represents principal payments that were all made in a timely manner. No new debt was issued during the year. All of the debt is backed by the full faith and credit of the Township.

State statutes limit the amount of general obligation debt the Township can issue to 10 percent of its total state equalized assessed value of property. The Township's total debt is significantly lower than the current state-imposed limit of \$18,892,618.

More detailed information about the Township's long-term liabilities is presented in Note 6 of the notes to the basic financial statements.

Economic condition and outlook

In looking at the reduction in revenue sharing and the current outlook on today's economy, the Township's elected officials chose to not take any raises in the subsequent fiscal year, but did give increases to our employees at a minimum rate. Our millage rate will remain the same due to the headlee rollback. Given the increase in building permits, we should see an increase in our taxable value.

The Township is considering some renovations to the meeting room and offices at the Prairieville Township Hall and the Prairieville Township Pine Lake Fire Station.

Contacting the Township's financial management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Normajeane Campbell, Township Clerk
Township of Prairieville
10115 S. Norris Road
Delton, Michigan 49046

Phone: (269)623-2664

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800-876-0979
Fax 269-349-1344

INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Prairieville, Michigan**

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

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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, each major fund, and the aggregate remaining fund information of the Township of Prairieville, Michigan, as of March 31, 2007, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and the budgetary comparison schedule, as listed in the contents, are not a required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Trustees
Township of Prairieville, Michigan
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Prairieville, Michigan's basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

September 6, 2007

BASIC FINANCIAL STATEMENTS

Township of Prairieville
STATEMENT OF NET ASSETS
 March 31, 2007

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 1,100,496
Amounts on deposit with fiscal agent	57,588
Receivables	201,014
Prepaid expenses	<u>23,500</u>
Total current assets	<u>1,382,598</u>
Noncurrent assets:	
Receivables	462,270
Capital assets, not being depreciated - land	100,282
Capital assets, net of accumulated depreciation	<u>969,061</u>
Total noncurrent assets	<u>1,531,613</u>
Total assets	<u>2,914,211</u>
LIABILITIES	
Current liabilities:	
Payables	27,583
Deferred revenue	26,559
Current maturities of long-term debt	<u>182,020</u>
Total current liabilities	236,162
Noncurrent liabilities - long-term debt	<u>589,224</u>
Total liabilities	<u>825,386</u>
NET ASSETS	
Invested in capital assets, net of related debt	827,683
Restricted for:	
Cemetery	23,533
Public safety	48,767
Public works	115,989
Culture and recreation	53,770
Debt service	45,257
Unrestricted	<u>973,826</u>
Total net assets	<u>\$ 2,088,825</u>

See notes to financial statements

Township of Prairieville
STATEMENT OF ACTIVITIES
Year ended March 31, 2007

	<u>Program revenues</u>				<i>Net (expenses) revenues and changes in net assets</i>
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Governmental activities</u>
Functions/Programs					
Governmental activities:					
Legislative	\$ 4,764	\$ -	\$ -	\$ -	\$ (4,764)
General government	315,297	60,703	-	13,584	(241,010)
Public safety	351,610	33,810	1,114	1,903	(314,783)
Public works	119,642	19,956	4,029	-	(95,657)
Community and economic development	28,696	7,890	-	-	(20,806)
Culture and recreation	104,970	83,485	-	-	(21,485)
Interest on long-term debt	<u>33,993</u>	<u>24,882</u>	<u>-</u>	<u>-</u>	<u>(9,111)</u>
 Total governmental activities	 <u>\$ 958,972</u>	 <u>\$ 230,726</u>	 <u>\$ 5,143</u>	 <u>\$ 15,487</u>	 <u>(707,616)</u>
 General revenues:					
Property taxes					471,908
State shared revenue					216,591
Franchise fees					13,890
Unrestricted interest income					<u>45,214</u>
 Total general revenues					<u>747,603</u>
 Change in net assets					39,987
 Net assets - beginning					<u>2,048,838</u>
 Net assets - ending					<u>\$ 2,088,825</u>

See notes to financial statements

Township of Prairieville
BALANCE SHEET - governmental funds
 March 31, 2007

	<u>General</u>	<u>Fire</u>	<u>Southwest Barry County Sewer</u>
ASSETS			
Cash	\$ 906,831	\$ 28,876	\$ -
Amount on deposit with fiscal agent	-	-	-
Receivables	45,781	11,845	350,835
Due from other funds	<u>38,000</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 990,612</u>	<u>\$ 40,721</u>	<u>\$ 350,835</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payables	\$ 10,642	\$ -	\$ 11,251
Due to other funds	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>339,584</u>
Total liabilities	<u>10,642</u>	<u>-</u>	<u>350,835</u>
Fund balances (deficit):			
Reserved for:			
Long-term advance	38,000	-	-
Debt service	-	-	-
Unreserved	941,970	40,721	-
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Capital project funds	-	-	-
Debt service funds	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>979,970</u>	<u>40,721</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 990,612</u>	<u>\$ 40,721</u>	<u>\$ 350,835</u>

Total fund balances - total governmental funds

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

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

Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.

Other long-term assets, special assessments, are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Long-term liabilities, including contract and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of *governmental activities*

<u>Little Long Lake Sewer</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
\$ 2,000	\$ 162,789	\$ 1,100,496
57,588	-	57,588
138,940	115,883	663,284
-	-	38,000
<u>\$ 198,528</u>	<u>\$ 278,672</u>	<u>\$ 1,859,368</u>
\$ 2,000	\$ 3,690	\$ 27,583
-	38,000	38,000
<u>134,850</u>	<u>96,123</u>	<u>570,557</u>
<u>136,850</u>	<u>137,813</u>	<u>636,140</u>
-	-	38,000
61,678	-	61,678
-	-	982,691
-	127,974	127,974
-	(16,577)	(16,577)
-	<u>29,462</u>	<u>29,462</u>
<u>61,678</u>	<u>140,859</u>	<u>1,223,228</u>
<u>\$ 198,528</u>	<u>\$ 278,672</u>	<u>\$ 1,859,368</u>
		\$ 1,223,228
		1,069,343
		23,500
		543,998
		<u>(771,244)</u>
		<u>\$ 2,088,825</u>

See notes to financial statements

Township of Prairieville

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - governmental funds

Year ended March 31, 2007

	<u>General</u>	<u>Fire</u>	<u>Southwest Barry County Sewer</u>
REVENUES			
Property taxes	\$ 143,846	\$ 157,122	\$ -
Licenses and permits	48,258	-	-
Federal grants	2,618	-	-
State grants	226,491	-	-
Charges for services	16,788	-	-
Fines and forfeitures	1,935	-	-
Interest and rentals	32,101	2,018	17,571
Other	8,816	-	129,897
	<u>480,853</u>	<u>159,140</u>	<u>147,468</u>
Total revenues			
EXPENDITURES			
Legislative	4,764	-	-
General government	286,257	-	-
Public safety	291,507	-	-
Public works	69,356	-	-
Community and economic development	28,696	-	-
Culture and recreation	36,800	-	-
Capital outlay	53,360	-	-
Debt service:			
Principal	62,323	-	129,897
Interest	8,121	-	17,571
	<u>841,184</u>	<u>-</u>	<u>147,468</u>
Total expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(360,331)</u>	<u>159,140</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	347,520	-	-
Transfers out	-	(146,720)	-
	<u>347,520</u>	<u>(146,720)</u>	<u>-</u>
Total other financing sources (uses)			
NET CHANGE IN FUND BALANCES	(12,811)	12,420	-
FUND BALANCES - BEGINNING	<u>992,781</u>	<u>28,301</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 979,970</u>	<u>\$ 40,721</u>	<u>\$ -</u>

<u>Little Long Lake Sewer</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
\$ -	\$ 205,858	\$ 506,826
-	-	48,258
-	-	2,618
-	-	226,491
1,545	70,290	88,623
-	-	1,935
7,646	28,342	87,678
15,265	30,593	184,571
<u>24,456</u>	<u>335,083</u>	<u>1,147,000</u>
-	-	4,764
-	-	286,257
-	-	291,507
-	31,542	100,898
-	-	28,696
-	66,455	103,255
-	5,112	58,472
20,000	15,000	227,220
6,446	1,855	33,993
<u>26,446</u>	<u>119,964</u>	<u>1,135,062</u>
<u>(1,990)</u>	<u>215,119</u>	<u>11,938</u>
-	-	347,520
<u>-</u>	<u>(200,800)</u>	<u>(347,520)</u>
<u>-</u>	<u>(200,800)</u>	<u>-</u>
(1,990)	14,319	11,938
<u>63,668</u>	<u>126,540</u>	<u>1,211,290</u>
<u>\$ 61,678</u>	<u>\$ 140,859</u>	<u>\$ 1,223,228</u>

See notes to financial statements

Township of Prairieville
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds (Continued)
Year ended March 31, 2007

	<u>Total governmental funds</u>
Net change in fund balances - total governmental funds (page 8)	\$ 11,938
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:	
Capital assets:	
Assets acquired	52,345
Provision for depreciation	(88,921)
Long-term debt:	
Principal repayments	227,220
Changes in other assets/liabilities:	
Net increase in prepaid expenses	2,593
Net decrease in deferred revenue	<u>(165,188)</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 39,987</u>

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Prairieville, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) 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 Township. The effect of inter-fund activity has been removed from these statements.

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 operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers property tax revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current year is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for the financial resources used for the operational costs of the Township public safety functions. Revenues are primarily derived from property taxes.

The Southwest Barry County Sewer Fund accounts for the financial resources used for payment of debt related to sewer improvements.

The Little Long Lake Sewer Fund accounts for the financial resources used for payment of debt related to sewer improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

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

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

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) Receivables - No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) Prepaid items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the government-wide financial statements.

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

iv) Capital assets - Capital assets, which include property, equipment, and infrastructure assets (e.g., shared road costs and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	20 years
Buildings and improvements	25 - 50 years
Equipment	5 - 20 years
Vehicles	4 - 20 years
Shared road costs	20 years

v) Deferred revenue - In the fund financial statements, governmental funds report deferred revenue in connection with resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

vi) 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.

vii) Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year. There were no significant budget variances.

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH:

The Township's cash is as follows:

	<u>Governmental activities</u>
Deposits with financial institutions	\$ 1,100,246
Cash on hand	<u>250</u>
	<u>\$ 1,100,496</u>

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2007, \$815,883 of the Township's bank balances of \$1,115,883 was exposed to custodial credit risk because it was uninsured.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's funds are as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 10,319	\$ -	\$ 35,462	\$ 45,781
Fire	11,845	-	-	11,845
Southwest Barry County Sewer	-	350,835	-	350,835
Little Long Lake Sewer	-	138,940	-	138,940
Nonmajor governmental	<u>15,518</u>	<u>100,365</u>	<u>-</u>	<u>115,883</u>
Totals	<u>\$ 37,682</u>	<u>\$ 590,140</u>	<u>\$ 35,462</u>	<u>\$ 663,284</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ 462,270</u>	<u>\$ -</u>	<u>\$ 462,270</u>

All receivables are considered fully collectible.

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

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

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 100,282	\$ -	\$ -	\$ 100,282
Capital assets being depreciated:				
Land improvements	71,450	-	-	71,450
Buildings and improvements	244,434	-	-	244,434
Equipment	351,665	22,644	-	374,309
Vehicles	610,969	29,701	-	640,670
Shared road costs	303,621	-	-	303,621
Subtotal	<u>1,582,139</u>	<u>52,345</u>	<u>-</u>	<u>1,634,484</u>
Less accumulated depreciation for:				
Land improvements	(29,088)	(3,448)	-	(32,536)
Buildings and improvements	(149,032)	(6,299)	-	(155,331)
Equipment	(176,451)	(25,774)	-	(202,225)
Vehicles	(213,140)	(38,219)	-	(251,359)
Shared road costs	(8,791)	(15,181)	-	(23,972)
Subtotal	<u>(576,502)</u>	<u>(88,921)</u>	<u>-</u>	<u>(665,423)</u>
Total capital assets being depreciated, net	<u>1,005,637</u>	<u>(36,576)</u>	<u>-</u>	<u>969,061</u>
Governmental activities capital assets, net	<u>\$ 1,105,919</u>	<u>\$ (36,576)</u>	<u>\$ -</u>	<u>\$ 1,069,343</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 10,321
Public safety	56,904
Public works	15,181
Culture and recreation	<u>6,515</u>
Total governmental activities	<u>\$ 88,921</u>

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - LONG-TERM DEBT:

Long-term debt at March 31, 2007, is comprised of the following individual issues:

Contracts payable:

The Township has a contractual agreement to remit to the Southwest Barry County Sewer and Water Authority (the Authority) all principal and interest collections arising from special assessments levied on properties served by the Authority. In the event that the Authority is unable to meet its debt service requirements, an assessment may be made against the Township. \$339,584

\$114,635 Contract payable - Barry County Road Commission, Michigan, due in annual installments of \$28,500 to \$29,135. Final payment is due June 2008. 57,635

Bonds payable:

\$99,000 2001 special assessment limited tax general obligation bonds; payable in annual installments ranging from \$11,000 to \$15,000, plus interest at 4.85%; final payment due April 2008. 30,000

\$265,000 2003 special assessment limited tax general obligation bonds; payable in annual installments ranging from \$10,000 to \$20,000, plus interest ranging from 1.60% to 4.60%; final payment due June 2014. 160,000

Installment purchase:

\$237,848 2006 installment purchase agreement for the purchase of a fire truck, due in annual installments of \$20,000 to \$41,944, including interest at 4.426%. Final payment is due June 2011. 184,025

\$ 771,244

Long-term debt activity for the year ended March 31, 2007, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:					
Contract payable - Sewer	\$ 469,481	\$ -	\$ 129,897	\$ 339,584	\$ 84,896
Contract payable - Roads	86,135	-	28,500	57,635	28,500
2001 Bonds payable	45,000	-	15,000	30,000	15,000
2003 Bonds payable	180,000	-	20,000	160,000	20,000
2006 Installment purchase	<u>217,848</u>	<u>-</u>	<u>33,823</u>	<u>184,025</u>	<u>33,624</u>
 Total governmental activities	 <u>\$ 998,464</u>	 <u>\$ -</u>	 <u>\$ 227,220</u>	 <u>\$ 771,244</u>	 <u>\$ 182,020</u>

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - LONG-TERM DEBT (Continued):

At March 31, 2007, debt service requirements on long-term debt are follows:

<i>Year ended</i> <u>March 31,</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 182,020	\$ 36,330
2009	184,175	28,186
2010	141,629	20,287
2011	143,290	12,646
2012	60,130	6,499
2013 - 2015	<u>60,000</u>	<u>9,240</u>
	<u>\$ 771,244</u>	<u>\$ 113,188</u>

All debt is secured by the full faith and credit of the Township.

NOTE 7 - PAYABLES:

Payables as of year end for the Township's funds are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 4,903	\$ 5,739	\$ -	\$ 10,642
Southwest Barry County Sewer	-	-	11,251	11,251
Little Long Lake Sewer	2,000	-	-	2,000
Nonmajor governmental	<u>3,690</u>	<u>-</u>	<u>-</u>	<u>3,690</u>
Total	<u>\$ 10,593</u>	<u>\$ 5,739</u>	<u>\$ 11,251</u>	<u>\$ 27,583</u>

NOTE 8 - DEFERRED REVENUE:

As of March 31, 2007, the various components of deferred revenues are as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Totals</u>
Special assessments	<u>\$ 26,559</u>	<u>\$ 543,998</u>	<u>\$ 570,557</u>

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

At March 31, 2007, the composition of interfund balances follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	\$ <u>38,000</u>	North Lakeshore Drive	\$ <u>38,000</u>

The General Fund advanced funds to the North Lakeshore Drive Fund, a capital project fund, to finance the cost of road reconstruction in 2006.

A summary of interfund transfers for the year ended March 31, 2007, is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
General	\$ <u>347,520</u>	Cemetery	\$ 5,000
		Road	97,800
		Fire	146,720
		Police	<u>98,000</u>
			\$ <u>347,520</u>

Transfers to the General Fund are described as follows:

- Unrestricted revenues collected in the Cemetery Fund to pay for operational costs of the cemetery functions accounted for in the General Fund.
- Restricted revenues collected in the Road Fund to pay for operational costs of the public works functions accounted for in the General Fund.
- Restricted revenues collected in the Fire Fund to pay for operational costs of the fire departments accounted for in the General Fund.
- Restricted revenues collected in the Police Fund to pay for operational costs of the police department accounted for in the General Fund.

NOTE 10 - JOINT VENTURE:

BPH Fire is a joint venture of Barry, Prairieville, and Hope Townships. Each township is required to contribute one-third of the budgeted expenditures. In accordance with the joint venture agreement, the Township remitted \$22,842 to BPH Fire during the year ended March 31, 2007. The Township has no equity interest in BPH Fire.

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. The plan covers all full-time employees (over 20 hours per week) and Township trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Township contributes 5 to 10% of each qualified employee's base salary to the plan. The Township's contributions are fully vested immediately. The Township made the required contributions of \$14,580 for the year ended March 31, 2007.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

NOTE 13 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2007, is as follows:

Revenues	\$ 26,477
Expenses	<u>30,859</u>
Deficiency of revenues over expenses	<u>\$ (4,382)</u>

NOTE 14 - ACCUMULATED DEFICIT:

The North Lakeshore Drive Fund, a capital project fund, has an accumulated deficit fund balance in the amount of \$29,644. The deficit is the result of the accounting policy which limits revenue recognition for special assessments to amounts that have matured. The deficit will be eliminated as special assessments mature in subsequent years. The Township has filed a deficit elimination plan with the Michigan Department of Treasury.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Prairieville
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 146,110	\$ 147,986	\$ 143,846	\$ (4,140)
Licenses and permits	55,500	48,258	48,258	-
Federal grants	13,180	2,618	2,618	-
State grants	231,905	227,134	226,491	(643)
Charges for services	13,500	16,788	16,788	-
Fines and forfeitures	2,500	1,935	1,935	-
Interest and rentals	16,820	25,326	32,101	6,775
Other	4,525	8,724	8,816	92
Total revenues	<u>484,040</u>	<u>478,769</u>	<u>480,853</u>	<u>2,084</u>
EXPENDITURES				
Legislative	<u>6,800</u>	<u>4,764</u>	<u>4,764</u>	<u>-</u>
General government:				
Supervisor	32,293	30,530	30,530	-
Election	19,350	7,876	7,876	-
Assessor	50,765	30,647	30,647	-
Clerk	35,875	34,831	34,831	-
Board of Review	825	1,132	1,132	-
Treasurer	32,175	31,507	31,507	-
Hall and grounds	14,790	12,453	12,988	(535)
Cemetery	23,760	19,631	19,631	-
Other	128,845	115,748	117,115	(1,367)
Total general government	<u>338,678</u>	<u>284,355</u>	<u>286,257</u>	<u>(1,902)</u>
Public safety:				
Police protection	156,209	158,193	151,531	6,662
Fire protection	108,412	108,029	109,117	(1,088)
Inspections	<u>40,450</u>	<u>32,470</u>	<u>30,859</u>	<u>1,611</u>
Total public safety	<u>305,071</u>	<u>298,692</u>	<u>291,507</u>	<u>7,185</u>
Public works:				
Road construction and maintenance	69,300	66,540	66,540	-
Street lights	<u>2,300</u>	<u>2,600</u>	<u>2,816</u>	<u>(216)</u>
Total public works	<u>71,600</u>	<u>69,140</u>	<u>69,356</u>	<u>(216)</u>

Township of Prairieville
BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Community and economic development - planning and zoning	\$ 36,900	\$ 35,055	\$ 28,696	\$ 6,359
Culture and recreation - Delton Library	36,800	36,800	36,800	-
Capital outlay	64,606	53,370	53,360	10
Debt service:				
Principal	62,323	62,323	62,323	-
Interest	8,121	8,121	8,121	-
Total expenditures	<u>930,899</u>	<u>852,620</u>	<u>841,184</u>	<u>11,436</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(446,859)</u>	<u>(373,851)</u>	<u>(360,331)</u>	<u>13,520</u>
OTHER FINANCING SOURCES				
Transfers in:				
Cemetery Fund	2,500	5,000	5,000	-
Road Fund	99,000	97,800	97,800	-
Fire Fund	146,250	146,720	146,720	-
Police Fund	89,000	98,000	98,000	-
Total other financing sources	<u>336,750</u>	<u>347,520</u>	<u>347,520</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(110,109)	(26,331)	(12,811)	13,520
FUND BALANCES - BEGINNING	<u>992,781</u>	<u>992,781</u>	<u>992,781</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 882,672</u>	<u>\$ 966,450</u>	<u>\$ 979,970</u>	<u>\$ 13,520</u>

Township of Prairieville
BUDGETARY COMPARISON SCHEDULE - Fire Fund
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 135,500	\$ 153,112	\$ 157,122	\$ 4,010
Interest and rentals	<u>3,500</u>	<u>2,145</u>	<u>2,018</u>	<u>(127)</u>
Total revenues	139,000	155,257	159,140	3,883
OTHER FINANCING USES				
Transfer to General Fund	<u>(146,250)</u>	<u>(146,720)</u>	<u>(146,720)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(7,250)	8,537	12,420	3,883
FUND BALANCES - BEGINNING	<u>28,301</u>	<u>28,301</u>	<u>28,301</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 21,051</u>	<u>\$ 36,838</u>	<u>\$ 40,721</u>	<u>\$ 3,883</u>

SUPPLEMENTARY INFORMATION

Township of Prairieville
COMBINING BALANCE SHEET - nonmajor governmental funds
 March 31, 2007

	<u>Special revenue funds</u>			
	<u>Cemetery</u>	<u>Road</u>	<u>Police</u>	<u>Park</u>
ASSETS				
Cash	\$ 23,533	\$ 25,479	\$ 698	\$ 53,938
Receivables	-	8,170	7,348	-
Total assets	<u>\$ 23,533</u>	<u>\$ 33,649</u>	<u>\$ 8,046</u>	<u>\$ 53,938</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ -	\$ -	\$ -	\$ 168
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>168</u>
Fund balances (deficit):				
Reserved for debt service	-	-	-	-
Unreserved, undesignated	23,533	33,649	8,046	53,770
Total fund balances	<u>23,533</u>	<u>33,649</u>	<u>8,046</u>	<u>53,770</u>
Total liabilities and fund balances	<u>\$ 23,533</u>	<u>\$ 33,649</u>	<u>\$ 8,046</u>	<u>\$ 53,938</u>

<u>Special revenue funds</u>		<u>Capital project funds</u>			<u>Debt service fund</u>	
<u>Pine Lake Weed</u>	<u>Crooked Lake Weed</u>	<u>Long Point Drive</u>	<u>North Lakeshore Drive</u>	<u>Oak Drive</u>	<u>South Crooked Lake Drive</u>	<u>Totals</u>
\$ 298	\$ 7,397	\$ 11,236	\$ 7,169	\$ 4,459	\$ 28,582	\$ 162,789
-	27,840	-	36,615	25,763	10,147	115,883
<u>\$ 298</u>	<u>\$ 35,237</u>	<u>\$ 11,236</u>	<u>\$ 43,784</u>	<u>\$ 30,222</u>	<u>\$ 38,729</u>	<u>\$ 278,672</u>
\$ -	\$ -	\$ 3,522	\$ -	\$ -	\$ -	\$ 3,690
-	-	-	38,000	-	-	38,000
-	26,559	-	35,428	24,869	9,267	96,123
-	26,559	3,522	73,428	24,869	9,267	137,813
-	-	-	-	-	29,462	29,462
298	8,678	7,714	(29,644)	5,353	-	111,397
298	8,678	7,714	(29,644)	5,353	29,462	140,859
<u>\$ 298</u>	<u>\$ 35,237</u>	<u>\$ 11,236</u>	<u>\$ 43,784</u>	<u>\$ 30,222</u>	<u>\$ 38,729</u>	<u>\$ 278,672</u>

Township of Prairieville

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2007

	<u>Special revenue funds</u>			
	<u>Cemetery</u>	<u>Road</u>	<u>Police</u>	<u>Park</u>
REVENUES				
Property taxes	\$ -	\$ 108,376	\$ 97,482	\$ -
Charges for services	-	-	-	70,290
Interest and rentals	1,290	1,499	764	15,933
Other	-	-	-	-
Total revenues	<u>1,290</u>	<u>109,875</u>	<u>98,246</u>	<u>86,223</u>
EXPENDITURES				
Public works	-	-	-	-
Culture and recreation	-	-	-	66,455
Capital outlay	-	-	-	5,112
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,567</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,290	109,875	98,246	14,656
OTHER FINANCING USES				
Operating transfers out	<u>(5,000)</u>	<u>(97,800)</u>	<u>(98,000)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(3,710)	12,075	246	14,656
FUND BALANCES (DEFICIT) - BEGINNING	<u>27,243</u>	<u>21,574</u>	<u>7,800</u>	<u>39,114</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 23,533</u>	<u>\$ 33,649</u>	<u>\$ 8,046</u>	<u>\$ 53,770</u>

<u>Special revenue funds</u>		<u>Capital project funds</u>			<u>Debt service fund</u>	
<u>Pine Lake Weed</u>	<u>Crooked Lake Weed</u>	<u>Long Point Drive</u>	<u>North Lakeshore Drive</u>	<u>Oak Drive</u>	<u>South Crooked Lake Drive</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,858
-	-	-	-	-	-	70,290
-	-	-	5,556	1,153	2,147	28,342
-	14,130	-	1,993	4,200	10,270	30,593
-	14,130	-	7,549	5,353	12,417	335,083
26,090	5,452	-	-	-	-	31,542
-	-	-	-	-	-	66,455
-	-	-	-	-	-	5,112
-	-	-	-	-	15,000	15,000
-	-	-	-	-	1,855	1,855
26,090	5,452	-	-	-	16,855	119,964
(26,090)	8,678	-	7,549	5,353	(4,438)	215,119
-	-	-	-	-	-	(200,800)
(26,090)	8,678	-	7,549	5,353	(4,438)	14,319
26,388	-	7,714	(37,193)	-	33,900	126,540
<u>\$ 298</u>	<u>\$ 8,678</u>	<u>\$ 7,714</u>	<u>\$ (29,644)</u>	<u>\$ 5,353</u>	<u>\$ 29,462</u>	<u>\$ 140,859</u>

**Members of the Township Board
Township of Prairieville, Michigan**

In planning and performing our audit of the financial statements of the Township of Prairieville as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Prairieville's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

The Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, and changes in capital assets, and to present required financial statement disclosures.

This communication is intended solely for the information and use of the Board of Trustees of the Township of Prairieville and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Siegfried Crandall P.C.

September 6, 2007